



Dave Yost • Auditor of State

**CITY OF BEXLEY
FRANKLIN COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

City of Bexley
Franklin County
2242 East Main Street
Bexley, Ohio 43209

To the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bexley, Franklin County, Ohio (the City), as of and for the year ended December 31, 2011, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bexley, Franklin County, Ohio, as of December 31, 2011, and the respective changes in financial position and where applicable, cash flows, thereof and the budgetary comparisons for the General, Police Pension, and Roads and Sidewalks Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 21 to the financial statements, during the year ended December 31, 2011, the Government adopted the provisions of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2013, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

August 6, 2013

**CITY OF BEXLEY
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Bexley's discussion and analysis of the annual financial report provides a review of the financial performance for the year ended December 31, 2011.

FINANCIAL HIGHLIGHTS

- The City's total net assets decreased \$192,779. Expenses and transfers exceeded revenues of Governmental Activities by \$3,081,418. Net assets of Business-Type Activities increased \$2,888,639.
- General revenues of Governmental Activities accounted for \$10,499,401 of all governmental revenues. Program specific revenues in the form of charges for services, grants, and contributions accounted for \$2,339,608 of total governmental revenues of \$12,839,009.
- Enterprise funds reflected total operating income of \$702,576. The Water, Sewer, and Refuse Funds reflected operating income of \$103,880, \$448,354, and \$150,342, respectively.
- The City had \$13,637,286 in expenses related to Governmental Activities. \$2,339,608 of these expenses were offset by program specific charges for services, grants, and contributions. General revenues (primarily income taxes) of \$10,499,401 were not sufficient to provide for these programs. The City had \$5,104,321 in expenses related to Business-Type Activities. \$5,705,713 in program specific charges for services, along with general revenues of \$4,106 were more than sufficient to cover expenses.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the City of Bexley's financial situation as a whole and also give a detailed view of the City's fiscal condition.

The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a long-term view of the City's finances. The fund financial statements provide the next level of detail. For Governmental Funds, these statements tell how services were financed in the short-term, as well as the amount of funds available for future spending. The fund financial statements focus on the City's most significant funds, with all other nonmajor funds presented in total in one column.

REPORTING THE CITY AS A WHOLE

Statement of Net Assets and the Statement of Activities

The analysis of the City as a whole begins with the Statement of Net Assets and the Statement of Activities. These statements provide information that will help the reader to determine if the City of Bexley is financially better off or worse off as a result of the year's activities. These statements include all assets and liabilities using the accrual basis of accounting, similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

CITY OF BEXLEY
FRANKLIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)
(CONTINUED)

REPORTING THE CITY AS A WHOLE (Continued)

These two statements report the City's net assets and changes to those assets. This change informs the reader whether the City's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the reader of these financial statements needs to take into account non-financial factors that also impact the City's financial well-being. Some of these factors include the City's tax base and the condition of capital assets.

In the Statement of Net Assets and the Statement of Activities, the City is divided into two kinds of activities.

Governmental Activities – Most of the City's services are reported here including security of persons and property, public health and welfare, leisure time activities, community environment, transportation, and general government.

Business-Type Activities – These services include water, sewer, and refuse removal. Service fees for these operations are charged based upon the amount of usage. The intent is that the fees charged recoup operational costs.

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the City's major funds begins on page nine. Fund financial statements provide detailed information about the City's major funds – not the City as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the City Auditor, with the approval of Council and the State Auditor, to help control, manage, and report money received for a particular purpose or to show that the City is meeting legal responsibilities for the use of grants. The City of Bexley's major funds are the General, Bond Retirement, Police Pension, Roads and Sidewalks, Water, Sewer, and Refuse Funds.

Governmental Funds – Most of the City's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or less financial resources that can be spent in the near future on services provided to our residents. The similarities (or differences) between Governmental Activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Enterprise Funds – When the City charges citizens for the services it provides, with the intent of recapturing operating costs, these services are generally reported in Proprietary Funds. Proprietary Funds use the same basis of accounting as Business-Type Activities; therefore, these statements will essentially match.

**CITY OF BEXLEY
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)
(CONTINUED)**

THE CITY AS A WHOLE

As stated previously, the Statement of Net Assets looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2010 compared to 2011.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2011	2010	2011	2010	2011
Assets:						
Current and Other Assets	\$15,768,406	\$12,514,887	\$3,728,382	\$4,178,171	\$19,496,788	\$16,693,058
Nondepreciable Capital Assets	6,478,606	2,232,710	0	0	6,478,606	2,232,710
Depreciable Capital Assets, Net	27,942,402	31,405,190	5,497,080	7,714,829	33,439,482	39,120,019
Total Assets	50,189,414	46,152,787	9,225,462	11,893,000	59,414,876	58,045,787
Liabilities:						
Current and Other Liabilities	3,451,031	3,474,243	950,666	884,495	4,401,697	4,358,738
Long-Term Liabilities: Due Within One Year	1,112,921	1,154,797	159,634	165,973	1,272,555	1,320,770
Due in More Than One Year	21,323,934	20,297,681	2,858,496	2,697,227	24,182,430	22,994,908
Total Liabilities	25,887,886	24,926,721	3,968,796	3,747,695	29,856,682	28,674,416
Net Assets:						
Invested in Capital Assets, Net of Related Debt	15,559,431	13,852,122	3,493,955	5,404,695	19,053,386	19,256,817
Restricted for:						
Capital Outlay	96,307	653,620	0	0	96,307	653,620
Unclaimed Monies	9,844	9,844	0	0	9,844	9,844
Transportation	1,110,599	583,300	0	0	1,110,599	583,300
Security of Persons and Property	25,033	29,178	0	0	25,033	29,178
Other Purposes	104,649	163,952	0	0	104,649	163,952
Unrestricted	7,401,621	5,934,050	1,762,711	2,740,610	9,164,332	8,674,660
Total Net Assets	\$24,307,484	\$21,226,066	\$5,256,666	\$8,145,305	\$29,564,150	\$29,371,371

Total net assets of the City's Governmental Activities decreased \$3,081,418. Current and other assets decreased \$3,253,519 as a result of the City having proceeds from a debt issue in 2010 that remained unspent at the end of 2010. Nondepreciable capital assets decreased and depreciable capital assets, net increased due to completed street improvements that existed as construction in progress in the prior year.

Total liabilities of the City's Governmental Activities decreased primarily due to the repayment of outstanding debt. Current and other liabilities remained consistent with the prior year.

**CITY OF BEXLEY
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)
(CONTINUED)**

THE CITY AS A WHOLE (Continued)

Unrestricted net assets of the City's Governmental Activities decreased \$1,467,571 from the prior year as a result of the City having unspent proceeds from the issuance of debt in 2010.

The net assets of the City's Business-Type Activities increased \$2,888,639. Total liabilities decreased due to the repayment of outstanding debt. Current and other assets increased \$449,789 mostly due to increased revenues in the Sewer and Refuse funds while expenditures for each stayed fairly consistent with 2010. Invested in capital assets, net of related debt increased as a result of current year asset additions plus contributed assets from Governmental Funds to the Water Fund exceeded current year depreciation. Unrestricted net assets increased \$977,899 primarily due to the City having spent proceeds relating to the 2010 debt issuance along with an increase in revenues associated with the Sewer and Refuse funds.

Table 2 shows the changes in net assets for the years ended December 31, 2010 and 2011.

Table 2
Changes In Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2010	2011	2010	2011	2010	2011
Revenues:						
Program Revenues:						
Charges for Services	\$1,162,072	\$1,244,742	\$5,634,933	\$5,705,713	\$6,797,005	\$6,950,455
Operating Grants and Contributions	752,056	826,924	0	0	752,056	826,924
Capital Grants and Contributions	906,823	267,942	0	0	906,823	267,942
Total Program Revenues	2,820,951	2,339,608	5,634,933	5,705,713	8,455,884	8,045,321
General Revenues:						
Property Taxes	1,799,068	1,704,401	0	0	1,799,068	1,704,401
Revenue in Lieu of Taxes	112,897	284,122	0	0	112,897	284,122
Other Local Taxes	172,768	183,380	0	0	172,768	183,380
Municipal Income Taxes	6,196,818	6,866,287	0	0	6,196,818	6,866,287
Unrestricted Grants and Entitlements	2,954,631	1,256,987	0	0	2,954,631	1,256,987
Unrestricted Investment Earnings	155,837	185,486	0	0	155,837	185,486
Other	77,227	18,738	7,636	4,106	84,863	22,844
Total General Revenues	11,469,246	10,499,401	7,636	4,106	11,476,882	10,503,507
Total Revenues	\$14,290,197	\$12,839,009	\$5,642,569	\$5,709,819	\$19,932,766	\$18,548,828

(Continued)

**CITY OF BEXLEY
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)
(CONTINUED)**

THE CITY AS A WHOLE (Continued)

Table 2
Changes In Net Assets
(Continued)

	Governmental Activities		Business-Type Activities		Total	
	2010	2011	2010	2011	2010	2011
Program Expenses:						
Security of						
Persons and Property	\$5,859,452	\$6,335,948	\$0	\$0	\$5,859,452	\$6,335,948
Public Health and Welfare	91,789	86,629	0	0	91,789	86,629
Leisure Time Activities	1,413,772	1,511,908	0	0	1,413,772	1,511,908
Community Environment	547,609	192,907	0	0	547,609	192,907
Transportation	1,851,831	1,850,192	0	0	1,851,831	1,850,192
General Government	2,993,064	2,903,848	0	0	2,993,064	2,903,848
Intergovernmental	44,321	580	0	0	44,321	580
Interest and						
Fiscal Charges	685,375	755,274	0	0	685,375	755,274
Water	0	0	1,980,635	2,094,424	1,980,635	2,094,424
Sewer	0	0	1,898,809	1,896,198	1,898,809	1,896,198
Refuse	0	0	1,060,923	1,113,699	1,060,923	1,113,699
Total Expenses	<u>13,487,213</u>	<u>13,637,286</u>	<u>4,940,367</u>	<u>5,104,321</u>	<u>18,427,580</u>	<u>18,741,607</u>
Increase (Decrease) in Net Assets						
Before Transfers	802,984	(798,277)	702,202	605,498	1,505,186	(192,779)
Transfers	896,230	(2,283,141)	(896,230)	2,283,141	0	0
Increase (Decrease) in Net Assets	<u>1,699,214</u>	<u>(3,081,418)</u>	<u>(194,028)</u>	<u>2,888,639</u>	<u>1,505,186</u>	<u>(192,779)</u>
Net Assets at Beginning						
of Year - Restated	<u>22,608,270</u>	<u>24,307,484</u>	<u>5,450,694</u>	<u>5,256,666</u>	<u>28,058,964</u>	<u>29,564,150</u>
Net Assets at End of Year	<u>\$24,307,484</u>	<u>\$21,226,066</u>	<u>\$5,256,666</u>	<u>\$8,145,305</u>	<u>\$29,564,150</u>	<u>\$29,371,371</u>

Governmental Activities

The two and one-half percent municipal income tax is the largest source of revenue for the Governmental Activities and the City of Bexley. The City provides a 65 percent tax credit for taxes paid to another municipality.

