

CITY OF BEXLEY
FRANKLIN COUNTY, OHIO
BASIC FINANCIAL STATEMENTS
(Audited)
FOR THE YEAR ENDED
DECEMBER 31, 2008

LARRY HEISER, AUDITOR



Mary Taylor, CPA
Auditor of State

Members of Council and Mayor
City of Bexley
2242 East Main Street
Bexley, Ohio 43209

We have reviewed the *Independent Auditor's Report* of the City of Bexley, Franklin County, prepared by Julian & Grube, Inc., for the audit period January 1, 2008 to December 31, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Bexley is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 22, 2009

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CITY OF BEXLEY, OHIO
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2008

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Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

Members of Council and Mayor
City of Bexley
2242 East Main Street
Bexley, OH 43209

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Bexley, Franklin County, Ohio, as of and for the year ended December 31, 2008, which collectively comprise the City of Bexley's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Bexley's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Bexley, Franklin County, Ohio as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and major special revenue fund: roads and sidewalks fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 19 to the basic financial statements, net assets have been restated to properly allocate note proceeds during the year ended December 31, 2007.

In accordance with *Government Auditing Standards*, we have also issued a report dated August 3, 2009, on our consideration of the City of Bexley's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

City of Bexley
Independent Auditor's Report
Page Two

The management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
August 3, 2009

City of Bexley, Ohio
Management's Discussion And Analysis
For The Year Ended December 31, 2008
(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, 2008.

FINANCIAL HIGHLIGHTS

- The City's total net assets increased \$935,922. Revenues exceeded expenses of Governmental Activities by \$83,666. Net assets of Business-Type Activities increased \$852,256.
- General revenues of Governmental Activities accounted for \$10,701,170 of all governmental revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$2,210,066 of total governmental revenues of \$12,911,236.
- Enterprise funds reflected total operating income of \$940,450. The Water, Sewer, and Refuse Funds reflected operating income of \$504,621, \$434,610, and \$1,219, respectively.
- The City had \$12,827,570 in expenses related to Governmental Activities. \$2,210,066 of these expenses were offset by program specific charges for services, grants and contributions. General revenues (primarily income taxes) of \$10,701,170 were more than sufficient to provide for these programs. The City had \$4,418,105 in expenses related to Business-Type Activities. \$5,259,035 in program specific charges for services, along with general revenues of \$11,326 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.

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 police, 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 7. 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, 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.

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 2008 compared to 2007.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Assets:						
Current And Other Assets	\$11,224,495	\$12,529,344	\$3,004,487	\$1,909,367	\$14,228,982	\$14,438,711
Nondepreciable Capital Assets	1,322,627	1,521,486	0	66,751	1,322,627	1,588,237
Depreciable Capital Assets, Net	18,619,289	15,620,730	5,376,339	5,482,186	23,995,628	21,102,916
Total Assets	31,166,411	29,671,560	8,380,826	7,458,304	39,547,237	37,129,864
Liabilities:						
Current And Other Liabilities	3,873,366	4,122,310	986,192	810,342	4,859,558	4,932,652
Long-Term Liabilities: Due Within One Year	591,075	282,638	112,520	68,725	703,595	351,363
Due In More Than One Year	9,587,927	8,236,235	1,949,815	2,099,194	11,537,742	10,335,429
Total Liabilities	14,052,368	12,641,183	3,048,527	2,978,261	17,100,895	15,619,444
Net Assets:						
Invested In Capital Assets, Net Of Related Debt	11,004,188	9,306,843	4,012,964	4,129,422	15,017,152	13,436,265
Restricted For:						
Capital Outlay	0	22,789	0	0	0	22,789
Debt Service	0	107,308	0	0	0	107,308
Other Purposes	751,792	837,340	0	0	751,792	837,340
Unrestricted	5,358,063	6,756,097	1,319,335	350,621	6,677,398	7,106,718
Total Net Assets	\$17,114,043	\$17,030,377	\$5,332,299	\$4,480,043	\$22,446,342	\$21,510,420

Total net assets of the City's Governmental Activities increased \$83,666, which is insignificant. Current and other assets decreased \$1,304,849 and depreciable capital assets increased \$2,998,559, mainly due to the new police station project. Total liabilities increased by \$1,441,185, mainly due to the issuance of general obligation bonds for the renovation of Jeffrey Mansion. Invested in capital assets, net of related debt increased \$1,697,345 due to construction in progress additions to capital assets related to the new police station.

