



Annual
Financial
Overview

2012

City of
Gahanna,
Ohio

2012 Annual Financial Overview

City of Gahanna, Ohio



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A Note from the Finance Director

I am pleased to present the City of Gahanna's 2012 Annual Financial Overview. 2012 marked a year of unprecedented planning and transparency between Council, the Administration and our residents. A key component of this was a commitment to improving the City's financial documents and processes to increase transparency and ease of understanding for all involved. This report represents a continuation of that effort--it is intended to make the City's finances easier to understand, and provide the transparency and accountability that the public deserves.

The Annual Financial Overview for the year ending December 31, 2012 provides a condensed presentation of the City's finances. It focuses on the General Fund, which is the primary operating fund for the City. It is not as detailed as our annual financial statements, which are still being compiled and audited. Once complete, our annual financial statements will contain full financial statements and note disclosures for all activities, funds and component units, and will be prepared in accordance with generally accepted accounting principles (GAAP). Prior year audited financial statements are available at the Finance Department or online at www.gahanna.gov.

As you review the Annual Financial Overview, I invite you to share any suggestions, questions or comments you may have at (614)342-4060 or jennifer.teal@gahanna.gov.

Sincerely,

Jennifer Teal
Director of Finance

Gahanna's Vision Is...

"...to be an innovative model community that values its rich heritage, pursues high standards, and promotes respect among its citizens."

Gahanna's Mission Is...

"to ensure an exceptional quality of life by providing comprehensive services, financial stability, and well-planned development which preserves the natural environment, in order that city government will continue to be responsive, accessible and accountable to our diverse and growing community of citizens."

Gahanna At-a-Glance

Form of Government

Strong Mayor-Council:

- Popularly elected Mayor serves as Chief Executive Officer of the City
- Seven-member Council

Demographics

Population: 33,248

Median Age: 39.4 years old

72.4% of population over 18 years,

11.8% over 65 years

Diversity

Gahanna is one of the most diverse suburban cities in Central Ohio:

| | |
|-------------|---------------|
| 82.1% White | 2.6% Hispanic |
| 11.2% Black | 3.1% Asian |

Households: 13,037

Median Size: 2.54 people; 70.2% households are families

Median Household Income: \$70,200

Median Home Value: \$185,100

Area in Square Miles: 12.42 square miles

Parks: 750+ Acres of parkland including over 29 parks

Economics

Municipal Income Tax Rate: 1.5%

Sales & Use Tax: 6.75%

Personal Property Tax (effective rate)

-Gahanna-Jefferson: \$80.35/1,000

-Gahanna-Columbus: \$79.83/1,000

Mayor Rebecca W. Stinchcomb

The City has a strong Mayor-Council form of government. The Mayor is popularly elected by the Citizens of Gahanna and serves a four-year term. The Mayor serves as the Chief Executive Officer of the City. As the City's chief administrator and official representative, the Mayor is responsible for the general management of the City and for seeing that all laws and ordinances are enforced. The Mayor appoints professional directors to the City's departments, which administer the day-to-day operations of the City.



Gahanna City Council

Front Row (from left to right):

Council Member Beryl D. Anderson, Ward 4

Council Member Dave Samuel, At-Large

Council Brian Larick, Ward 3

Back Row (from left to right):

Council President Stephen A. Renner, Ward 1

Council Vice-President Ryan P. Jolley, At-Large

Council Member Karen J. Angelou, At-Large

Council Member Brandon Wright, Ward 2

Financial Activity Statement

The Financial Activity Statement, known in accounting terms as the income statement, provides a summary of the resources (revenue) and services (expenditures) of the City. Readers of the Financial Activity Statement (below) should keep in mind that the numbers in this report are inclusive of only the General Fund. Complete financial statements for all City funds will be available in the Annual Financial Statements when completed.