Administration and Council has a quality of life commitment to the citizens and businesses located in the City of Bexley. With this in mind, Council has appropriated resources with an emphasis on transportation, general government, security of persons and property, and leisure time activities.

**CITY OF BEXLEY
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)
(CONTINUED)**

THE CITY AS A WHOLE (Continued)

When looking at the sources of income to support Governmental Activities, it should be noted that capital grants and contributions decreased considerably due to the City receiving OPWC grant proceeds for the Sheridan Avenue and Francis Avenue Street Improvement project in 2010. In 2011, the majority of funding for this project was in the form of a loan. Revenues provided by sources in the form of charges for services, operating grants, and capital grants comprise \$2,339,608. The remaining revenues are primarily generated locally through property and income taxes as well as unrestricted grants and aid provided by the State totaling \$10,449,401. Unrestricted grants and entitlements demonstrated a significant decrease from the prior year as a result of the City collecting more estate tax revenue in 2010 than in 2011 along with a decrease in local government monies received from the State. City Council relies on these taxes to furnish the quality of life to businesses and citizens to which they and previous Councils have always been committed.

Business-Type Activities

The City's Business-Type Activities include water, sewer, and refuse services.

Water treatment and facility repair services are contracted with the City of Columbus and are paid for through user fees billed by the City of Columbus to Bexley residents and businesses. The City of Bexley has its own user fee that is incorporated in the Columbus billing. This revenue is used to pay for the necessary level of staffing required to complement the contracted services, debt service on water system improvements and to fund system improvements and depreciation. The City of Bexley also collects a tap fee each time a new tap to the system is made, which funds the current operation of the system. The City of Bexley owns the infrastructure necessary to furnish services to their citizens and is responsible for major reconstruction and the extension of new service within the community. The City of Columbus is responsible for all line repairs and all upkeep and expansion of the treatment and storage facilities.

Sewer treatment is contracted with the City of Columbus and is paid for through user fees billed by the City of Columbus to Bexley residents and businesses. The City of Bexley has its own user fee that is incorporated in the Columbus billing. This revenue is used to pay for the necessary level of staffing required to complement the contracted services, debt service on sanitary sewer system improvements, and to fund system improvements and depreciation. The City of Bexley also collects a tap fee each time a new tap to the system is made which funds a portion of system repair and replacement. Bexley owns and maintains the infrastructure necessary to furnish services to their citizens and is responsible for major reconstruction and the extension of new service within the community. The City of Columbus is responsible for all upkeep and expansion of the treatment and storage facilities.

The City contracts for refuse and solid waste collection and disposal with an independent provider which is paid by user fees billed by the City. This revenue is used to pay for the necessary level of staffing required to complement the contracted services and other related expenses.

Net assets of Business-Type Activities increased \$2,888,639, primarily due to asset contributions made by Governmental Funds to the Water Fund.

**CITY OF BEXLEY
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)
(CONTINUED)**

THE CITY'S FUNDS

Information about the City's major Governmental Funds begins on page 14. These funds are reported using the modified accrual basis of accounting. All Governmental Funds had total revenues of \$12,583,859 and expenditures of \$16,191,833.

The General Fund balance decreased \$3,999,619 due to expenditures continuing to exceed revenues. In 2010, however, this was offset due to the issuance of bonds.

The Bond Retirement and Police Pension Fund balances increased by \$15,193 and \$8,792, respectively. The Roads and Sidewalks Fund balance decreased \$16,411. All of which are insignificant.

The Water Fund, Sewer Fund, and Refuse Fund's net assets increased \$2,317,746, \$420,551, and \$150,342, respectively. The significant increase in the Water Fund resulted from assets that were Water Fund assets but were paid for and contributed by Governmental Funds.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of receipts, disbursements, and encumbrances. The City's budget is adopted on a fund and function basis. During 2011, there were revisions to the budget which increased the appropriations by \$354,785. The increase in appropriations was primarily for capital outlay related to various street improvements.

General Fund original budgeted revenues were more than final budgeted revenues by \$320,042. This was due to a decrease in the estimated amounts for income tax and intergovernmental revenues. Actual income tax receipts, however, were well above the estimated amount.

The City's General Fund's ending fund balance was \$1,339,023 above the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The majority of the decrease in governmental capital assets resulted from current year depreciation expense and additions and deletions being similar. Business-Type Activities capital assets increased due to equipment and infrastructure additions.

See Note 9 of the notes to the basic financial statements for more detailed information.

**CITY OF BEXLEY
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2011
(UNAUDITED)
(CONTINUED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

Debt

At December 31, 2011, the City of Bexley had \$23,937,744 in debt outstanding for Governmental and Business-Type Activities.

Outstanding debt decreased from 2010 due to the repayment of outstanding debt. The only increase in outstanding debt was due to the issuance of a portion of OPWC loan proceeds.

The City's overall legal debt margin was \$30,062,126, with an unvoted debt margin of \$7,307,015 at December 31, 2011.

See Note 14 of the notes to the basic financial statements for more detailed information.

CONTACTING THE CITY'S FINANCE DEPARTMENT

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Beecher Hale, Finance Director, City of Bexley, 2242 East Main Street, Bexley, Ohio 43209.

**CITY OF BEXLEY
FRANKLIN COUNTY**

**STATEMENT OF NET ASSETS
DECEMBER 31, 2011**

	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$6,613,664	\$3,076,444	\$9,690,108
Cash and Cash Equivalents in Segregated Accounts	2,983	0	2,983
Cash and Cash Equivalents with Fiscal Agents	45,011	0	45,011
Accrued Interest Receivable	27,019	0	27,019
Accounts Receivable	0	1,088,600	1,088,600
Municipal Income Taxes Receivable	2,211,734	0	2,211,734
Due from Other Governments	889,576	0	889,576
Materials and Supplies Inventory	32,165	8,332	40,497
Property Taxes Receivable	1,867,356	0	1,867,356
Revenue in Lieu of Taxes Receivable	324,870	0	324,870
Other Local Taxes Receivable	47,482	0	47,482
Deferred Charges	453,027	4,795	457,822
Land and Construction in Progress	2,232,710	0	2,232,710
Depreciable Capital Assets, Net	31,405,190	7,714,829	39,120,019
Total Assets	46,152,787	11,893,000	58,045,787
<u>Liabilities:</u>			
Accounts Payable	206,818	98,779	305,597
Contracts Payable	258,655	6,829	265,484
Accrued Wages Payable	153,765	24,695	178,460
Retainage Payable	102,171	0	102,171
Due to Other Governments	309,124	732,481	1,041,605
Income Tax Revenue Sharing Payable	8,105	0	8,105
Deferred Revenue	2,139,464	0	2,139,464
Vacation Balances Payable	237,776	14,086	251,862
Accrued Interest Payable	58,365	7,625	65,990
Long-Term Liabilities:			
Due Within One Year	1,154,797	165,973	1,320,770
Due in More Than One Year	20,297,681	2,697,227	22,994,908
Total Liabilities	24,926,721	3,747,695	28,674,416
<u>Net Assets:</u>			
Invested in Capital Assets, Net of Related Debt	13,852,122	5,404,695	19,256,817
Restricted for:			
Capital Outlay	653,620	0	653,620
Other Purposes	786,274	0	786,274
Unrestricted	5,934,050	2,740,610	8,674,660
Total Net Assets	\$21,226,066	\$8,145,305	\$29,371,371

See Accompanying Notes to the Basic Financial Statements

CITY OF BEXLEY
FRANKLIN COUNTY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
<u>Governmental Activities:</u>				
Security of Persons and Property	\$6,335,948	\$79,753	\$56,465	\$0
Public Health and Welfare	86,629	0	0	0
Leisure Time Activities	1,511,908	925,130	33,118	0
Community Environment	192,907	233,611	71,215	87,279
Transportation	1,850,192	1,330	658,163	180,663
General Government	2,903,848	4,918	7,963	0
Intergovernmental	580	0	0	0
Interest and Fiscal Charges	755,274	0	0	0
<i>Total Governmental Activities</i>	<u>13,637,286</u>	<u>1,244,742</u>	<u>826,924</u>	<u>267,942</u>
<u>Business-Type Activities:</u>				
Water	2,094,424	2,124,923	0	0
Sewer	1,896,198	2,316,749	0	0
Refuse	1,113,699	1,264,041	0	0
<i>Total Business-Type Activities</i>	<u>5,104,321</u>	<u>5,705,713</u>	<u>0</u>	<u>0</u>
<i>Total Activities</i>	<u>\$18,741,607</u>	<u>\$6,950,455</u>	<u>\$826,924</u>	<u>\$267,942</u>

General Revenues:

- Property Taxes Levied for:
 - General Purposes
 - Transportation
 - Police Pension
- Revenue in Lieu of Taxes
- Other Local Taxes
- Municipal Income Taxes Levied for General Purposes
- Grants and Entitlements not Restricted to Specific Programs
- Unrestricted Investment Earnings
- Other

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Assets at Beginning of Year - Restated

Net Assets at End of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue and Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
(\$6,199,730)	\$0	(\$6,199,730)
(86,629)	0	(86,629)
(553,660)	0	(553,660)
199,198	0	199,198
(1,010,036)	0	(1,010,036)
(2,890,967)	0	(2,890,967)
(580)	0	(580)
(755,274)	0	(755,274)
(11,297,678)	0	(11,297,678)
0	30,499	30,499
0	420,551	420,551
0	150,342	150,342
0	601,392	601,392
(11,297,678)	601,392	(10,696,286)
636,121	0	636,121
706,200	0	706,200
362,080	0	362,080
284,122	0	284,122
183,380	0	183,380
6,866,287	0	6,866,287
1,256,987	0	1,256,987
185,486	0	185,486
18,738	4,106	22,844
(2,283,141)	2,283,141	0
8,216,260	2,287,247	10,503,507
(3,081,418)	2,888,639	(192,779)
24,307,484	5,256,666	29,564,150
<u>\$21,226,066</u>	<u>\$8,145,305</u>	<u>\$29,371,371</u>