The net assets of the City's Business-Type Activities increased \$852,256. Current and other assets increased \$1,095,120 and unrestricted net assets increased \$968,714, primarily due to an increase in charges assessed to customers.

Table 2 shows the changes in net assets for the years ended December 31, 2008 and 2007.

Table 2
Changes In Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2008	2007	2008	2007	2008	2007
Revenues:						
Program Revenues:						
Charges For Services	\$1,141,512	\$1,148,924	\$5,259,035	\$4,772,991	\$6,400,547	\$5,921,915
Operating Grants And Contributions	1,068,554	593,799	0	0	1,068,554	593,799
Capital Grants, Contributions And Interest	0	397,283	0	0	0	397,283
Total Program Revenues	2,210,066	2,140,006	5,259,035	4,772,991	7,469,101	6,912,997
General Revenues:						
Property Taxes	1,792,485	1,814,422	0	0	1,792,485	1,814,422
Revenue In Lieu Of Taxes	2,750	271,091	0	0	2,750	271,091
Other Local Taxes	160,764	132,591	0	0	160,764	132,591
Municipal Income Taxes Unrestricted	6,282,225	5,724,528	0	0	6,282,225	5,724,528
Grants And Entitlements Unrestricted	1,963,065	2,086,801	0	0	1,963,065	2,086,801
Investment Earnings	456,191	511,076	0	0	456,191	511,076
Other	43,690	73,744	11,326	8,004	55,016	81,748
Total General Revenues	10,701,170	10,614,253	11,326	8,004	10,712,496	10,622,257
Total Revenues	12,911,236	12,754,259	5,270,361	4,780,995	18,181,597	17,535,254
Program Expenses:						
Security Of						
Persons And Property	4,841,094	5,002,231	0	0	4,841,094	5,002,231
Public Health And Welfare	79,897	60,173	0	0	79,897	60,173
Leisure Time Activities	1,648,849	1,720,288	0	0	1,648,849	1,720,288
Community Environment	624,096	409,312	0	0	624,096	409,312
Transportation	1,777,299	1,592,515	0	0	1,777,299	1,592,515
General Government	3,586,682	4,193,366	0	0	3,586,682	4,193,366
Interest And						
Fiscal Charges	269,653	261,150	0	0	269,653	261,150
Water	0	0	1,491,596	1,688,197	1,491,596	1,688,197
Sewer	0	0	1,943,996	1,898,591	1,943,996	1,898,591
Refuse	0	0	982,513	908,088	982,513	908,088
Total Expenses	12,827,570	13,239,035	4,418,105	4,494,876	17,245,675	17,733,911
Increase (Decrease) In Net Assets	83,666	(484,776)	852,256	286,119	935,922	(198,657)
Net Assets At Beginning						
Of Year	17,030,377	17,515,153	4,480,043	4,193,924	21,510,420	21,709,077
Net Assets At End Of Year	\$17,114,043	\$17,030,377	\$5,332,299	\$4,480,043	\$22,446,342	\$21,510,420

Governmental Activities

The two percent municipal income tax is the largest source of revenue for the Governmental Activities and the City of Bexley. The City provides an 80 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.

When looking at the sources of income to support Governmental Activities, it should be noted that capital grants decreased \$397,283. This is due to OPWC grant proceeds for Maryland Avenue having been received in 2007 while no grant proceeds were received in 2008. Operating grants increased in 2008 due primarily to grant proceeds received for Alum Creek Greenway. Revenues provided by sources in the form of charges for services and operating grants comprise \$2,210,066. The remaining revenues are primarily generated locally through property and income taxes as well as unrestricted grants and aid provided by the State totaling \$10,701,170. 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 \$852,256, primarily due to an increase in charges assessed to customers.

THE CITY'S FUNDS

Information about the City's major Governmental Funds begins on page 12. These funds are reported using the modified accrual basis of accounting. All Governmental Funds had total revenues of \$12,852,753 and expenditures of \$16,469,598.

The General Fund balance decreased \$1,588,040, due to the issuance of the 2008 refunding bonds.

The Roads and Sidewalks Fund balance decreased \$384,576 due to expenditures for infrastructure assets.

The Water Fund's net assets increased \$468,999, primarily due to an increase in user charges.

The Sewer Fund's net assets increased \$382,038, primarily due to an increase in user charges.

The Refuse Fund's net assets increased \$1,219, an insignificant amount.

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, function and object basis. During 2008 there were revisions to the budget which increased the appropriations by \$8,313,659.

