

2019



FOR THE YEAR ENDED DECEMBER 31, 2019

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A LETTER FROM THE DIRECTOR OF FINANCE



Dear Citizens of
the City of Delaware:

Through the efforts of the City of Delaware Finance Department, I am pleased to present the City's Popular Annual Financial Report (PAFR) for the fiscal year ended December 31, 2019. The purpose of this report is to provide residents and businesses with information pertinent to the City's fiscal operations in a user-friendly format.

The financial information for this report has been taken from the 2019 City of Delaware Comprehensive Annual Financial Report (CAFR). The CAFR consists of 272 pages of detailed financial statements, notes and schedules as well as very detailed statistical information. The CAFR was prepared in accordance with Generally Accepted Accounting Principles (GAAP) and audited by Wilson, Shannon and Snow, a CPA firm in Newark, OH. The City received an unmodified opinion on the audit, which means that no significant deficiencies were identified that required modification. The City's CAFR can be obtained on the City's website at: www.delawareohio.net.

The City of Delaware's PAFR is unaudited and presented on a GAAP basis, unless otherwise noted.

The purpose of the PAFR is to provide our citizens with summarized financial data and as a means of increasing awareness and knowledge of the operations of the City. We feel that citizens deserve transparency when it comes to their tax dollars, and this report is designed to help assist you in gaining a better understanding of the City's resources and how we put your tax dollars to use.

Thank you for taking the time to read this year's report. As you review our 2019 PAFR, I invite you to contact me to share any suggestions, questions, or comments you may have at jnahvi@delawareohio.net

Justin Nahvi
Finance Director



Rob Alger
City Accountant



ELECTED AND APPOINTED OFFICIALS

As of December 31, 2019



ELECTED OFFICIALS

City Council

Front (L–R): Kent Shafer (At-large/Vice-Mayor), Carolyn Riggle (At-large/Mayor), George Hellinger (At-large)

Back (L–R): Drew Farrell (4th Ward), Lisa Keller (2nd Ward), Cory Hoffman (3rd Ward), Chris Jones (1st Ward)

Municipal Court

- Kyle Rohrer (Municipal Court Judge)
- Marianne Hemmeter (Municipal Court Judge)
- Cindy Dinovo (Clerk of Court)

APPOINTED OFFICIALS

- R. Thomas Homan (City Manager)
- Kyle Kridler (Assistant City Manager)
- Darren Shulman (City Attorney)
- Dean Stelzer (Finance Director)
- Bill Ferrigno (City Engineer/Public Works Director)
- Blake Jordan (Public Utilities Director)
- Dave Efland (Planning & Comm. Devel. Director)
- Lee Yoakum (Community Affairs Coordinator)
- John Donahue (Fire Chief)
- Bruce Pijanowski (Police Chief)
- Sean Hughes (Econ. Develop. Coordinator)
- Ted Miller (Parks Director)