**CITY OF BEXLEY
FRANKLIN COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2011**

	<i>General</i>	<i>Police Pension</i>	<i>Roads and Sidewalks</i>	<i>Bond Retirement</i>	<i>Nonmajor Funds</i>	<i>Total</i>
<u>Assets:</u>						
Equity in Pooled Cash and Cash Equivalents	\$4,528,804	\$183,411	\$627,924	\$410,443	\$863,082	\$6,613,664
Cash and Cash Equivalents in Segregated Accounts	2,779	0	0	0	204	2,983
Cash and Cash Equivalents with Fiscal Agents	0	0	0	0	45,011	45,011
Receivables:						
Property Taxes	705,822	399,533	762,001	0	0	1,867,356
Revenue in Lieu of Taxes	0	0	0	0	324,870	324,870
Other Local Taxes	47,482	0	0	0	0	47,482
Municipal Income Taxes	2,211,734	0	0	0	0	2,211,734
Interfund	72,798	0	0	0	0	72,798
Accrued Interest	27,019	0	0	0	0	27,019
Due from Other Governments	516,548	27,226	52,205	0	293,597	889,576
Materials and Supplies Inventory	5,329	0	0	0	26,836	32,165
Total Assets	\$8,118,315	\$610,170	\$1,442,130	\$410,443	\$1,553,600	\$12,134,658
<u>Liabilities and Fund Balances:</u>						
<u>Liabilities:</u>						
Accounts Payable	\$167,804	\$0	\$0	\$0	\$39,014	\$206,818
Contracts Payable	227,220	0	0	0	31,435	258,655
Accrued Wages Payable	144,258	0	0	0	9,507	153,765
Retainage Payable	102,171	0	0	0	0	102,171
Interfund Payable	0	0	0	0	72,798	72,798
Due to Other Governments	167,687	125,510	0	0	15,927	309,124
Deferred Revenue	2,302,966	426,759	814,206	0	534,835	4,078,766
Total Liabilities	3,112,106	552,269	814,206	0	703,516	5,182,097
<u>Fund Balances:</u>						
Nonspendable	15,173	0	0	0	26,836	42,009
Restricted	0	57,901	627,924	0	796,476	1,482,301
Committed	0	0	0	0	24,897	24,897
Assigned	917,428	0	0	410,443	49,594	1,377,465
Unassigned (Deficit)	4,073,608	0	0	0	(47,719)	4,025,889
Total Fund Balances	5,006,209	57,901	627,924	410,443	850,084	6,952,561
Total Liabilities and Fund Balances	\$8,118,315	\$610,170	\$1,442,130	\$410,443	\$1,553,600	\$12,134,658

See Accompanying Notes to the Basic Financial Statements

CITY OF BEXLEY
FRANKLIN COUNTY

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2011**

Total Governmental Fund Balances	\$6,952,561
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital Assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	462,707
Construction in Progress	1,770,003
Depreciable Capital Assets	48,984,942
Accumulated Depreciation	<u>(17,579,752)</u>

Total	33,637,900
-------	------------

Governmental funds report general obligation bond issuance costs as expenditures, whereas these amounts are deferred and amortized in the Statement of Activities.

453,027

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Municipal Income Taxes	1,225,068
Property Taxes	52,762
Due from Other Governments	649,214
Accrued Interest	<u>12,258</u>

Total	1,939,302
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In the Statement of Activities, interest is accrued on outstanding bonds, vacation balances are accrued, and income tax revenue sharing payable is accrued, whereas in governmental funds, expenditures are reported when the liabilities are due.

Accrued Interest	(58,365)
Vacation Balances Payable	(237,776)
Income Tax Revenue Sharing Payable	<u>(8,105)</u>

Total	(304,246)
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Some liabilities, including bonds payable and loans payable are not due and payable in the current period and therefore are not reported in the funds:

General Obligation Bonds	(18,134,050)
Bond Premium	(276,202)
Loss on Refunding	88,795
OPWC Loans	(2,398,832)
Capital Leases Payable	(48,303)
Ohio Police and Fire Pension Obligation Payable	(351,052)
Compensated Absences	<u>(332,834)</u>

Total	<u>(21,452,478)</u>
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<i>Net Assets of Governmental Activities</i>	<u><u>\$21,226,066</u></u>
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See Accompanying Notes to the Basic Financial Statements

CITY OF BEXLEY
FRANKLIN COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<i>General</i>	<i>Police Pension</i>	<i>Roads and Sidewalks</i>	<i>Bond Retirement</i>	<i>Nonmajor Funds</i>	<i>Total</i>
<u>Revenues:</u>						
Property Taxes	\$646,302	\$367,664	\$717,751	\$0	\$0	\$1,731,717
Municipal Income Taxes	6,543,407	0	0	0	0	6,543,407
Other Local Taxes	183,380	0	0	0	0	183,380
Intergovernmental	1,413,288	55,990	106,821	0	696,018	2,272,117
Charges for Services	894,231	0	0	0	1,330	895,561
Licenses and Permits	233,611	0	0	0	2,595	236,206
Fines and Forfeitures	77,931	0	0	0	4,145	82,076
Revenue in Lieu of Taxes	0	0	0	0	284,122	284,122
Investment Earnings	179,823	0	0	0	18,270	198,093
Rent	30,899	0	0	0	0	30,899
Contributions and Donations	31,068	0	0	0	76,475	107,543
Miscellaneous	15,983	0	0	0	2,755	18,738
Total Revenues	10,249,923	423,654	824,572	0	1,085,710	12,583,859
<u>Expenditures:</u>						
Current:						
Security of Persons and Property	5,632,623	466,522	0	0	0	6,099,145
Public Health and Welfare	86,629	0	0	0	0	86,629
Leisure Time Activities	1,343,795	0	0	0	10,257	1,354,052
Community Environment	155,183	0	0	0	55,856	211,039
Transportation	0	0	10,391	0	681,597	691,988
General Government	2,775,972	0	0	0	41,205	2,817,177
Capital Outlay	2,446,463	0	422,803	0	220,303	3,089,569
Debt Service:						
Principal Retirement	33,571	8,598	0	992,029	73,421	1,107,619
Interest and Fiscal Charges	4,205	15,195	0	715,215	0	734,615
Total Expenditures	12,478,441	490,315	433,194	1,707,244	1,082,639	16,191,833
Excess of Revenues Over (Under) Expenditures	(2,228,518)	(66,661)	391,378	(1,707,244)	3,071	(3,607,974)
<u>Other Financing Sources (Uses):</u>						
Proceeds of OPWC Loan	0	0	0	0	122,168	122,168
Transfers In	0	75,453	0	1,722,437	382,247	2,180,137
Transfers Out	(1,771,101)	0	(407,789)	0	(1,247)	(2,180,137)
Total Other Financing Sources (Uses)	(1,771,101)	75,453	(407,789)	1,722,437	503,168	122,168
Net Change in Fund Balance	(3,999,619)	8,792	(16,411)	15,193	506,239	(3,485,806)
Fund Balances at Beginning of Year - Restated	9,005,828	49,109	644,335	395,250	343,845	10,438,367
Fund Balances at End of Year	\$5,006,209	\$57,901	\$627,924	\$410,443	\$850,084	\$6,952,561

See Accompanying Notes to the Basic Financial Statements

CITY OF BEXLEY
FRANKLIN COUNTY

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2011**

Net Change in Fund Balances - Total Governmental Funds		(\$3,485,806)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital Assets Additions	789,517	
Depreciation	<u>(1,572,626)</u>	
Excess of Depreciation Expense over Capital Outlay		(783,109)
The issuance of long-term debt provides current financial resources to governmental funds, but in the Statement of Net Assets, the debt is reported as a liability.		
Proceeds of OPWC Loans		(122,168)
Repayment of long-term obligations is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. In the current year, these amounts consist of:		
General Obligation Bond Principal Payments	936,200	
OPWC Loan Payments	129,250	
Police and Fire Pension Obligation	8,598	
Capital Lease Payments	<u>33,571</u>	
		1,107,619
Some revenues that will not be collected for several months after the City's year-end are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues changed by these amounts this year:		
Municipal Income Taxes	322,880	
Property Taxes	(27,316)	
Intergovernmental	(27,807)	
Accrued Interest	<u>(12,607)</u>	
		255,150
Amortization of bond issuance costs, bond premiums, the deferred loss on the refunding of debt, as well as accrued interest payable on the bonds are not reported in the funds, but are allocated as an expense over the life of the debt in the Statement of Activities.		
Amortization of Bond Issuance Costs	(26,783)	
Amortization of Bond Premiums	16,299	
Amortization of Loss on Refunding	(12,685)	
Net Decrease in Accrued Interest	<u>2,510</u>	
		(20,659)
Some items reported as expenses in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
These activities consist of:		
Increase in Vacation Balances Payable	(27,177)	
Increase in Income Tax Revenue Sharing Payable	(580)	
Increase in Compensated Absences	<u>(4,688)</u>	
		<u>(32,445)</u>
Change in Net Assets of Governmental Activities		<u><u>(\$3,081,418)</u></u>

See Accompanying Notes to the Basic Financial Statements

CITY OF BEXLEY
FRANKLIN COUNTY

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Budgetary Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues:</u>				
Property Taxes	\$678,327	\$659,681	\$646,302	(\$13,379)
Municipal Income Taxes	6,019,151	5,820,091	6,543,113	723,022
Other Local Taxes	170,245	164,615	179,836	15,221
Intergovernmental	2,414,933	2,335,069	1,795,004	(540,065)
Licenses and Permits	243,145	235,104	233,611	(1,493)
Fines and Forfeitures	82,550	79,820	77,087	(2,733)
Investment Earnings	136,023	131,524	174,308	42,784
Contributions and Donations	4,687	4,532	2,510	(2,022)
Miscellaneous	42,861	41,444	12,783	(28,661)
Total Revenues	9,791,922	9,471,880	9,664,554	192,674
<u>Expenditures:</u>				
Current:				
Security of Persons and Property	5,906,581	6,066,517	5,681,568	384,949
Public Health and Welfare	101,075	103,811	86,629	17,182
Leisure Time Activities	384,787	395,206	334,193	61,013
Community Environment	226,349	232,478	169,492	62,986
General Government	3,352,059	3,442,824	2,939,048	503,776
Capital Outlay	3,131,761	3,216,561	3,097,617	118,944
Total Expenditures	13,102,612	13,457,397	12,308,547	1,148,850
Excess of Revenues Over (Under) Expenditures	<u>(3,310,690)</u>	<u>(3,985,517)</u>	<u>(2,643,993)</u>	<u>1,341,524</u>
<u>Other Financing Sources (Uses):</u>				
Proceeds from Sale of Capital Assets	5,701	5,701	3,200	(2,501)
Transfers Out	<u>(1,921,101)</u>	<u>(1,921,101)</u>	<u>(1,921,101)</u>	<u>0</u>
Total Other Financing Sources (Uses)	<u>(1,915,400)</u>	<u>(1,915,400)</u>	<u>(1,917,901)</u>	<u>(2,501)</u>
Net Change in Fund Balance	(5,226,090)	(5,900,917)	(4,561,894)	1,339,023
Fund Balance at Beginning of Year - Restated	3,168,399	3,168,399	3,168,399	0
Prior Year Encumbrances	<u>3,535,898</u>	<u>3,535,898</u>	<u>3,535,898</u>	<u>0</u>
Fund Balance at End of Year	<u><u>\$1,478,207</u></u>	<u><u>\$803,380</u></u>	<u><u>\$2,142,403</u></u>	<u><u>\$1,339,023</u></u>