Original General Fund budgeted revenues were \$9,568,976. The final budgeted amount was \$12,221,040 resulting in a \$2,652,064 increase over the original budgeted revenues. The increase in revenues was for intergovernmental revenue mostly due to an increase in estate tax revenue. The original budgeted appropriations were \$11,240,672. The final budgeted appropriations were \$19,554,331 resulting in an increase over the original budgeted appropriations of \$8,313,659. The increase in appropriations was primarily for capital outlay related to new police station project. The City's General Fund's ending fund balance was \$6,290,140 below the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The majority of the increase in governmental capital assets resulted from construction in progress related to the construction of the police department building. Other asset additions include the purchase of land for the new police station, City vehicles, various street improvements, and renovations to the City Hall stairwell and Jeffrey Mansion. Business-Type Activities capital assets decreased \$172,598, primarily due to depreciation.

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

Debt

At December 31, 2008, the City of Bexley had \$11,875,501 in debt outstanding for Governmental and Business-Type Activities.

Outstanding debt increased from 2007 due mainly to the issuances of \$7,600,000 in Various Purpose Refunding Bonds and \$1,330,000 in Jeffrey Mansion Improvement Bonds.

The City's overall legal debt margin was \$40,828,208, with an unvoted debt margin of \$11,615,099 at December 31, 2008.

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 Larry A. Heiser, Auditor, City of Bexley, 2242 East Main Street, Bexley, Ohio 43209.

City of Bexley, Ohio
Statement Of Net Assets
December 31, 2008

	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
<u>Assets:</u>			
Equity In Pooled Cash And Cash Equivalents	\$5,348,081	\$1,942,559	\$7,290,640
Cash And Cash Equivalents In Segregated Accounts	3,162	0	3,162
Cash And Cash Equivalents With Fiscal Agents	67,841	0	67,841
Accrued Interest Receivable	48,822	0	48,822
Accounts Receivable	10,980	1,046,746	1,057,726
Municipal Income Taxes Receivable	1,953,724	0	1,953,724
Due From Other Governments	1,340,385	0	1,340,385
Materials And Supplies Inventory	32,165	8,332	40,497
Property Taxes Receivable	1,907,050	0	1,907,050
Other Local Taxes Receivable	42,116	0	42,116
Revenue In Lieu Of Taxes Receivable	271,091	0	271,091
Deferred Charges	199,078	6,850	205,928
Land And Construction In Progress	1,322,627	0	1,322,627
Depreciable Capital Assets, Net	18,619,289	5,376,339	23,995,628
<i>Total Assets</i>	<u>31,166,411</u>	<u>8,380,826</u>	<u>39,547,237</u>
<u>Liabilities:</u>			
Accounts Payable	440,464	161,626	602,090
Accrued Wages Payable	256,674	22,546	279,220
Contracts Payable	758,946	0	758,946
Retainage Payable	34,304	0	34,304
Due To Other Governments	359,486	788,047	1,147,533
Deferred Revenue	1,832,321	0	1,832,321
Vacation Balances Payable	167,877	8,544	176,421
Accrued Interest Payable	23,294	5,429	28,723
Long-Term Liabilities:			
Due Within One Year	591,075	112,520	703,595
Due In More Than One Year	9,587,927	1,949,815	11,537,742
<i>Total Liabilities</i>	<u>14,052,368</u>	<u>3,048,527</u>	<u>17,100,895</u>
<u>Net Assets:</u>			
Invested In Capital Assets, Net Of Related Debt	11,004,188	4,012,964	15,017,152
Restricted For:			
Other Purposes	751,792	0	751,792
Unrestricted	5,358,063	1,319,335	6,677,398
<i>Total Net Assets</i>	<u>\$17,114,043</u>	<u>\$5,332,299</u>	<u>\$22,446,342</u>

See Accompanying Notes to the Basic Financial Statements

City of Bexley, Ohio
Statement Of Activities
For The Year Ended December 31, 2008

	<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	\$4,841,094	\$81,619	\$85,676
Public Health and Welfare	79,897	0	0
Leisure Time Activities	1,648,849	740,885	185,046
Community Environment	624,096	310,352	94,463
Transportation	1,777,299	1,970	703,369
General Government	3,586,682	6,686	0
Interest And Fiscal Charges	269,653	0	0
Total Governmental Activities	12,827,570	1,141,512	1,068,554
<u>Business-Type Activities:</u>			
Water	1,491,596	1,954,048	0
Sewer	1,943,996	2,321,255	0
Refuse	982,513	983,732	0
Total Business-Type Activities	4,418,105	5,259,035	0
Total Activities	\$17,245,675	\$6,400,547	\$1,068,554