CONTACTING THE CITY

City of Delaware

1 South Sandusky St.
Delaware, OH 43015
P: 740.203.1000

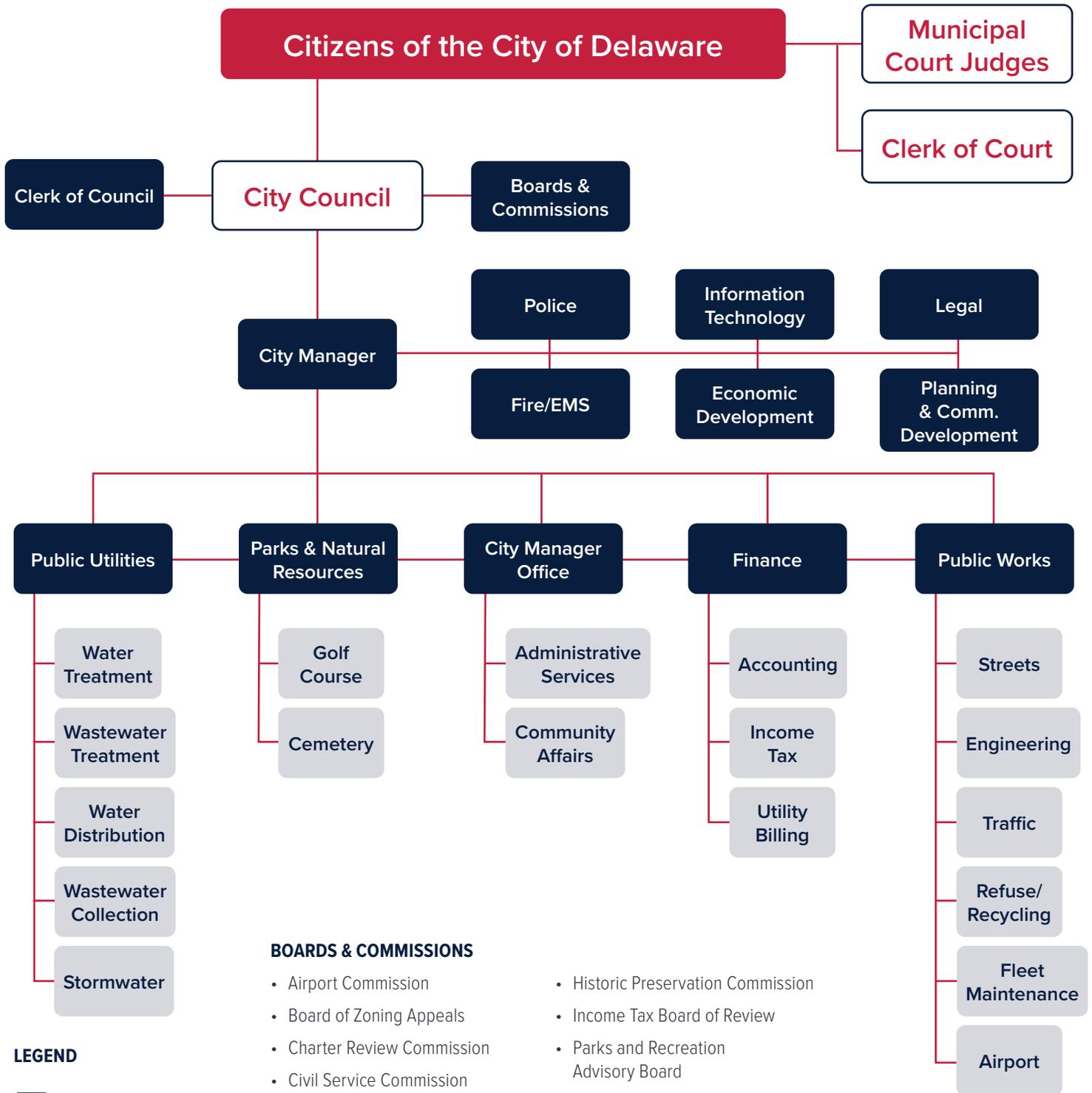
Office Hours:

M–F, 8am–5pm

Website

www.delawareohio.net

CITY GOVERNMENT



BOARDS & COMMISSIONS

- Airport Commission
- Board of Zoning Appeals
- Charter Review Commission
- Civil Service Commission
- Finance Committee
- Parking & Safety Committee
- Public Records Committee
- Public Works & Public Utilities Committee
- Historic Preservation Commission
- Income Tax Board of Review
- Parks and Recreation Advisory Board
- Permanent Tax Advisory Committee
- Planning Commission
- Shade Tree Commission
- Sister City Advisory Board

LEGEND

- T Elected Position
- T Department (Appointed Director)
- T Elected Position



WHERE DOES THE MONEY COME FROM?

Primary sources of revenue come from income tax, property taxes, and charges for services.

MUNICIPAL INCOME TAXES

Income Tax represents the largest source of revenue for the City. The City's income tax rate is 1.85%. 1.0% is for general operations, 0.7% is for Fire/EMS, and 0.15% is for parks and recreation. In 2019, Council allocated a portion of the general operations income tax to support capital expenditures (including debt payments). This portion can be adjusted each year based on the needs of the City.

Income tax collections are comprised of three sources: taxes withheld from employees working in the City, taxes from individual residents, and taxes on the net-profits of businesses doing business within the City. Employer withholding payments have made up over 65% of the income tax revenue collected over the past 4 years.

TOTAL INCOME TAX REVENUE

The chart below shows how Delaware compares to other neighboring communities in their income tax rate.