CITY OF BEXLEY
FRANKLIN COUNTY

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
POLICE PENSION SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Budgetary Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues:</u>				
Property Taxes	\$379,950	\$379,950	\$367,664	(\$12,286)
Intergovernmental	62,014	62,014	55,990	(6,024)
<i>Total Revenues</i>	<u>441,964</u>	<u>441,964</u>	<u>423,654</u>	<u>(18,310)</u>
<u>Expenditures:</u>				
Current:				
Security of Persons and Property	493,480	493,480	493,480	0
Debt Service:				
Principal Retirement	8,598	8,598	8,598	0
Interest and Fiscal Charges	15,339	15,339	15,195	144
<i>Total Expenditures</i>	<u>517,417</u>	<u>517,417</u>	<u>517,273</u>	<u>144</u>
Excess of Revenues Under Expenditures	(75,453)	(75,453)	(93,619)	(18,166)
<u>Other Financing Sources:</u>				
Transfers In	75,453	75,453	75,453	0
Net Change in Fund Balance	0	0	(18,166)	(18,166)
Fund Balance at Beginning of Year	177,509	177,509	177,509	0
<i>Fund Balance at End of Year</i>	<u><u>\$177,509</u></u>	<u><u>\$177,509</u></u>	<u><u>\$159,343</u></u>	<u><u>(\$18,166)</u></u>

See Accompanying Notes to the Basic Financial Statements

CITY OF BEXLEY
FRANKLIN COUNTY

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ROADS AND SIDEWALKS SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Budgetary Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues:</u>				
Property Taxes	\$744,907	\$744,907	\$717,751	(\$27,156)
Intergovernmental	111,096	98,602	106,821	8,219
<i>Total Revenues</i>	<u>856,003</u>	<u>843,509</u>	<u>824,572</u>	<u>(18,937)</u>
<u>Expenditures:</u>				
Current:				
Transportation	10,391	10,391	10,391	0
Capital Outlay	461,276	461,667	461,276	391
<i>Total Expenditures</i>	<u>471,667</u>	<u>472,058</u>	<u>471,667</u>	<u>391</u>
Excess of Revenues Over (Under) Expenditures	384,336	371,451	352,905	(18,546)
<u>Other Financing Uses:</u>				
Transfers Out	<u>(407,789)</u>	<u>(407,789)</u>	<u>(407,789)</u>	<u>0</u>
Net Change in Fund Balance	(23,453)	(36,338)	(54,884)	(18,546)
Fund Balance at Beginning of Year	212,189	212,189	212,189	0
Prior Year Encumbrances	<u>461,669</u>	<u>461,669</u>	<u>461,669</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$650,405</u></u>	<u><u>\$637,520</u></u>	<u><u>\$618,974</u></u>	<u><u>(\$18,546)</u></u>

See Accompanying Notes to the Basic Financial Statements

**CITY OF BEXLEY
FRANKLIN COUNTY**

**STATEMENT OF FUND NET ASSETS
ENTERPRISE FUNDS
DECEMBER 31, 2011**

	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>	<u>Total</u>
<u>Assets:</u>				
<u>Current Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$690,135	\$1,866,253	\$520,056	\$3,076,444
Accounts Receivable	495,584	593,016	0	1,088,600
Materials and Supplies Inventory	1,049	1,049	6,234	8,332
<i>Total Current Assets</i>	<u>1,186,768</u>	<u>2,460,318</u>	<u>526,290</u>	<u>4,173,376</u>
<u>Non-Current Assets:</u>				
Deferred Charges	4,795	0	0	4,795
Depreciable Capital Assets, Net	4,561,991	3,109,096	43,742	7,714,829
<i>Total Non-Current Assets</i>	<u>4,566,786</u>	<u>3,109,096</u>	<u>43,742</u>	<u>7,719,624</u>
<i>Total Assets</i>	<u>5,753,554</u>	<u>5,569,414</u>	<u>570,032</u>	<u>11,893,000</u>
<u>Liabilities:</u>				
<u>Current Liabilities:</u>				
Accounts Payable	10,310	1,117	87,352	98,779
Contracts Payable	0	6,829	0	6,829
Accrued Wages Payable	14,806	8,094	1,795	24,695
Due to Other Governments	332,098	398,785	1,598	732,481
Vacation Balances Payable	11,971	2,115	0	14,086
Accrued Interest Payable	5,453	2,172	0	7,625
Compensated Absences Payable	1,070	428	0	1,498
General Obligation Bonds Payable	103,750	37,000	0	140,750
OPWC Loans Payable	0	23,725	0	23,725
<i>Total Current Liabilities</i>	<u>479,458</u>	<u>480,265</u>	<u>90,745</u>	<u>1,050,468</u>
<u>Long-Term Liabilities (Net of Current Portion):</u>				
Compensated Absences Payable	31,152	12,450	0	43,602
General Obligation Bonds Payable	1,608,200	737,000	0	2,345,200
OPWC Loans Payable	0	308,425	0	308,425
<i>Total Long-Term Liabilities</i>	<u>1,639,352</u>	<u>1,057,875</u>	<u>0</u>	<u>2,697,227</u>
<i>Total Liabilities</i>	<u>2,118,810</u>	<u>1,538,140</u>	<u>90,745</u>	<u>3,747,695</u>
<u>Net Assets:</u>				
Invested in Capital Assets, Net of Related Debt	3,364,836	1,996,117	43,742	5,404,695
Unrestricted	269,908	2,035,157	435,545	2,740,610
<i>Total Net Assets</i>	<u>\$3,634,744</u>	<u>\$4,031,274</u>	<u>\$479,287</u>	<u>\$8,145,305</u>

See Accompanying Notes to the Basic Financial Statements

CITY OF BEXLEY
FRANKLIN COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>	<u>Total</u>
<u>Operating Revenues:</u>				
Charges For Services	\$2,124,923	\$2,316,749	\$1,264,041	\$5,705,713
Miscellaneous	4,106	0	0	4,106
<i>Total Operating Revenues</i>	<u>2,129,029</u>	<u>2,316,749</u>	<u>1,264,041</u>	<u>5,709,819</u>
<u>Operating Expenses:</u>				
Personal Services	367,674	204,861	39,354	611,889
Contractual Services	1,507,528	1,553,483	1,034,264	4,095,275
Materials and Supplies	27,006	7,185	16,446	50,637
Depreciation	119,865	99,020	7,666	226,551
Other Operating Expenses	3,076	3,846	15,969	22,891
<i>Total Operating Expenses</i>	<u>2,025,149</u>	<u>1,868,395</u>	<u>1,113,699</u>	<u>5,007,243</u>
Operating Income	103,880	448,354	150,342	702,576
<u>Non-Operating Expenses:</u>				
Interest and Fiscal Charges	(69,275)	(27,803)	0	(97,078)
Income Before Capital Contributions	34,605	420,551	150,342	605,498
Capital Contributions	2,283,141	0	0	2,283,141
Change in Net Assets	2,317,746	420,551	150,342	2,888,639
Net Assets at Beginning of Year	<u>1,316,998</u>	<u>3,610,723</u>	<u>328,945</u>	<u>5,256,666</u>
<i>Net Assets at End of Year</i>	<u><u>\$3,634,744</u></u>	<u><u>\$4,031,274</u></u>	<u><u>\$479,287</u></u>	<u><u>\$8,145,305</u></u>

See Accompanying Notes to the Basic Financial Statements

**CITY OF BEXLEY
FRANKLIN COUNTY**

**STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2011**

	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>	<u>Total</u>
<u>Increases (Decreases) in Cash and Cash Equivalents:</u>				
Cash Flows from Operating Activities:				
Cash Received from Customers	\$2,160,648	\$2,308,100	\$1,264,041	\$5,732,789
Cash Payments for Personal Services	(372,535)	(208,641)	(39,424)	(620,600)
Cash Payments to Suppliers for Goods and Services	(1,556,081)	(1,596,122)	(1,048,128)	(4,200,331)
Cash Payments for Other Operating Expenses	(3,076)	(3,846)	(15,969)	(22,891)
Other Operating Revenues	4,106	0	0	4,106
<i>Net Cash Provided by Operating Activities</i>	<u>233,062</u>	<u>499,491</u>	<u>160,520</u>	<u>893,073</u>
Cash Flows from Capital and Related Financing Activities:				
Acquisition of Capital Assets	0	(161,159)	0	(161,159)
Principal Paid on General Obligation Bonds	(97,800)	(36,000)	0	(133,800)
Principal Paid on OPWC Loans	0	(23,725)	0	(23,725)
Interest and Fiscal Charges Paid on General Obligation Bonds	(68,868)	(27,971)	0	(96,839)
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(166,668)</u>	<u>(248,855)</u>	<u>0</u>	<u>(415,523)</u>
<i>Net Increase in Cash and Cash Equivalents</i>	66,394	250,636	160,520	477,550
Cash and Cash Equivalents at Beginning of Year	<u>623,741</u>	<u>1,615,617</u>	<u>359,536</u>	<u>2,598,894</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u>\$690,135</u>	<u>\$1,866,253</u>	<u>\$520,056</u>	<u>\$3,076,444</u>
<u>Reconciliation of Operating Income to Net Cash Provided by Operating Activities:</u>				
Operating Income	\$103,880	\$448,354	\$150,342	\$702,576
<u>Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:</u>				
Depreciation	119,865	99,020	7,666	226,551
Changes in Assets and Liabilities:				
Decrease (Increase) in Accounts Receivable	35,725	(8,649)	0	27,076
Increase (Decrease) in Accounts Payable	7,425	(1,775)	2,582	8,232
Decrease in Contracts Payable	0	(37,222)	0	(37,222)
Increase (Decrease) in Accrued Wages Payable	(4,688)	(4,070)	52	(8,706)
Increase (Decrease) in Due to Other Governments	(30,629)	2,195	(122)	(28,556)
Increase (Decrease) in Vacation Balances Payable	(42)	569	0	527
Increase in Compensated Absences Payable	1,526	1,069	0	2,595
<i>Net Cash Provided by Operating Activities</i>	<u>\$233,062</u>	<u>\$499,491</u>	<u>\$160,520</u>	<u>\$893,073</u>
Noncash Capital Financing Activities:				
Service Lines Contributed By Governmental Funds	<u>\$2,283,141</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,283,141</u>

See Accompanying Notes to the Basic Financial Statements

CITY OF BEXLEY
FRANKLIN COUNTY

STATEMENT OF FIDUCIARY
ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2011

<u>Assets:</u>	
Cash and Cash Equivalents in Segregated Accounts	<u><u>\$83,550</u></u>
<u>Liabilities:</u>	
Undistributed Assets	\$1,103
Deposits Held and Due to Others	<u>82,447</u>
<i>Total Liabilities</i>	<u><u>\$83,550</u></u>

See Accompanying Notes to the Basic Financial Statements

**CITY OF BEXLEY
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011**

NOTE 1 - DESCRIPTION OF THE CITY AND REPORTING ENTITY

The City of Bexley (the "City") is a home rule corporation established under the laws of the State of Ohio that operates under its own Charter. The current Charter, which provides for the Mayor-Council form of government, was adopted November 8, 1996, and became effective December 31, 1996.