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

Total General Revenues

Change In Net Assets

Net Assets At Beginning Of Year

Net Assets At End Of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue And Changes In Net Assets

<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
(\$4,673,799)	\$0	(\$4,673,799)
(79,897)	0	(79,897)
(722,918)	0	(722,918)
(219,281)	0	(219,281)
(1,071,960)	0	(1,071,960)
(3,579,996)	0	(3,579,996)
(269,653)	0	(269,653)
<u>(10,617,504)</u>	<u>0</u>	<u>(10,617,504)</u>
0	462,452	462,452
0	377,259	377,259
0	1,219	1,219
<u>0</u>	<u>840,930</u>	<u>840,930</u>
<u>(10,617,504)</u>	<u>840,930</u>	<u>(9,776,574)</u>
673,332	0	673,332
741,394	0	741,394
377,759	0	377,759
2,750	0	2,750
160,764	0	160,764
6,282,225	0	6,282,225
1,963,065	0	1,963,065
456,191	0	456,191
<u>43,690</u>	<u>11,326</u>	<u>55,016</u>
<u>10,701,170</u>	<u>11,326</u>	<u>10,712,496</u>
83,666	852,256	935,922
<u>17,030,377</u>	<u>4,480,043</u>	<u>21,510,420</u>
<u>\$17,114,043</u>	<u>\$5,332,299</u>	<u>\$22,446,342</u>

City of Bexley, Ohio
Balance Sheet
Governmental Funds
December 31, 2008

	<i>General</i>	<i>Roads and Sidewalks</i>	<i>Nonmajor Funds</i>	<i>Total</i>
<u>Assets:</u>				
Equity In Pooled Cash And Cash Equivalents	\$4,238,258	\$352,990	\$756,833	\$5,348,081
Cash And Cash Equivalents In Segregated Accounts	2,945	0	217	3,162
Cash And Cash Equivalents With Fiscal Agents	0	0	67,841	67,841
Receivables:				
Property Taxes	722,432	784,642	399,976	1,907,050
Other Local Taxes	42,116	0	0	42,116
Revenue In Lieu Of Taxes	0	0	271,091	271,091
Municipal Income Taxes Accounts	1,953,724	0	0	1,953,724
Accrued Interest	5,700	0	5,280	10,980
Due From Other Governments	48,822	0	0	48,822
Materials And Supplies Inventory	1,015,926	51,535	272,924	1,340,385
	4,812	0	27,353	32,165
<i>Total Assets</i>	<u>\$8,034,735</u>	<u>\$1,189,167</u>	<u>\$1,801,515</u>	<u>\$11,025,417</u>
<u>Liabilities And Fund Balances:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$125,780	\$1,837	\$312,847	\$440,464
Contracts Payable	490,888	61,458	206,600	758,946
Accrued Wages Payable	225,794	0	30,880	256,674
Retainage Payable	34,304	0	0	34,304
Due To Other Governments	211,595	0	147,891	359,486
Deferred Revenue	2,255,304	836,177	896,447	3,987,928
<i>Total Liabilities</i>	<u>3,343,665</u>	<u>899,472</u>	<u>1,594,665</u>	<u>5,837,802</u>
<u>Fund Balances:</u>				
Reserved For Encumbrances	7,310,959	90,053	170,173	7,571,185
Unreserved:				
Designated For Budget Stabilization	1,000,000	0	0	1,000,000
Undesignated (Deficit), Reported In:				
General Fund	(3,619,889)	0	0	(3,619,889)
Special Revenue Funds	0	199,642	201,756	401,398
Debt Service Fund	0	0	155	155
Capital Projects Funds	0	0	(165,234)	(165,234)
<i>Total Fund Balances</i>	<u>4,691,070</u>	<u>289,695</u>	<u>206,850</u>	<u>5,187,615</u>
<i>Total Liabilities And Fund Balances</i>	<u>\$8,034,735</u>	<u>\$1,189,167</u>	<u>\$1,801,515</u>	<u>\$11,025,417</u>

See Accompanying Notes to the Basic Financial Statements

City of Bexley, Ohio
 Reconciliation Of Total Governmental Fund Balances To
 Net Assets Of Governmental Activities
 December 31, 2008

Total Governmental Fund Balances	\$5,187,615
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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	440,623
Construction In Progress	882,004
Depreciable Capital Assets	32,152,632
Accumulated Depreciation	<u>(13,533,343)</u>

Total	19,941,916
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Governmental funds report general obligation bond issuance costs as expenditures, whereas these amounts are deferred and amortized in the Statement of Activities.