City of Columbus	2.5%	City of Delaware	1.85%
City of Worthington	2.5%	City of Newark	1.75%
City of Gahanna	2.5%	City of Marysville	1.5%
City of Dublin	2.0%	City of Pataskala	1.0%
City of Westerville	2.0%		

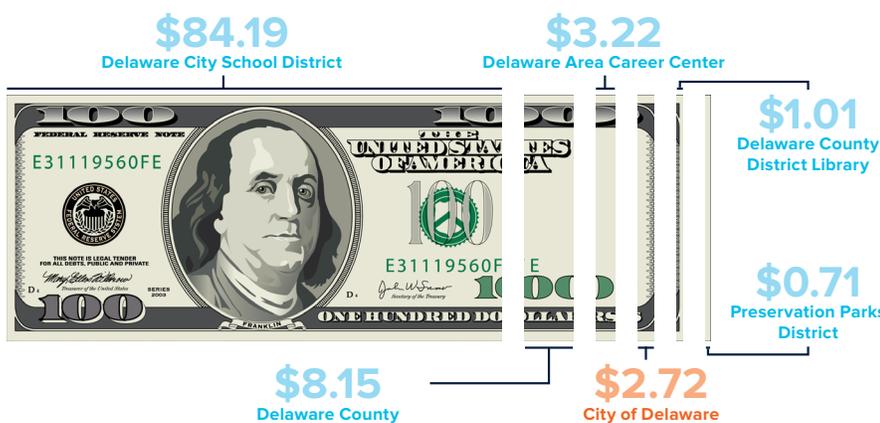
SOURCE OF INCOME TAX REVENUE (Last Four Years—Shown In Thousands)

	WITHHOLDING	%	RESIDENTIAL	%	BUSINESS	%	TOTAL
'19	\$20,339	65.61%	\$8,505	27.44%	\$2,156	6.95%	\$31,000
'18	\$18,775	73.23%	\$4,995	19.48%	\$1,867	7.28%	\$25,637
'17	\$18,719	73.27%	\$4,805	18.81%	\$2,025	7.93%	\$25,549
'16	\$16,797	69.58%	\$5,538	22.94%	\$1,807	7.48%	\$24,142

PROPERTY TAXES—WHERE IT GOES

Only a small portion of your property taxes support City operations. The City receives approximately \$2.72 of every \$100 of property tax paid. The Delaware City School District, Delaware Career Center, Delaware County, The Delaware County District Library, and the Preservation Parks District received a portion of the property tax revenue.

HOW \$100 OF PROPERTY TAX IS ALLOCATED



THE ANNUAL TAX IMPACT OF A \$200,000 HOME IN DELAWARE

Delaware City School District	\$3,457.24
Delaware County	\$484.96
Delaware Area Career Center	\$138.26
City of Delaware	\$165.38
Delaware County District Library	\$53.11
Preservation Parks District	\$52.76
TOTAL	\$4,351.71

UNDERSTANDING PROPERTY TAXES

Property tax is based on the amount charged per \$1,000 worth of taxable property value, also known as 'millage.' The County Auditor's office handles the administration of property taxes in the state of Ohio, by collecting and distributing the taxes paid to the appropriate jurisdiction.

WHAT ARE THE CITY'S FUNDS USED FOR?

GOVERNMENT WIDE FINANCIAL STATEMENT EXPENSES

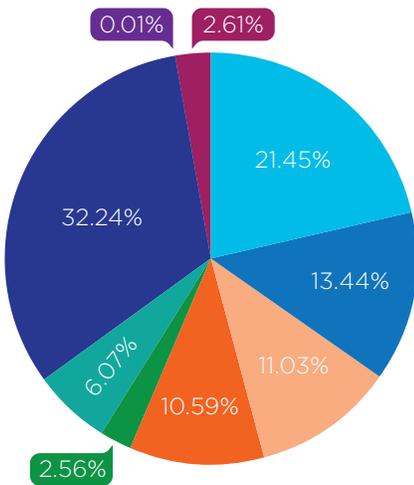
The General Government category is inclusive of a broad range of expenses related to the operation of the City. These expenses include City Council, the City Manager's Office, Administrative Services, Finance, Planning and Community Development, and Municipal Building and Ground Maintenance.

Public Safety Expenses relate to the City's Police and Fire Department. The Police Department annually handles about 30,000 calls for service. In most cases, the department is the primary resource for citizen contact regarding emergency and non-emergency needs. Consistent with the concept of community policing, the department endeavors to assist citizens in eliminating the underlying causes of crime, conflicts or safety hazards by assisting in the coordination of a concerted effort involving various branches of city government. Fire and emergency medical services are provided by dedicated and highly-skilled professionals who are working hard to ensure that Delaware remains a safe place to live, work and play. The commitment and mission continues to be, "Protection through preparedness and response, delivered by the highest trained professionals." The fluctuation in public safety expenses is primarily due to the accounting treatment of the pension and OPEB liability, as required by the Governmental Accounting Standards Board.