The charter provides for the Mayor-Council plan of government, whereby the legislative powers of the City are vested in a seven member City Council, all of which are elected at large for four-year terms. The Council sets the compensation guidelines for City officials and employees, and enacts ordinances and resolutions relating to City services, tax levies, appropriations, indebtedness, licensing of regulated businesses and trades, and other municipal purposes.

The Mayor is the chief executive officer of the municipal corporation. Elected to a four-year term, the Mayor holds authority to appoint City Directors, other than the Director of Finance who is appointed by the City Auditor.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading.

The primary government of the City consists of all funds, departments, and activities which are not legally separate from the City. They comprise the City's legal entity, which provides various services including public safety, street maintenance, parks and recreation, senior services, and engineering. The City of Bexley is also responsible for the construction, maintenance, and repairs associated with the water and sewer lines. Council and the Mayor have direct responsibility for these activities. The City of Columbus provides water and sewer treatment services.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City, in that the City approves the organization's budget, the issuance of its debt, or the levying of its taxes. The City has no component units.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Bexley have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental and business-type activities and to its enterprise funds provided they do not conflict with or contradict GASB pronouncements. The City does not apply FASB Statements and Interpretations issued after November 30, 1989 to its business-type activities or to its enterprise funds. The more significant of the City's accounting policies are described below.

CITY OF BEXLEY
FRANKLIN

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental in nature and those that are considered business-type activities.

The Statement of Net Assets presents the financial condition of the Governmental and Business-Type Activities of the City at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the City's Governmental Activities and for the Business-Type Activities of the City. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants, and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program or business segment is self-financing or draws from the general revenues of the City.

Fund Financial Statements

During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds utilized by the City: governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the City are typically financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

CITY OF BEXLEY
FRANKLIN

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

The following are the City's major governmental funds:

General Fund - This fund accounts for and reports all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio and the Charter of the City.

Bond Retirement Fund – This fund accounts for and reports the accumulation of assigned transfers for the payment of general obligation debt principal and interest.

Police Pension Fund - This fund accounts for and reports property taxes levied and restricted to pay for police pension benefits.

Roads and Sidewalks Fund - This fund accounts for and reports all transactions restricted to street and sidewalk maintenance and construction.

The other governmental funds of the City account for grants and other resources whose use is restricted, committed, or assigned for a particular purpose.

Proprietary Funds

Proprietary funds focus on the determination of operating income, changes in net assets, financial position, and cash flows. The City's proprietary funds are enterprise funds.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

Water Fund - This fund is used to account for the provision of water service to certain residents and businesses within the City.

Sewer Fund - This fund is used to account for the provision of sanitary sewer service to the residents and businesses of the City.

Refuse Fund - This fund is used to account for the operations providing refuse waste removal to the residents and businesses of the City.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. The three types of trust funds should be used to report resources held and administered by the City when it is acting in a fiduciary capacity for individuals, private organizations, or other governments. These funds are distinguished by the existence of a trust agreement that affects the degree of management involvement and the length of time that the resources are held. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City has two agency funds which are used to account for monies held for flexible spending accounts and for the distribution of mayor's court fines.

CITY OF BEXLEY
FRANKLIN

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the City are included on the Statement of Net Assets. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the Governmental Activities of the government-wide financial statements are prepared. The governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all enterprise funds are accounted for using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the Statement of Fund Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (e.g., revenues) and decreases (e.g., expenses) in total net assets. The Statement of Cash Flows provides information about how the City finances and meets the cash flow needs of its enterprise activities.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting; enterprise and agency funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "available" means the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within 60 days of year-end.

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, revenue in lieu of taxes, grants, entitlements, and donations. On an accrual basis, revenue from income tax is recognized in the year in which the income is earned.

CITY OF BEXLEY
FRANKLIN

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Revenue from property taxes and revenue in lieu of taxes are recognized in the year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income taxes, interest on investments, intergovernmental revenues (including motor vehicle license tax, gasoline tax, and local government assistance), fines and forfeitures, and grants.

Deferred Revenues

Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2011, but were levied to finance 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met have also been recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Cash and Cash Equivalents

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the City's records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. The Mayor's Court has its own checking account for the collection and distribution of court fines and forfeitures and is presented on the Balance Sheet and the Statement of Fiduciary Net Assets as "Cash and Cash Equivalents in Segregated Accounts". The City has permissive motor vehicle license money, which is held by the Franklin County Engineer as agent and distributed to the City for approved street projects. The balance in this account is presented on the Balance Sheet as "Cash and Cash Equivalents with Fiscal Agents".

**CITY OF BEXLEY
FRANKLIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents (Continued)

During the year, investments were limited to Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Bonds, Federal Home Loan Bank Notes, and STAROhio. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during 2011. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's net asset value per share which is the price the investment could be sold for on December 31, 2011.

Interest income is distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue credited to the General Fund during 2011 amounted to \$179,823, which includes \$96,171 assigned from other funds.

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are reported as cash equivalents on the financial statements.

Materials and Supplies Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption.

Interfund Receivables/Payables

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "Interfund Receivable" and "Interfund Payable." Interfund balances are eliminated on the government-wide Statement of Net Assets.

Capital Assets

General capital assets are capital assets that are associated with Governmental Activities. These assets generally result from expenditures in governmental funds. These assets are reported in the Governmental Activities column of the government-wide Statement of Net Assets but are not reported in the fund financial statements. Capital assets used by the enterprise funds are reported in both the Business-Type Activities column of the government-wide Statement of Net Assets and in the respective funds.

Capital assets are capitalized at cost (or estimated historical cost which is determined by indexing the current replacement cost back to the year of acquisition) and updated for additions and deletions during the year. Donated capital assets are recorded at their fair market values on the date received. The City maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

**CITY OF BEXLEY
FRANKLIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacements. In the case of the initial capitalization of general infrastructure assets, the City chose to include all infrastructure items regardless of their acquisition date.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land Improvements	15 - 20 years	15 - 20 years
Buildings And Improvements	20 - 50 years	20 - 45 years
Equipment	5 - 15 years	5 - 30 years
Vehicles	8 years	8 years
Infrastructure	25 - 50 years	25 - 50 years

The City's infrastructure consists of roads, curbs, gutters, sidewalks, traffic lights and signals, sewer lines, water lines and storm water drainage systems. The City only reports infrastructure acquired after 2003.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the City will compensate the employees for the benefits through paid time off or some other means. The City records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the City's past experience of making termination payments.

The entire compensated absences liability is reported on the government-wide financial statements.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. All payables, accrued liabilities, and long-term obligations payable from the enterprise funds are reported on the enterprise funds' financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Long-term bonds, loans, capital leases and the police and fire pension liability are recognized as liabilities on the governmental fund financial statements when due.

CITY OF BEXLEY
FRANKLIN

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unamortized Bond Premiums/Bond Issuance Costs/Loss

Issuance costs reported on the government-wide statements and enterprise fund statements are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method and are recorded as deferred charges. Bond premiums are presented as an increase to the face amount of the bonds payable. On the governmental fund financial statements, premiums and issuance costs are recorded when received/paid.

The accounting loss on refunded bonds (difference between the reacquisition price and the net carrying amount of the old debt) is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted - The restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resource provides, or through enabling legislation. Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions or enabling legislation (City ordinances).

Enabling legislation authorizes the City to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the City can be compelled by an external party, such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of City Council. Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints are not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

CITY OF BEXLEY
FRANKLIN

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the City.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Internal Activity

Transfers between Governmental and Business-Type Activities on the government-wide financial statements are reported in the same manner as general revenues.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated of the Statement of Activities. Payments for interfund services provided and used are not eliminated.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include funds for security of persons and property, transportation, recreational activities and improving the living environment of the City.

The City applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**CITY OF BEXLEY
FRANKLIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise funds. For the City, these revenues are charges for services for water, sewer and refuse services. Operating expenses are the necessary costs incurred to provide the service that is the primary activity of the fund. Revenues and expenses that do not meet these definitions are reported as non-operating.

Contributions of Capital

Contributions of capital arise from the transfer of capital assets between governmental and business-type activities.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Budgets and Budgetary Accounting

All funds other than agency funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriation ordinance is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the fund and function level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts set forth in the financial statements as final budgeted amounts represent estimates from the amended certificate in effect at the time final appropriations were passed by Council.

The appropriation ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the revised budgeted amounts represent the final appropriation amounts passed by Council during the year, including all supplemental appropriations.

NOTE 3 - ACCOUNTABILITY

The American Recovery and Reinvestment Act Special Revenue Fund and the College and South Cassady Avenues Capital Projects Fund had deficit fund balances of \$22,023 and \$25,696, respectively, at December 31, 2011. The General Fund is liable for the deficits and provides transfers when cash is required, not when accruals occur.