199,078

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

Municipal Income Taxes	1,044,552
Property Taxes	74,729
Revenue In Lieu Of Taxes	271,091
Due From Other Governments	743,051
Accrued Interest	<u>22,184</u>

Total	2,155,607
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Some liabilities, including bonds payable, loans payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:

Accrued Interest	(23,294)
General Obligation Bonds	(7,438,100)
Bond Premium	(58,467)
Loss On Refunding	126,850
OPWC Loans	(1,897,839)
Capital Leases Payable	(201,922)
Vacation Balances Payable	(167,877)
Ohio Police And Fire Pension Obligation Payable	(375,798)
Compensated Absences	<u>(333,726)</u>

Total	<u>(10,370,173)</u>
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<i>Net Assets Of Governmental Activities</i>	<u><u>\$17,114,043</u></u>
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See Accompanying Notes to the Basic Financial Statements

City of Bexley, Ohio
Statement Of Revenues, Expenditures And Changes In Fund Balances
Governmental Funds
For The Year Ended December 31, 2008

	<i>General</i>	<i>Roads and Sidewalks</i>	<i>Nonmajor Funds</i>	<i>Total</i>
<u>Revenues:</u>				
Property Taxes	\$671,284	\$739,913	\$376,643	\$1,787,840
Municipal Income Taxes	6,043,906	0	0	6,043,906
Other Local Taxes	160,764	0	0	160,764
Intergovernmental	1,910,973	181,502	1,012,163	3,104,638
Charges For Services	0	0	720,370	720,370
Licenses And Permits	310,352	0	3,196	313,548
Fines And Forfeitures	78,981	0	6,128	85,109
Revenue In Lieu Of Taxes	0	0	2,750	2,750
Investment Earnings	434,007	0	0	434,007
Rent	0	0	22,485	22,485
Contributions And Donations	0	0	133,646	133,646
Miscellaneous	36,092	0	7,598	43,690
Total Revenues	9,646,359	921,415	2,284,979	12,852,753
<u>Expenditures:</u>				
Current:				
Security Of Persons And Property	4,682,880	0	436,550	5,119,430
Public Health And Welfare	79,897	0	0	79,897
Leisure Time Activities	246,998	0	1,277,370	1,524,368
Community Environment	532,464	0	115,587	648,051
Transportation	0	76,925	834,210	911,135
General Government	3,562,733	0	18,632	3,581,365
Capital Outlay	1,785,231	1,079,219	616,064	3,480,514
Debt Service:				
Principal Retirement	11,933	0	571,682	583,615
Interest And Fiscal Charges	2,227	0	329,440	331,667
Issuance Costs	0	0	209,556	209,556
Total Expenditures	10,904,363	1,156,144	4,409,091	16,469,598
Excess Of Revenues Under Expenditures	(1,258,004)	(234,729)	(2,124,112)	(3,616,845)
<u>Other Financing Sources (Uses):</u>				
Issuance Of Refunding Bonds	0	0	6,582,500	6,582,500
Issuance of General Obligation Bonds	1,300,000	0	30,000	1,330,000
Proceeds From Sale Of Capital Assets	6,350	0	0	6,350
Proceeds Of OPWC Loan	0	0	504,198	504,198
Payment To Refunded Bond Escrow Agent	0	0	(2,955,350)	(2,955,350)
Inception Of Capital Lease	59,044	0	122,782	181,826
Premium On Debt Issued	0	0	61,544	61,544
Current Refunding	0	0	(3,500,000)	(3,500,000)
Transfers In	0	0	1,845,277	1,845,277
Transfers Out	(1,695,430)	(149,847)	0	(1,845,277)
Total Other Financing Sources (Uses)	(330,036)	(149,847)	2,690,951	2,211,068
Net Change In Fund Balance	(1,588,040)	(384,576)	566,839	(1,405,777)
Fund Balances (Deficit) At Beginning Of Year	6,279,110	674,271	(359,989)	6,593,392
Fund Balances At End Of Year	\$4,691,070	\$289,695	\$206,850	\$5,187,615

City of Bexley, Ohio
 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, 2008

Net Change In Fund Balances - Total Governmental Funds (\$1,405,777)

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 Asset Additions	3,900,699	
Depreciation	(1,086,337)	
Excess of Capital Outlay over Depreciation Expense		2,814,362

The proceeds from the sale of capital assets are reported as revenue in the governmental funds. However, the cost of capital assets is removed from the capital assets account in the Statement of Net Assets and offset against the proceeds from the sale of capital assets resulting in a loss on the sale of capital assets in the Statement of Activities.