The Parks and Natural Resources Department operates and maintains 24 parks, 20 miles of trails, a golf course, a 72-acre cemetery, and an urban forest consisting of more than 15,000 trees. Parks and Natural Resources works closely with several City Council-appointed boards and commission, including the Shade Tree Commission and the Parks and Recreation advisory Board.

TOTAL EXPENSES BY DEPARTMENT/FUNCTION (Shown In Thousands)

TOTAL EXPENSES 2019



	'19	'18	'17	'16
General Government	\$8,017	\$8,484	\$6,708	\$5,525
Public Safety	\$5,024	\$23,576	\$18,710	\$19,992
Municipal Court	\$4,124	\$3,282	\$3,121	\$3,856
Park and Facilities	\$3,958	\$3,283	\$3,557	\$3,054
Community Development	\$955	\$676	\$1,168	\$1,364
Airport	\$2,268	\$2,148	\$1,620	\$1,268
Public Works	\$12,049	\$2,603	\$5,821	\$5,035
Other	\$5	—	—	—
Interest and Fiscal Charges	\$975	\$1,074	\$1,056	\$1,178
TOTAL	\$37,376	\$45,126	\$41,761	\$41,272



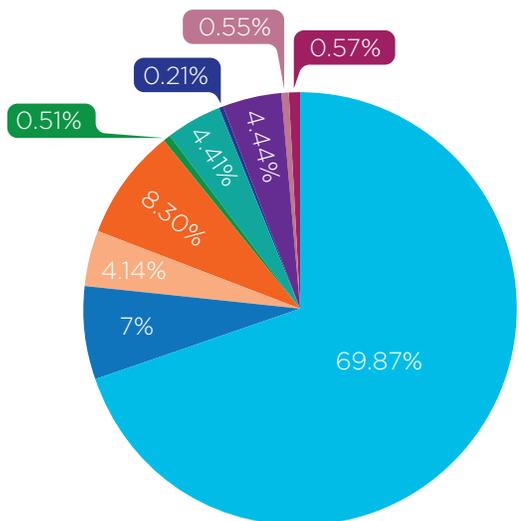
GENERAL FUND ANALYSIS

The General Fund is the City's primary operating fund. It accounts for the majority of the financial activity of the City including all the departments listed in the expense chart below. The Comprehensive Annual Financial Report (CAFR) reports the General Fund using a modified accrual basis of accounting. However, in order to break the numbers down to a more usable format, we have presented this information on a cash basis, which represents actual cash coming in and going out during 2019.

GENERAL FUND REVENUE BY SOURCE—3 YEAR COMPARISON

Over 77% of the City's General Fund revenue is derived from income tax (70%) and property and other local taxes (7%). 8% of City revenue resulted from a variety of license, fees and permits, including building permits, engineering fees, liquor permits and franchise fees. Intergovernmental revenue was primarily from homestead and rollback reimbursements from the State of Ohio, and local government fund distributions.

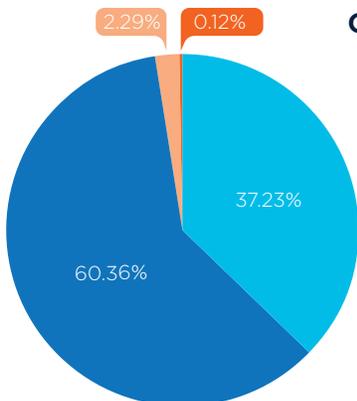
GENERAL FUND REVENUES 2019
(Shown In Thousands)



	'19	'18	'17
Income taxes	\$14,827	\$14,558	\$13,550
Property and other local	\$1,485	\$1,423	\$1,260
Charges for services	\$879	\$1,656	\$2,153
Licenses, permits and fees	\$1,761	\$1,590	\$1,133
Fines and forfeitures	\$108	\$155	\$140
Intergovernmental	\$936	\$490	\$881
Special Assessments	\$44	\$13	\$14
Investment Income	\$942	\$797	\$388
Reimbursements	\$116	\$135	\$79
Other	\$122	\$207	\$67
TOTAL	\$21,219	\$21,023	\$19,662

GENERAL FUND EXPENSE BY FUNCTION—3 YEAR COMPARISON

The General Fund is the main operating fund of the City and pays a significant amount of the personnel costs of City employees, as well as the day-to-day operating expenditures. Public safety is the largest category of expenditures, which includes the City's Police Department. The City accounts for Fire/EMS expenditures in a separate special revenue fund, because there is a voted income tax to support these costs. The General Government is the other significant expenditure category. These expenses include: City Council, the City Manager's Office, Administrative Services, Finance, Planning and Community Development, and Municipal Building and Ground Maintenance.