**CITY OF BEXLEY
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) is presented for the General Fund and the Police Pension and Roads and Sidewalks Special Revenue Funds on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- (c) Outstanding year-end encumbrances are treated as expenditures (budget basis) rather than than restricted, committed, or assigned fund balance (GAAP basis).
- (d) Unrecorded cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statements.
- (e) Investments are reported at fair value (GAAP basis) rather than at cost (budget basis).
- (f) Certain funds are accounted for as separate funds internally with legally adopted budgets (budget basis) that do not meet the definition of special revenue funds under GASB Statement No. 54 and were reported with the General Fund (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the GAAP basis to the budget basis for the General Fund and the Police Pension and Roads and Sidewalks Special Revenue Funds are as follows:

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (Continued)

	<i>Net Change in Fund Balance</i>		
	<u>General</u>	<u>Police Pension</u>	<u>Roads and Sidewalks</u>
GAAP Basis	(\$3,999,619)	\$8,792	(\$16,411)
<i><u>Increases (Decreases) Due to:</u></i>			
Revenue Accruals	381,816	0	0
Expenditure Accruals	272,881	(2,890)	(29,523)
Encumbrances Outstanding at Year-end (Budget Basis)	(918,022)	(24,068)	(8,950)
Change in Fair Value of Investments - 2010	(572)	0	0
Change in Fair Value of Investments - 2011	(27,729)	0	0
Unrecorded Cash - 2010	32,450	0	0
Unrecorded Cash - 2011	(14,446)	0	0
Transfers	(150,000)	0	0
Perspective Differences	(138,653)	0	0
Budget Basis	<u>(\$4,561,894)</u>	<u>(\$18,166)</u>	<u>(\$54,884)</u>

NOTE 5 - DEPOSITS AND INVESTMENTS

The investment and deposit of City monies are governed by the Ohio Revised Code and the City's charter. State statutes classify monies held by the City into three categories.

Active monies are public monies necessary to meet current demands on the treasury. Active monies must be maintained either as cash in the City's Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit, maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts, including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

**CITY OF BEXLEY
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Commercial paper and bankers acceptances if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2); and
7. The State Treasurer's investment pool (STAROhio).

The City may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default of principal, interest or coupons; and
3. Obligations of the City.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

Deposits with Fiscal Agent

At year end, the City had \$45,011 on deposit with the Franklin County Treasurer. The data regarding insurance and collateralization can be obtained from the Franklin County Comprehensive Annual Financial Report for the year ended December 31, 2011. This amount is not included in the City's depository balance below.

Deposits with Financial Institutions

At December 31, 2011, the carrying amount of the City deposits was \$2,355,889 and the bank balance of the City deposits was \$2,378,513. Of the bank balance \$1,950,748 was exposed to custodial risk as discussed below and \$427,765 was covered by the FDIC.

**CITY OF BEXLEY
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

Deposits with Financial Institutions (Continued)

Custodial credit risk is the risk that, in the event of bank failure the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. As permitted by Ohio Revised Code, the City's deposits are collateralized by a pool of eligible securities deposited with Federal Reserve Banks, or at member banks of the Federal Reserve System, in the name of the depository bank and pledged as a pool of collateral against all the public deposits held by the depository. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

Investments

As of December 31, 2011, the City had the following investments:

	Fair Value	Investment Maturities (in Years)		S&P Rating	Percent of Total Investments	Call Date
		Less than 1	1 - 5			
Federal National Mortgage Association Notes	\$3,260,288	\$0	\$3,260,288	AAA	43.93%	6/29/12 - 10/26/12
Federal Home Loan Mortgage Corporation Notes	1,501,835	0	1,501,835	AAA	20.24%	3/28/12 - 10/26/12
Federal Home Loan Bank Bonds	1,505,400	500,570	1,004,830	AAA	20.29%	4/27/12 - 6/21/12
Federal Home Loan Bank Notes	1,143,230	0	1,143,230	AAA	15.41%	4/28/11 - 1/9/12
STAROhio	10,000	10,000	0	AAAam	0.13%	-
Totals	<u>\$7,420,753</u>	<u>\$510,570</u>	<u>\$6,910,183</u>		<u>100.00%</u>	

Interest Rate Risk

As a means of limiting its exposure to fair value losses caused by rising interest rates, the City's investment policy addresses interest rate risk by requiring the consideration of market conditions and cash flow requirements in determining the term of an investment.

Credit Risk

The Standard and Poor's rating of each investment is listed in the table above. The City has no policy concerning credit risk.

Concentration of Credit Risk

The City's investment policy addresses concentration of credit risk by requiring investments to be diversified to reduce the risk of loss resulting from over concentration of assets in a specific issue or specific class of securities. The percentage that each investment represents of total investments is listed in the table above.

**CITY OF BEXLEY
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 6 - MUNICIPAL INCOME TAX

The City levies and collects an income tax of two and one-half percent on all income earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 65 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. The City utilizes the Regional Income Tax Agency (RITA) for the collection of income taxes on its behalf.

NOTE 7 - PROPERTY TAX

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2011 for real and public utility property taxes represents collections of 2010 taxes.

2011 real property taxes were levied after October 1, 2011, on the assessed value as of January 1, 2011, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2011 real property taxes are collected in and intended to finance 2012.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2011 public utility property taxes which became a lien December 31, 2010, are levied after October 1, 2011, and are collected in 2012 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2011, was \$7.85 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2011 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	
Residential/Agricultural	\$432,747,410
Commercial/Industrial/Public Utility	19,204,890
Public Utility Personal	<u>3,149,920</u>
Total Property Taxes	<u><u>\$455,102,220</u></u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represents real, public utility taxes, and outstanding delinquencies which are measurable as of December 31, 2011, and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2011 operations, and the collections of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

**CITY OF BEXLEY
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 8 - RECEIVABLES

Receivables at December 31, 2011, consisted of property taxes, revenue in lieu of taxes, other local taxes, municipal income taxes, interfund, interest on investments, and due from other governments arising from grants, entitlements or shared revenues. All receivables are considered fully collectible and will be received within one year with the exception of property taxes, revenue in lieu of taxes, and income taxes. Water and sewer charges receivable which, if delinquent, may be certified and collected as a special assessment, are subject to foreclosure for nonpayment. Property and income taxes and revenue in lieu of taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
<u>Governmental Activities</u>	
Local Government	\$432,425
Estate Tax	34,851
Homestead and Rollback	131,628
Auto License	33,363
Gasoline Tax	120,611
Municipal Cents Per Gallon Tax	58,799
Permissive Motor Vehicle License Tax	38,054
OPWC Grant	17,822
ARRA Grant	<u>22,023</u>
Total Due From Other Governments	<u><u>\$889,576</u></u>

**CITY OF BEXLEY
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 9 - CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2011, was as follows:

	<i>Balance at 12/31/2010</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance at 12/31/2011</i>
<u>Governmental Activities</u>				
Capital Assets, Not Being Depreciated:				
Land	\$462,707	\$0	\$0	\$462,707
Construction in Progress	6,015,899	1,854,963	(6,100,859)	1,770,003
Total Capital Assets, Not Being Depreciated	<u>6,478,606</u>	<u>1,854,963</u>	<u>(6,100,859)</u>	<u>2,232,710</u>
Depreciable Capital Assets:				
Land Improvements	903,652	22,950	0	926,602
Buildings and Improvements	14,422,785	26,546	0	14,449,331
Equipment	2,082,467	25,800	0	2,108,267
Vehicles	1,298,706	81,234	0	1,379,940
Infrastructure	25,241,919	4,878,883	0	30,120,802
Total Depreciable Capital Assets	<u>43,949,529</u>	<u>5,035,413</u>	<u>0</u>	<u>48,984,942</u>
Less Accumulated Depreciation:				
Land Improvements	(633,627)	(15,573)	0	(649,200)
Buildings and Improvements	(1,845,844)	(283,061)	0	(2,128,905)
Equipment	(1,445,728)	(106,218)	0	(1,551,946)
Vehicles	(816,364)	(95,107)	0	(911,471)
Infrastructure	(11,265,563)	(1,072,667)	0	(12,338,230)
Total Accumulated Depreciation	<u>(16,007,126)</u>	<u>(1,572,626)</u>	<u>0</u>	<u>(17,579,752)</u>
Depreciable Capital Assets, Net	<u>27,942,403</u>	<u>3,462,787</u>	<u>0</u>	<u>31,405,190</u>
Governmental Activities Capital Assets, Net	<u>\$34,421,009</u>	<u>\$5,317,750</u>	<u>(\$6,100,859)</u>	<u>\$33,637,900</u>

Depreciation expense was charged to governmental programs as follows:

Security of Persons and Property	\$238,842
Leisure Time Activities	149,284
Community Environment	908
Transportation	1,146,786
General Government	36,806
Total Depreciation Expense	<u>\$1,572,626</u>

**CITY OF BEXLEY
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 9 - CAPITAL ASSETS (Continued)

	<i>Balance at 12/31/2010</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance at 12/31/2011</i>
<u>Business-Type Activities</u>				
Depreciable Capital Assets:				
Land Improvements	\$36,421	\$0	\$0	\$36,421
Buildings and Improvements	49,657	0	0	49,657
Equipment	38,204	40,990	0	79,194
Vehicles	379,375	0	0	379,375
Infrastructure	8,544,655	2,403,310	0	10,947,965
Total Depreciable Capital Assets	9,048,312	2,444,300	0	11,492,612
Less Accumulated Depreciation:				
Land Improvements	(36,421)	0	0	(36,421)
Buildings and Improvements	(40,251)	(558)	0	(40,809)
Equipment	(25,360)	(4,775)	0	(30,135)
Vehicles	(230,713)	(26,415)	0	(257,128)
Infrastructure	(3,218,487)	(194,803)	0	(3,413,290)
Total Accumulated Depreciation	(3,551,232)	(226,551)	0	(3,777,783)
Business-Type Activities Capital Assets, Net	\$5,497,080	\$2,217,749	\$0	\$7,714,829

For the year ended December 31, 2011, the City's enterprise funds received infrastructure assets that were paid for from other governmental funds, which were recorded as capital assets in the respective funds. The value of the equipment and infrastructure was \$2,283,141.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

Plan Description – The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

**CITY OF BEXLEY
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 10 - DEFINED BENEFIT PENSION PLANS Continued)

Ohio Public Employees Retirement System (Continued)

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll for members in State and local divisions. For the year ended December 31, 2011, members in state and local divisions contributed 10 percent of covered payroll. For 2011, member and employer contribution rates were consistent across all three plans.

The City's 2011 contribution rate was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. The portion of employer contribution allocated to health care for members in the Traditional Plan was 4.00 percent for 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2011. Employer contribution rates are actuarially determined.

The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2011, 2010, and 2009 were \$319,081, \$311,374, and \$253,346, respectively. For 2011, 84.45 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009. Contributions to the Member-Directed Plan for 2011 were \$9,092 made by the City and \$6,494 made by plan members.

Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code requires plan members to contribute 10.0 percent of their annual covered salary, while employers are required to contribute 19.5 percent for police officers. The City has no firefighters.