Proceeds From Sale Of Capital Assets	(6,350)	
Loss On Disposal Of Assets	(8,312)	
		(14,662)

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 General Obligation Bonds	(1,330,000)	
Proceeds Of General Obligation Refunding Bonds	(6,582,500)	
Premium On General Obligation Refunding Bonds	(61,544)	
Proceeds Of OPWC Loans	(504,198)	
		(8,478,242)

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

209,556

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 amount consist of:

General Obligation Bond Principal Payments	474,400	
Payment To Refunded Bond Escrow Agent	2,955,350	
OPWC Loan Payments	36,710	
Swimming Pool Note Payment	3,500,000	
Police And Fire Pension Obligation	7,579	
Capital Lease Payments	64,926	
		7,038,965

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	238,319	
Property Taxes	4,645	
Intergovernmental	(206,665)	
Accrued Interest	22,184	
		58,483

Some capital assets were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the Statement of Net Assets, the lease obligation is reported as a liability.

(181,826)

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	(10,478)	
Amortization Of Bond Premium	3,077	
Amortization Of Loss On Refunding	(8,500)	
Net Decrease In Accrued Interest	77,915	
		62,014

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:

Decrease In Vacation Balances Payable	14,396	
Increase In Compensated Absences	(33,603)	
		(19,207)

Change In Net Assets Of Governmental Activities **\$83,666**

See Accompanying Notes to the Basic Financial Statements

City of Bexley, Ohio
Statement Of Revenues, Expenditures And
Changes In Fund Balance - Budget And Actual (Non-GAAP Budgetary Basis)
General Fund
For The Year Ended December 31, 2008

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Budgetary Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues:</u>				
Property Taxes	\$684,326	\$671,000	\$671,284	\$284
Municipal Income Taxes	5,766,046	6,025,595	6,025,595	0
Other Local Taxes	241,210	427,590	252,068	(175,522)
Intergovernmental	2,041,504	3,618,948	2,133,399	(1,485,549)
Licenses And Permits	296,984	526,459	310,352	(216,107)
Fines And Forfeitures	75,769	134,315	79,180	(55,135)
Investment Earnings	436,157	773,170	455,790	(317,380)
Contributions And Donations	5,000	5,000	0	(5,000)
Miscellaneous	21,980	38,963	30,448	(8,515)
Total Revenues	9,568,976	12,221,040	9,958,116	(2,262,924)
<u>Expenditures:</u>				
Current:				
Security Of Persons And Property	4,918,844	4,951,924	4,741,824	210,100
Public Health And Welfare	95,352	95,952	79,897	16,055
Leisure Time Activities	398,798	383,503	282,941	100,562
Community Environment	608,263	619,832	583,565	36,267
General Government	4,042,896	4,628,581	3,918,827	709,754
Capital Outlay	1,176,519	8,874,539	8,844,460	30,079
Total Expenditures	11,240,672	19,554,331	18,451,514	1,102,817
Excess Of Revenues (Under) Expenditures	(1,671,696)	(7,333,291)	(8,493,398)	(1,160,107)
<u>Other Financing Sources (Uses):</u>				
Issuance of General Obligation Bonds	1,244,003	6,401,030	1,300,000	(5,101,030)
Proceeds From Sale Of Capital Assets	11,272	19,981	11,779	(8,202)
Transfers In	11,735	20,802	0	(20,802)
Transfers Out	(1,357,445)	(1,695,430)	(1,695,430)	0
Total Other Financing Sources (Uses)	(90,435)	4,746,383	(383,651)	(5,130,034)
Net Change In Fund Balance	(1,762,131)	(2,586,908)	(8,877,049)	(6,290,141)
Fund Balance At Beginning Of Year	3,450,092	3,450,092	3,450,092	0
Prior Year Encumbrances	1,703,726	1,703,726	1,703,726	0
Fund Balance (Deficit) At End Of Year	\$3,391,687	\$2,566,910	(\$3,723,231)	(\$6,290,141)