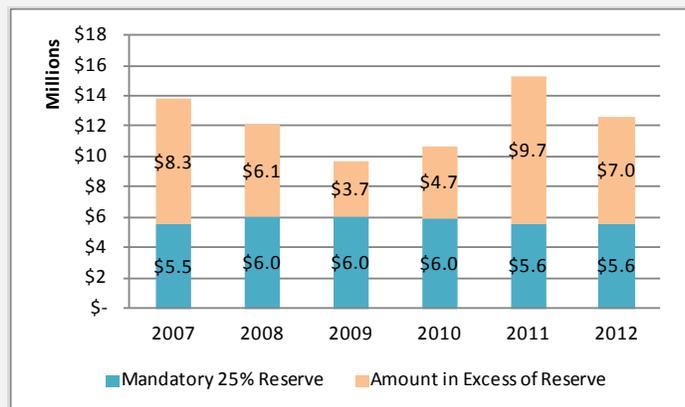
| Resources Taken In (in \$ thousands) | 2012 | 2011 |
|--|----------------|---------------|
| Income Tax | 14,913 | 15,266 |
| Real Estate Taxes | 1,650 | 1,735 |
| Fines, Fees, Licenses & Permits | 3,791 | 3,236 |
| Local Government Fund | 962 | 1,382 |
| Interest & Investment Income | 530 | 641 |
| Other Taxes | 937 | 721 |
| Miscellaneous Income | 728 | 442 |
| Grants | 741 | 554 |
| Transfers | 33 | 871 |
| Total Resources & Revenues | 24,285 | 24,849 |
| | | |
| Services Provided (in \$ thousands) | 2012 | 2011 |
| Public Safety | 9,356 | 7,958 |
| General Government | 2,775 | 3,627 |
| Parks & Recreation | 3,161 | 3,430 |
| Community & Economic Development | 3,115 | 2,771 |
| Public Service | 4,466 | 2,406 |
| Transfers | 3,499 | 2,562 |
| Total Services & Expenditures | 26,372 | 22,756 |
| | | |
| Revenues & Resources Over Expenditures & Services | (2,087) | 2,093 |

*In 2012, the City utilized General Fund excess reserves to offset expenditures in excess of revenue collection

Fund Balance

The City maintains a legally mandated emergency reserve of 25% of planned General Fund revenue. In 2012, this amounted to \$5.6 million.

In addition to the mandatory reserve, the City ended 2012 with excess reserves of just over \$7 million. The Administration plans to utilize a portion of this excess reserve in 2013 offset expenditures in excess of planned revenue.



Revenue

The General Fund is the City's primary operating fund and is used to account for the majority of daily operating revenues and expenses. The table below provides a summary of general fund revenues by primary type for 2012 as well as 2011 for comparative purposes.

| Revenue Source | 2012 | 2011 | % Change |
|---------------------------------|------------|------------|----------|
| Income Tax | 14,913,324 | 15,265,839 | -2% |
| Real Estate Taxes | 1,649,641 | 1,735,137 | -5% |
| Fines, Fees, Licenses & Permits | 3,790,610 | 3,236,432 | 17% |
| Local Government Fund | 961,919 | 1,381,552 | -30% |
| Interest & Investment Income | 530,185 | 641,048 | -17% |
| Other Taxes | 937,378 | 721,316 | 30% |
| Miscellaneous Income | 727,927 | 442,481 | 65% |
| Grants | 741,036 | 554,239 | 34% |
| Transfers | 33,000 | 871,045 | -96% |
| | 24,285,020 | 24,849,087 | -2% |

Beginning in 2013, General Fund Revenue will be approximately \$3 Million a year less than before the Great Recession due to State cuts and other factors outside the City's control.

Revenue Sources

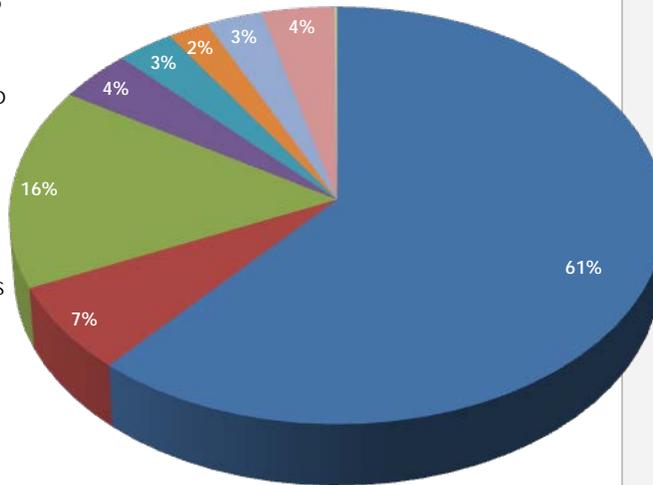
Income Tax: Gahanna imposes a 1.5% tax on earned income and net profits with a partial credit of 83.3% up to 1.5% for residents paying tax to another municipality.

Real Estate Taxes: the City's portion of the taxes due on real property.

Fees for Service: The City charges fines and/or fees for service in a number of its operations, including administrative/service charges to other governments for services rendered, building and zoning permits and licenses, fines & fees associated with criminal and traffic charges and recreational income from programs and events.

Local Government Fund: Intergovernmental revenue sharing program administered by the State of Ohio.