The OP&F Pension Fund is authorized by the Ohio Revised Code to allocate a portion of the employer contributions to retiree health care benefits. The portion of employer contributions used to fund pension benefits was 12.75 percent of covered payroll for police officers. The City's contributions to OP&F for police pension for the years ended December 31, 2011, 2010, and 2009 were \$299,827, \$306,985, and \$316,167, respectively. For 2011, 72.63 percent for police has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 11 – POST-EMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14.0 percent of covered payroll. These are the maximum employer contribution rates permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent for 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent for 2011.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2011, 2010, and 2009 were \$127,632, \$172,986, and \$163,930, respectively. For 2011, 84.45 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 11 – POST-EMPLOYMENT BENEFITS (Continued)

Ohio Public Employees Retirement System (Continued)

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

Ohio Police and Fire Pension Fund

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined post-employment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code allows, but does not mandate OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by Ohio Revised Code to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent. The City has no firefighters. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2011, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees also is authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

CITY OF BEXLEY
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)

NOTE 11 – POST-EMPLOYMENT BENEFITS (Continued)

Ohio Police and Fire Pension Fund (Continued)

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police for the years ended December 31, 2011, 2010, and 2009 were \$158,732, \$162,522, and \$167,382, respectively. For 2011, 72.63 percent has been contributed for police with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2010 and 2009.

NOTE 12 - EMPLOYEE BENEFITS

Compensated Absences

Vacation leave is earned at rates which vary depending upon length of service. Police and dispatchers may carry over 64 hours of vacation leave per year while other City employees may carry over 40 hours of vacation leave per year. City employees are paid for earned, unused vacation leave at the time of termination of employment.

Sick leave is earned at rates which vary depending upon length of service and can be accumulated up to a limit of 1,920 hours. Upon termination, employees are paid for one-eighth of their accumulated sick leave balance up to 320 hours and one-fourth of their accumulated sick leave balance for hours in excess of 320 hours. Employees are paid based on the pay rate in effect when the hours were earned on a first-in, first-out basis.

Health Care Benefits

During 2011, the City provided its employees group health and prescription drug insurance through Anthem. Life, dental, and vision insurance is provided through AIG, Delta Dental, and VSP, respectively.

Deferred Compensation

City employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death, or an unforeseeable emergency.

NOTE 13 - CAPITAL LEASES - LESSEE DISCLOSURE

In prior years, the City has entered into capitalized leases for vehicles and equipment. The leases meet the criteria of a capital lease as defined by *Statement of Financial Accounting Standards No. 13, "Accounting for Leases"*, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee.

**CITY OF BEXLEY
FRANKLIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 13 - CAPITAL LEASES - LESSEE DISCLOSURE (Continued)

Capital assets acquired by lease were capitalized in the amount of \$139,973. This amount represents the present value of the minimum lease payments at the time of acquisition. Principal payments in 2011 totaled \$33,571 in the governmental funds.

The assets acquired through capital leases as of December 31, 2011, are as follows:

	<i>Asset Value</i>	<i>Accumulated Depreciation</i>	<i>Net Book Value</i>
Vehicles	\$80,929	\$30,257	\$50,672
Street Equipment	59,044	13,776	45,268
Totals	\$139,973	\$44,033	\$95,940

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2011:

	<i>Year Ending December 31,</i>	<i>Payments</i>
	2012	\$37,776
	2013	13,675
Total		51,451
Less: Amount Representing Interest		(3,148)
Present Value of Minimum Lease Payment		\$48,303

**CITY OF BEXLEY
FRANKLIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 14 - OUTSTANDING DEBT AND OTHER LONG-TERM OBLIGATIONS

Bonded Debt and Other Long-Term Obligations

Bonded debt and other long-term obligations payable activity for the year ended December 31, 2011, was as follows:

<i>Types / Issues</i>	<i>Balance 12/31/10</i>	<i>Issued</i>	<i>Retired</i>	<i>Balance 12/31/11</i>	<i>Due Within One Year</i>
<u>Business-Type Activities</u>					
<u>General Obligation Bonds</u>					
1999 - 4.6% - 4.9% Water Meter and Equipment Bonds \$1,000,000	\$560,000	\$0	\$50,000	\$510,000	\$55,000
2008 - 3.0 - 4.0% Various Purpose Refunding Bonds \$1,017,500	891,000	0	39,600	851,400	40,700
2010 - 2.0 - 4.0% General Obligation Bonds \$1,168,750	1,168,750	0	44,200	1,124,550	45,050
Total General Obligation Bonds	2,619,750	0	133,800	2,485,950	140,750
 <u>Ohio Public Works Commission</u>					
<u>(OPWC) Loans</u>					
2005 - 0.00% Main Street Sewer Project \$474,500	355,875	0	23,725	332,150	23,725
Compensated Absences	42,505	2,595	0	45,100	1,498
Total Business-Type Activities	<u>\$3,018,130</u>	<u>\$2,595</u>	<u>\$157,525</u>	<u>\$2,863,200</u>	<u>\$165,973</u>

(Continued)

**CITY OF BEXLEY
FRANKLIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 14 - OUTSTANDING DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

<i>Types / Issues</i>	<i>Balance 12/31/10</i>	<i>Issued</i>	<i>Retired</i>	<i>Balance 12/31/11</i>	<i>Due Within One Year</i>
<u>Governmental Activities</u>					
<u>General Obligation Bonds</u>					
2008 - 3.0 - 4.0% Various Purpose					
Refunding Bonds \$6,582,500	\$5,399,000	\$0	\$390,400	\$5,008,600	\$404,300
Premium On Refunding Bonds	52,313	0	3,077	49,236	0
Loss On Refunding	(101,480)	0	(12,685)	(88,795)	0
2008 - 3.0 - 4.0% Jeffrey Mansion					
Improvement Bonds \$1,330,000	1,200,000	0	55,000	1,145,000	55,000
2009 - 2.5 - 5.0% Capital Facilities					
Bonds \$7,400,000	6,765,000	0	275,000	6,490,000	280,000
Premium On Bonds	198,703	0	11,039	187,664	0
2010 - 2.0 - 4.0% General Obligation					
Bonds \$5,706,250	5,706,250	0	215,800	5,490,450	219,950
Premium On Bonds	41,485	0	2,183	39,302	0
Total General Obligation Bonds	<u>19,261,271</u>	<u>0</u>	<u>939,814</u>	<u>18,321,457</u>	<u>959,250</u>
<u>Ohio Public Works Commission</u>					
<u>(OPWC) Loans</u>					
2006 - 0.00% North Cassady					
Avenue Reconstruction \$1,496,936	1,284,863	0	73,421	1,211,442	73,421
2008 - 0.00% Maryland Avenue Reconstruction	650,310	0	44,849	605,461	44,849
2009 - 0.00% Sheridan Avenue/Francis Avenue					
Improvement	470,741	122,168	10,980	581,929	21,960
Total OPWC Loans	<u>2,405,914</u>	<u>122,168</u>	<u>129,250</u>	<u>2,398,832</u>	<u>140,230</u>
Capital Leases	81,874	0	33,571	48,303	35,295
Ohio Police And Fire Pension	359,650	0	8,598	351,052	8,967
Compensated Absences	328,146	9,458	4,770	332,834	11,055
Total Governmental Activities	<u>\$22,436,855</u>	<u>\$131,626</u>	<u>\$1,116,003</u>	<u>\$21,452,478</u>	<u>\$1,154,797</u>

The City's overall legal debt margin was \$30,062,126, with an unvoted debt margin of \$7,307,015 at December 31, 2011.

**CITY OF BEXLEY
FRANKLIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 14 - OUTSTANDING DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

Annual debt service requirements to maturity for business-type long-term obligations are:

Year	<i>Business-Type Activities</i>						
	<i>Water General Obligation Bonds</i>		<i>Sewer General Obligation Bonds</i>		<i>Sewer OPWC Loans</i>	<i>Total</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Principal</i>	<i>Interest</i>
2012	\$103,750	\$65,443	\$37,000	\$26,062	\$23,725	\$164,475	\$91,505
2013	104,700	61,849	38,000	24,372	23,725	166,425	86,221
2014	110,650	58,181	39,000	22,648	23,725	173,375	80,829
2015	110,850	54,219	41,000	20,805	23,725	175,575	75,024
2016	117,550	49,977	41,000	18,803	23,725	182,275	68,780
2017-2021	510,500	172,100	235,000	64,649	118,625	864,125	236,749
2022-2026	345,900	99,880	280,000	30,386	94,900	720,800	130,266
2027-2030	308,050	30,896	63,000	1,663	0	371,050	32,559
Totals	<u>\$1,711,950</u>	<u>\$592,545</u>	<u>\$774,000</u>	<u>\$209,388</u>	<u>\$332,150</u>	<u>\$2,818,100</u>	<u>\$801,933</u>

Annual debt service requirements to maturity for governmental long-term obligations are:

Year	<i>Governmental Activities</i>						
	<i>General Obligation Bonds</i>		<i>Ohio Police And Fire Pension Liability</i>		<i>OPWC Loans</i>	<i>Total</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Principal</i>	<i>Interest</i>
2012	\$959,250	\$685,449	\$8,967	\$14,825	\$140,230	\$1,108,447	\$700,274
2013	992,300	659,653	9,352	14,440	140,230	1,141,882	674,093
2014	1,010,350	632,235	9,754	14,039	140,230	1,160,334	646,274
2015	1,038,150	602,971	10,173	13,620	140,230	1,188,553	616,591
2016	1,056,450	570,298	10,610	13,183	140,230	1,207,290	583,481
2017-2021	4,984,500	2,277,924	60,291	58,674	701,150	5,745,941	2,336,598
2022-2026	5,244,100	1,328,749	60,291	44,564	633,873	5,938,264	1,373,313
2027-2031	2,848,950	242,481	60,291	27,154	219,930	3,129,171	269,635
2032-2036	0	0	60,291	6,504	109,800	170,091	6,504
2037-2038	0	0	60,291	0	32,929	93,220	0
Totals	<u>\$18,134,050</u>	<u>\$6,999,760</u>	<u>\$350,311</u>	<u>\$207,003</u>	<u>\$2,398,832</u>	<u>\$20,883,193</u>	<u>\$7,206,763</u>

General Obligation Bonds

On April 1, 1999, the City issued \$1,000,000 in Water Meter and Equipment general obligation bonds for the purpose of upgrading its water meters and equipment at varying interest rates (4.6 - 4.9 percent). Principal and interest is paid from the Water Fund with a final maturity in 2019.

**CITY OF BEXLEY
FRANKLIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 14 - OUTSTANDING DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

General Obligation Bonds (Continued)

On April, 30, 2008, the City issued \$1,330,000 in Jeffrey Mansion Improvement general obligation bonds for the purpose of paying the costs of improving and rehabilitating the Jeffrey Mansion at varying rates of interest (3.0 - 4.0 percent). The bonds are serial bonds and were issued for a 19 year period with final maturity in December 2027. The bonds are subject to prior redemption on or after June 1, 2018, by and at the sole option of the City, either in whole or in part (as selected by the City) on any date and in integral multiples of \$5,000, at par, plus accrued interest to the redemption date. Principal and interest is paid from the Bond Retirement Debt Service Fund.