See Accompanying Notes to the Basic Financial Statements

City of Bexley, Ohio
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, 2008

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Budgetary Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues:</u>				
Property Taxes	\$762,633	\$739,913	\$739,913	\$0
Intergovernmental	106,174	181,502	181,502	0
<i>Total Revenues</i>	<u>868,807</u>	<u>921,415</u>	<u>921,415</u>	<u>0</u>
<u>Expenditures:</u>				
Current:				
Transportation	22,000	22,000	13,630	8,370
Capital Outlay	1,083,747	1,233,747	1,214,006	19,741
<i>Total Expenditures</i>	<u>1,105,747</u>	<u>1,255,747</u>	<u>1,227,636</u>	<u>28,111</u>
Excess Of Revenues Over (Under) Expenditures	(236,940)	(334,332)	(306,221)	28,111
<u>Other Financing Uses:</u>				
Transfers Out	(74,847)	(149,847)	(149,847)	0
Net Change In Fund Balance	(311,787)	(484,179)	(456,068)	28,111
Fund Balance At Beginning Of Year	380,410	380,410	380,410	0
Prior Year Encumbrances	338,595	338,595	338,595	0
<i>Fund Balance At End Of Year</i>	<u>\$407,218</u>	<u>\$234,826</u>	<u>\$262,937</u>	<u>\$28,111</u>

See Accompanying Notes to the Basic Financial Statements

City of Bexley, Ohio
Statement Of Fund Net Assets
Enterprise Funds
December 31, 2008

	<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	\$697,658	\$940,388	\$304,513	\$1,942,559
Receivables:				
Accounts	471,739	573,254	1,753	1,046,746
Materials And Supplies Inventory	1,049	1,049	6,234	8,332
<i>Total Current Assets</i>	<u>1,170,446</u>	<u>1,514,691</u>	<u>312,500</u>	<u>2,997,637</u>
<u>Non-Current Assets:</u>				
Deferred Charges	6,850	0	0	6,850
Depreciable Capital Assets, Net	2,253,746	3,119,723	2,870	5,376,339
<i>Total Non-Current Assets</i>	<u>2,260,596</u>	<u>3,119,723</u>	<u>2,870</u>	<u>5,383,189</u>
<i>Total Assets</i>	<u>3,431,042</u>	<u>4,634,414</u>	<u>315,370</u>	<u>8,380,826</u>
<u>Liabilities:</u>				
<u>Current Liabilities:</u>				
Accounts Payable	4,802	2,766	154,058	161,626
Accrued Wages Payable	12,076	9,195	1,275	22,546
Due To Other Governments	409,066	377,936	1,045	788,047
Vacation Balances Payable	6,068	2,476	0	8,544
Accrued Interest Payable	2,861	2,568	0	5,429
Compensated Absences Payable	958	437	0	1,395
General Obligation Bonds Payable	53,400	34,000	0	87,400
OPWC Loans Payable	0	23,725	0	23,725
<i>Total Current Liabilities</i>	<u>489,231</u>	<u>453,103</u>	<u>156,378</u>	<u>1,098,712</u>
<u>Long-Term Liabilities (Net Of Current Portion):</u>				
Compensated Absences Payable	19,064	11,651	0	30,715
General Obligation Bonds Payable	694,500	845,000	0	1,539,500
OPWC Loans Payable	0	379,600	0	379,600
<i>Total Long-Term Liabilities</i>	<u>713,564</u>	<u>1,236,251</u>	<u>0</u>	<u>1,949,815</u>
<i>Total Liabilities</i>	<u>1,202,795</u>	<u>1,689,354</u>	<u>156,378</u>	<u>3,048,527</u>
<u>Net Assets:</u>				
Invested In Capital Assets, Net Of Related Debt	2,172,696	1,837,398	2,870	4,012,964
Unrestricted	55,551	1,107,662	156,122	1,319,335
<i>Total Net Assets</i>	<u>\$2,228,247</u>	<u>\$2,945,060</u>	<u>\$158,992</u>	<u>\$5,332,299</u>

See Accompanying Notes to the Basic Financial Statements

City of Bexley, Ohio
Statement Of Revenues, Expenses And Changes In Fund Net Assets
Enterprise Funds
For The Year Ended December 31, 2008