Interest & Investment Income: Revenues earned by investing available City funds.



- INCOME TAX
- REAL ESTATE TAX
- FINES, FEES, LICENSES & PERMITS
- LOCAL GOVERNMENT FUND
- GRANTS
- INTEREST & INVESTMENT INCOME
- MISCELLANEOUS INCOME
- OTHER TAXES
- TRANSFERS

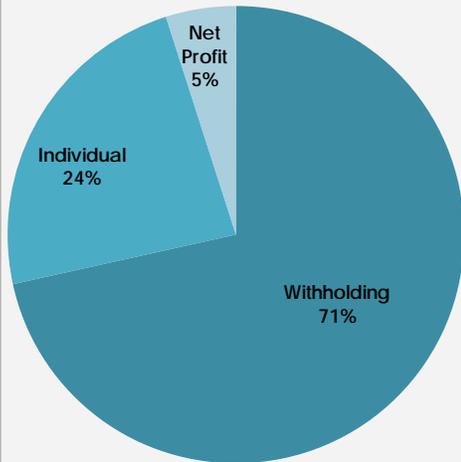
Other Taxes: Gahanna's portion of the Lodging Tax, Cigarette Tax & Estate Tax.

Miscellaneous Income: Revenue not otherwise captured in these categories.

Grants: Funds received for specific projects from outside entities.

Transfers: Includes transfers into the General Fund from other City funds such as the Tax Increment Fund.

INCOME TAX SOURCES TAX YEAR 2012



Income Tax:

The “Where You Work” Tax

The local income tax is the largest source of revenue in the City’s General Fund. For 2013, income tax collections made up 61% of General Fund revenue.

The local income tax is levied on wages and business earnings. What a person pays each year is primarily based on where they work—which is why it is helpful to think of the income tax as the “where you work” tax.

Tax rates vary by municipality, and any rate over 1% must be approved by a vote of the people per Ohio law. Gahanna’s rate is 1.5% and has never been increased since 1977.

Gahanna provides a credit to residents for taxes they pay to another municipality. The credit is limited to 83.3% of amounts paid to an outside municipality up to 1.5%.

Gahanna receives income taxes from three sources:

- 1) Employee withholdings from businesses located in Gahanna;
- 2) Individual residents
- 3) Net profit returns for businesses located in Gahanna.

Property Tax:

The “Where You Live” Tax

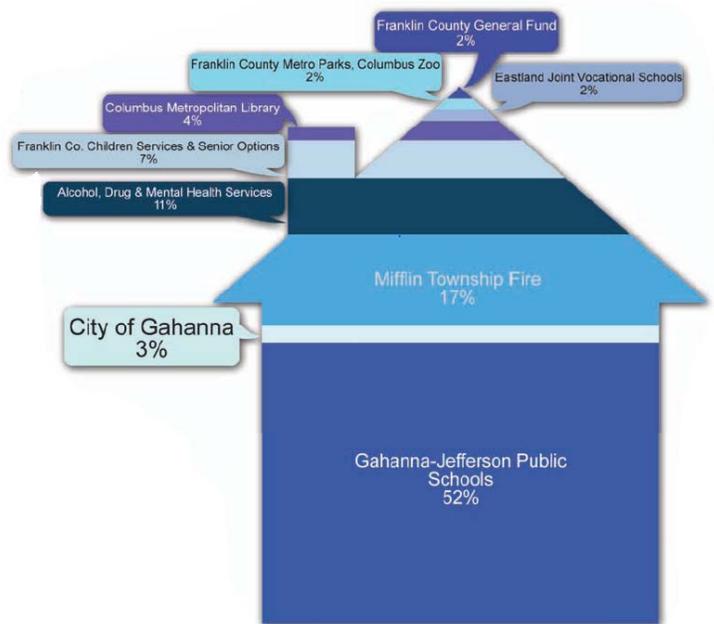
Property taxes in Gahanna are assessed and administered by the Franklin County Auditor’s Office.

For tax collection year 2012, the effective property tax rate associated with residential homes in Gahanna was 80.346654 mills. A mill is the rate to be paid per \$1,000 in assessed value. This equates to a tax rate of 2.13% of the appraised value of a residential property.

For tax year 2012, the City received just **three percent** of the total real estate taxes paid by Gahanna property owners.

For example, for a home valued at \$185,100, the City would receive \$118 of the total approximate \$3,940 tax bill.

For questions about real estate taxes, the County Auditor’s office can be reached at (614) 462-3200 or www.co.franklin.oh.us/auditor. To see your property tax distribution, visit the Auditor’s website and search for your property.