On April 30, 2008, the City issued \$7,600,000 in general obligation bonds for the purpose of advance refunding the 1998 Various Purpose Capital Improvement Bonds, the Main Street Storm Sewer Bond Anticipation Note and the Swimming Pool Bond Anticipation Note. The bonds are serial bonds and were issued for a 19 year period with final maturity in December 2027. The bonds are subject to prior redemption on or after June 1, 2018, by and at the sole option of the City, either in whole or in part (as selected by the City) on any date and in integral multiples of \$5,000, at par, plus accrued interest to the redemption date. Principal and interest is paid from the Bond Retirement Debt Service Fund and the Water and Sewer Enterprise Funds. The entire amount of the refunded bonds were repaid, leaving no balance still outstanding on the original debt.

On April 7, 2009, the City issued \$7,400,000 in Capital Facilities general obligation bonds for the purpose of paying the costs of constructing, furnishing and equipping a police station and related facilities, landscaping and otherwise improving the site and acquiring related interests in real estate (2.5 – 5.0 percent). Principal and interest is paid from the Bond Retirement Debt Service Fund with a final maturity in 2028.

On June 24, 2010, the City issued \$6,875,000 in General Obligation Bonds for the purpose of improving municipal streets by reconstructing, resurfacing, repairing, and improving the same as well as related sidewalks and water improvements (2.0 – 4.0 percent). Principal and interest is paid from the Bond Retirement Debt Service Fund and the Water Enterprise Fund with final maturity in 2030.

Ohio Public Works Commission (OPWC) Loans

In 2005, the City received loan proceeds from OPWC for the Main Street Sewer Project. This is a zero percent interest general obligation loan. Principal payments are due semi-annually and are paid from the Sewer Enterprise Fund with final maturity in 2025.

In 2006, the City received general obligation loan proceeds from OPWC for the reconstruction of North Cassady Avenue. This is a zero percent interest general obligation loan. Principal payments are due semi-annually and are paid from the Bond Retirement Debt Service Fund with final maturity in 2028.

In 2008, the City received general obligation loan proceeds from OPWC for the reconstruction of Maryland Avenue. This is a zero percent interest general obligation loan. Principal payments are due semi-annually and will be paid from the Bond Retirement Debt Service Fund with final maturity in 2025.

**CITY OF BEXLEY
FRANKLIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 14 - OUTSTANDING DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

Ohio Public Works Commission (OPWC) Loans (Continued)

In 2009, the City received general obligation loan proceeds from OPWC for the improvement of Sheridan and Francis Avenues. This is a zero percent interest general obligation loan. Principal payments are due semi-annually and will be paid from the Bond Retirement Debt Service Fund with final maturity in 2038.

Ohio Police and Fire Pension Liability

The City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police personnel in 1967. The original liability was \$475,851, with the principal payable semiannually from the Police Pension Special Revenue Fund. The liability will be fully retired in May 2035.

Compensated Absences/Capital Leases

Compensated absences will be paid from the General Fund and Street Maintenance Special Revenue Fund, and Water and Sewer Enterprise Funds. Capital leases will be paid from the General Fund.

NOTE 15 - CONSTRUCTION COMMITMENTS

The City has entered into various contracts for the construction and acquisition of capital assets. At December 31, 2011, the significant outstanding construction commitments are:

<i>Project</i>	<i>Contract Amount</i>	<i>Amount Expended</i>	<i>Balance at 12/31/11</i>
Sheridan Avenue and Francis Avenue Street Improvements	\$172,965	\$25,696	\$147,269
Traffic Signals	24,900	3,837	21,063
Street Resurfacing	2,479,278	1,744,307	734,971
Totals	<u>\$2,677,143</u>	<u>\$1,773,840</u>	<u>\$903,303</u>

NOTE 16 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains comprehensive insurance coverage with Trident Argonaut for real property, building contents, vehicles, general liability, and police professional liability. The City also carries public official's liability insurance. Settlements have not exceeded coverage in any of the last three years. There has not been a significant reduction in coverage from the prior year.

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated on accident history and administrative costs.

**CITY OF BEXLEY
FRANKLIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 17 - INTERFUND ACTIVITY

Transfers made during the year ended December 31, 2011, were as follows:

		<i>Transfers To</i>			
		Bond Retirement	Police Pension	Nonmajor Funds	Total
<i>Transfers From</i>	General Fund	\$1,314,648	\$75,453	\$381,000	\$1,771,101
	Roads and Sidewalks	407,789	0	0	407,789
	Nonmajor Funds	0	0	1,247	1,247
	Total	\$1,722,437	\$75,453	\$382,247	\$2,180,137

Transfers were made to move unrestricted balances to support programs and projects accounted for in other funds, to make principal and interest payments on general obligation bonds, and to pay for various capital improvements. The transfer from the Roads and Sidewalks Fund to the Bond Retirement Fund was to service principal and interest payments on outstanding debt. The transfer from Nonmajor Funds to Nonmajor Funds was to reimburse the Bexley Beautification Fund for tree damage from TIF revenues from the responsible contractor.

As of December 31, 2011, the Nonmajor Governmental Funds owed the General Fund \$72,798. General Fund advances are made to move unrestricted balances to support programs and projects accounted for in other funds. Restricted monies are used to reimburse the General Fund for advancing monies to other funds due to the necessary payment of obligations and timing differences in receiving grant monies. When the monies are finally received, the grant fund reimburses the General Fund for the initial advance.

NOTE 18 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental funds and all other nonmajor governmental funds are presented below:

**CITY OF BEXLEY
FRANKLIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 18 – FUND BALANCES (Continued)

Fund Balances	General	Bond Retirement	Police Pension	Roads and Sidewalks	Nonmajor Funds	Total
<i>Nonspendable</i>						
Materials and						
Supplies Inventory	\$5,329	\$0	\$0	\$0	\$26,836	\$32,165
Unclaimed Monies	9,844	0	0	0	0	9,844
<i>Total Nonspendable</i>	15,173	0	0	0	26,836	42,009
<i>Restricted For</i>						
Police Programs	0	0	0	0	29,178	29,178
Police Pension	0	0	57,901	0	0	57,901
Streets and						
Transportation	0	0	0	627,924	420,022	1,047,946
Capital Improvements	0	0	0	0	336,599	336,599
Other Purposes	0	0	0	0	10,677	10,677
<i>Total Restricted</i>	0	0	57,901	627,924	796,476	1,482,301
<i>Committed To</i>						
Community Environment	0	0	0	0	17,542	17,542
Recreational Activities	0	0	0	0	7,355	7,355
<i>Total Committed</i>	0	0	0	0	24,897	24,897
<i>Assigned To</i>						
Recreational Activities	363,535	0	0	0	0	363,535
Debt Service	0	410,443	0	0	0	410,443
Unpaid Obligations	553,893	0	0	0	0	553,893
Capital Improvements	0	0	0	0	49,594	49,594
<i>Total Assigned</i>	917,428	410,443	0	0	49,594	1,377,465
<i>Unassigned (Deficit)</i>	4,073,608	0	0	0	(47,719)	4,025,889
<i>Total Fund Balances</i>	\$5,006,209	\$410,443	\$57,901	\$627,924	\$850,084	\$6,952,561

NOTE 19 - CONTINGENT LIABILITIES

Litigation

The City is not party to any legal proceedings.

Federal and State Grants

For the period January 1, 2011, to December 31, 2011, the City received federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

**CITY OF BEXLEY
FRANKLIN**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)**

NOTE 20 - JOINTLY GOVERNED ORGANIZATION

Mid-Ohio Regional Planning Commission

The City is a participant in the Mid-Ohio Regional Planning Commission (MORPC), a jointly governed organization. MORPC is composed of 74 representatives appointed by member governments who make up the Commission, the policy-making body of MORPC, and the oversight board. MORPC is a voluntary association of local governments in central and south central Ohio and a regional planning agency whose membership includes 42 political subdivisions in and around Franklin, Ross, Fayette, Delaware, Pickaway, Madison, Licking, and Fairfield counties, Ohio. The purpose of the organization is to improve the quality of life for member communities by improving housing conditions, to promote and support livability/sustainability measures as a means of addressing regional growth challenges, and to administer and facilitate the availability of regional environmental infrastructure program funding to the full advantage of MORPC's members.

NOTE 21 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF PRIOR YEAR FUND BALANCES / NET ASSETS

The City has implemented Governmental Accounting Standards Board (GASB) Statements No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

Also, in 2011, the City had a reappraisal of all of their capital assets. This resulted in a restatement due to differences in the carrying amount of some assets. The City also had to adjust the cash fund balance of the General Fund. The implementation of GASB Statement No. 54 and the reappraisal resulted in the following changes to fund balances and net assets at December 31, 2010, as previously reported:

	General	Nonmajor Funds	
Fund Balance, December 31, 2010, as Previously Reported	\$8,675,150	\$1,063,817	
Restatement of Cash Balance	5,956	0	
Major Fund Reclassification	0	(395,250)	
Reclassification of Funds (Implementation of GASB 54)	324,722	(324,722)	
Fund Balance, December 31, 2010, as Restated	\$9,005,828	\$343,845	
	Governmental Activities	Business-Type Activities	Total
Net Assets, December 31, 2010	\$24,301,528	\$5,256,666	\$29,558,194
Restatement of Cash Balance	5,956	0	5,956
Net Assets, December 31, 2010, as Restated	\$24,307,484	\$5,256,666	\$29,564,150

CITY OF BEXLEY
FRANKLIN

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2011
(Continued)

NOTE 22 – Subsequent Events

During 2012, the City issued Ohio Public Works Commission loan proceeds in the amount of \$2,410,087 for the College of South Cassady Avenue project. This loan has a 0% interest rate and maturity date is unknown until the project is complete.

On July 10, 2013, the City issued \$1.4 million general obligation bonds for the purpose of improving Main Street infrastructure. The bonds have an interest rate of 2.90% per annum and will mature in December 1, 2023.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

City of Bexley
Franklin County
2242 East Main Street
Bexley, Ohio 43209

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bexley, Franklin County, Ohio (the City) as of and for the year ended December 31, 2011, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 6, 2013, wherein we noted the City adopted provisions of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions."

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

88 East Broad Street, Tenth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-3402 or 800-443-9275 Fax: 614-728-7199
www.ohioauditor.gov

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

August 6, 2013



Dave Yost • Auditor of State

CITY OF BEXLEY

FRANKLIN COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
SEPTEMBER 10, 2013