GENERAL FUND EXPENSES 2019
(Shown In Thousands)

	'19	'18	'17
General Government	\$5,714	\$6,157	\$6,403
Public Safety	\$9,262	\$9,132	\$8,047
Community Development	\$351	—	—
Debt Services	\$18	—	—
TOTAL	\$15,345	\$15,289	\$14,450

Budgetary Basis

A LOOK AT THE CITY'S DEBT

The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities or the refinancing of bonds and notes. General obligation bonds are direct obligations of the City for which its full faith and credit are pledged for repayment. General obligation bonds in the governmental activities will be paid through the bond retirement funds. General obligation bonds in the enterprise funds are paid from charges for services from the respective funds.

Ohio Water Development Authority loans were used to fund a wastewater treatment facility expansion, a water system expansion project, and the Penry Road wellfield.

Income tax bonds were issued in 2010 to provide for City park improvements and for the construction of the YMCA Community Center. Principal and interest on the bonds are to be paid from the City's levied .15% income tax specific to parks and recreation.

Past service liability for police and firefighters is paid out of the general fund through the year 2035.

Year of Maturity	Description	Interest Rate	Principal Outstanding 12/31/19
General Obligation [GO] & Income Tax [IT] Bonds			
2034	2010 [IT] Park Facilities Bonds	4.25%	\$15,260,000
2022	2012 [GO] Sewer Sys Improv & Refund Bonds	1%	870,000
2022	2012 [GO] Various Purpose Refunding bonds	1%	1,020,000
2032	2013 [GO] Various Purpose bonds	1.5–4%	5,190,000
2034	2015 [GO] Various Purpose bonds	2.0–4%	5,205,000
2031	2017 [GO] US 23 N Sewer Refunding Bonds	2.0–4%	550,469
2031	2017 [GO] Various Purpose Refunding bonds	2.0–4%	3,296,877
2031	2017 [GO] Kingman Hill Water Twr Refunding Bonds	2.0–4%	1,957,654
2028	2019 [GO] Glenn Rd Construction Var Purp Bonds	2.0–5%	6,710,000
2027	2019 [GO] SE Highland Sewer Var Purp Bonds	4.0–5%	10,165,000
2034	2019 [GO] Bldg Renov & ERP Software VP Bonds	3.0–4%	4,000,000
	Total Bonds		\$54,225,000
Ohio Water Development Association Loans			
2026	2004 OWDA Wastewater Plant Expansion	3.59%	\$11,327,492
2036	2011 OWDA Water Extension/Expansion	3.67%	1,681,322
2037	2012 OWDA Water Extension/Expansion	2.86%	832,365
2039	2015 OWDA Water Plan Expansion	2.86%	26,936,245
	Total Loans		\$40,777,424
Past Service Pension Obligation			
2035	Police	4.25%	\$123,018
2035	Fire	4.25%	92,263
	Total Pension		\$215,281
	Total Bonds, Loans, & Pensions Outstanding		\$95,217,705



City of Delaware
1 South Sandusky St.
Delaware, OH 43015

COMMUNITY PROFILE

The City of Delaware, with a population of approximately 43,000, is a full-service municipality that serves as the county seat for Delaware County, Ohio. The city is located approximately 24 miles north along US 23 from Ohio's capital city, Columbus Ohio. The City encompasses 19.9 square miles and was founded in 1808 by Moses Byxbe on the west bank of the Olentangy River. The village was named after the Delaware tribe which shared the territory between Columbus and Lake Erie with the Mingos and other tribes.

Delaware was incorporated in 1816, and adopted a city charter in 1951 establishing a Council/Manager form of government whereby the City Manager is the chief executive and administrative officer of the City and is charged with the responsibility for the administration of all municipal affairs as empowered by the charter. The City is an independent political subdivision of the State of Ohio and operates subject to the provisions of the Ohio Constitution, various sections of the Ohio Revised Code, and the City's charter.