Expenses

The two-year comparison for City expenditures shows an increase in the overall cost of operations, primarily due to the City's strategic investment in capital infrastructure and operating equipment associated with the Administration's Community Investment Plan.

| Expenditure | 2012 | 2011 | % Change |
|----------------------------------|------------|------------|----------|
| Public Safety | 9,356,269 | 7,958,297 | 18% |
| General Government | 2,775,424 | 3,627,218 | -23% |
| Parks & Recreation | 3,160,865 | 3,430,424 | -8% |
| Community & Economic Development | 3,114,527 | 2,771,415 | 12% |
| Public Service | 4,466,398 | 2,406,220 | 86% |
| Transfers | 3,499,005 | 2,562,203 | 37% |
| | 26,372,488 | 22,755,777 | 16% |

Expenditure Types

General Fund expenditures are grouped into major functions including:

Public Safety: Includes City Police, Dispatch and Emergency Management Functions.

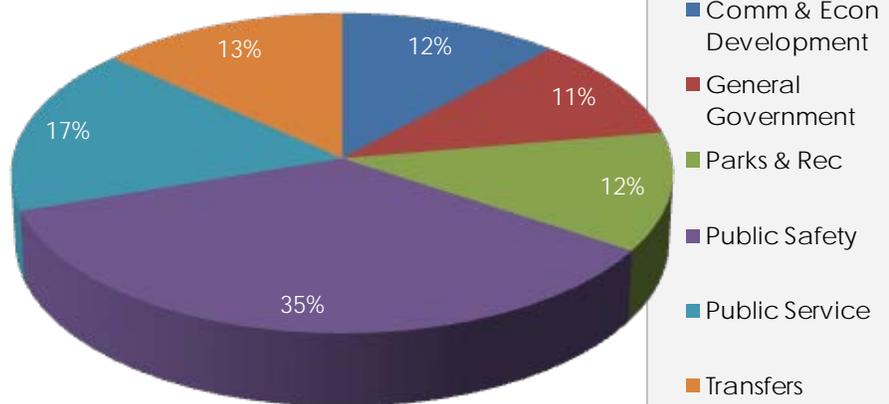
General Government: Includes functions service City operations as a whole including Council, Mayor's Office and City Attorney expenses, Court, Finance and Human Resources.

Parks & Recreation: Operation and maintenance of City-owned parks, recreation programming, pools, golf course and senior center.

Community & Economic Development: Includes planning, economic development, zoning and information technology.

Public Service: Includes Engineering and maintenance of public infrastructure and fleet maintenance.

Transfers: Includes transfers from the General Fund to supplement other City funds including Debt Service and Capital Improvements.





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Capital Investment

In 2012, the Administration began the process of creating a sustainable long-term capital improvement plan. The first step in the process was the introduction of the Community Investment Plan, which was a modest two-year capital plan to begin reinvesting in the City's capital needs after years of deferred funding due to the recession.

Funds for the Community Investment Plan came from the General Fund excess reserve balance, grant funds and transfers from other City funds such as the Tax Increment Fund.

2012 Capital Investments:

- Expansion of the Big Walnut Trail
- Phased work for the Hamilton Rd central widening
- Fiber optic expansion
- Annual street re-paving program
- Rebuilt Lincolnshire Rd
- Matching funds for Safe Routes to School grant program
- Creation of a sustainable capital equipment replacement program for general and police vehicles and equipment

Long-term Capital Planning

The City's long-term capital needs were identified, prioritized and publicly reported in the City's first-ever Capital Needs Assessment in 2012. The five-year needs assessment was based on best practices, previous plans and surveys as well as the experience and research of City staff. The assessment represents the capital items and improvements needed over the next five years (2013–2017) to execute the City's Mission and Vision.

Projects and purchases identified in the Capital Needs Assessment were ranked based on Priority Level and Core Service Level. The full Capital Needs Assessment can be found online at www.gahanna.gov.

The 2013 appropriations included a proposal to fund a number of the projects identified in the Capital Needs Assessment. Depending on the nature of the project, the funding was either provided in the General Fund or the Capital Improvement Fund.

Planned 2013 Capital Investments:

- Asphalt Overlay Program
- Hamilton Road Central
- Safe Routes to School
- Creekside Plaza Repair
- Fiber Optic Expansion
- Multi-Purpose Trails
- OCT Signage & Gateways
- Carpenter/Shepard Signal
- Carpenter Rd. Culvert
- Street Rebuild
- PD Windows & Doors
- Entryway Signs & Features