	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>	<u>Total</u>
<u>Operating Revenues:</u>				
Charges For Services	\$1,954,048	\$2,321,255	\$983,732	\$5,259,035
Miscellaneous	6,547	4,779	0	11,326
<i>Total Operating Revenues</i>	<u>1,960,595</u>	<u>2,326,034</u>	<u>983,732</u>	<u>5,270,361</u>
<u>Operating Expenses:</u>				
Personal Services	223,179	253,932	36,561	513,672
Contractual Services	1,123,320	1,500,991	912,302	3,536,613
Materials And Supplies	20,817	9,934	32,548	63,299
Depreciation	82,848	115,780	155	198,783
Other Operating Expenses	5,810	10,787	947	17,544
<i>Total Operating Expenses</i>	<u>1,455,974</u>	<u>1,891,424</u>	<u>982,513</u>	<u>4,329,911</u>
Operating Income	504,621	434,610	1,219	940,450
<u>Non-Operating Expenses:</u>				
Interest And Fiscal Charges	<u>(35,622)</u>	<u>(52,572)</u>	<u>0</u>	<u>(88,194)</u>
Change In Net Assets	468,999	382,038	1,219	852,256
Net Assets At Beginning Of Year - Restated (Note 19)	<u>1,759,248</u>	<u>2,563,022</u>	<u>157,773</u>	<u>4,480,043</u>
<i>Net Assets At End Of Year</i>	<u><u>\$2,228,247</u></u>	<u><u>\$2,945,060</u></u>	<u><u>\$158,992</u></u>	<u><u>\$5,332,299</u></u>

See Accompanying Notes to the Basic Financial Statements

City of Bexley, Ohio
Statement Of Cash Flows
Enterprise Funds
For The Year Ended December 31, 2008

	<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	\$1,857,785	\$2,216,632	\$981,979	\$5,056,396
Cash Payments For Personal Services	(224,914)	(259,198)	(39,847)	(523,959)
Cash Payments To Suppliers For Goods And Services	(963,456)	(1,497,344)	(867,303)	(3,328,103)
Cash Payments For Other Operating Expenses	(5,810)	(10,787)	(947)	(17,544)
Other Operating Revenues	6,547	4,779	0	11,326
<i>Net Cash Provided By Operating Activities</i>	<u>670,152</u>	<u>454,082</u>	<u>73,882</u>	<u>1,198,116</u>
Cash Flows From Capital And Related Financing Activities:				
Acquisition Of Capital Assets	0	(92,936)	0	(92,936)
Principal Paid On General Obligation Bonds	(49,600)	(46,000)	0	(95,600)
Principal Paid On OPWC Loans	0	(23,725)	0	(23,725)
Principal Paid On Notes	(90,909)	(909,091)	0	(1,000,000)
Proceeds Of Bonds	92,500	925,000	0	1,017,500
Interest And Fiscal Charges Paid On General Obligation Bonds	(35,251)	(19,333)	0	(54,584)
Interest And Fiscal Charges Paid On Notes	(5,402)	(50,203)	0	(55,605)
<i>Net Cash Used For Capital And Related Financing Activities</i>	<u>(88,662)</u>	<u>(216,288)</u>	<u>0</u>	<u>(304,950)</u>
<i>Net Increase In Cash And Cash Equivalents</i>	581,490	237,794	73,882	893,166
Cash And Cash Equivalents At Beginning Of Year	<u>116,168</u>	<u>702,594</u>	<u>230,631</u>	<u>1,049,393</u>
<i>Cash And Cash Equivalents At End Of Year</i>	<u><u>\$697,658</u></u>	<u><u>\$940,388</u></u>	<u><u>\$304,513</u></u>	<u><u>\$1,942,559</u></u>
<u>Reconciliation Of Operating Income To Net Cash Provided By Operating Activities:</u>				
Operating Income	\$504,621	\$434,610	\$1,219	\$940,450
<u>Adjustments To Reconcile Operating Income To Net Cash Provided By Operating Activities:</u>				
Depreciation	82,848	115,780	155	198,783
CIP Reclassification	66,751	0	0	66,751
Changes In Assets And Liabilities:				
Increase In Accounts Receivable	(96,263)	(104,623)	(1,753)	(202,639)
Increase (Decrease) In Accounts Payable	(3,540)	61	153,111	149,632
(Decrease) In Contracts Payable	0	(8,729)	(75,564)	(84,293)
(Decrease) In Accrued Wages Payable	(434)	(2,033)	(2,818)	(5,285)
Increase (Decrease) In Due To Other Governments	118,090	22,180	(468)	139,802
Increase (Decrease) In Vacation Balances Payable	97	(28)	0	69
(Decrease) In Compensated Absences Payable	(2,018)	(3,136)	0	(5,154)
<i>Net Cash Provided By Operating Activities</i>	<u><u>\$670,152</u></u>	<u><u>\$454,082</u></u>	<u><u>\$73,882</u></u>	<u><u>\$1,198,116</u></u>

See Accompanying Notes to the Basic Financial Statements

City of Bexley, Ohio
Statement Of Fiduciary
Assets And Liabilities
Agency Funds
December 31, 2008

Assets:

Cash And Cash Equivalents	
In Segregated Accounts	<u><u>\$7,871</u></u>

Liabilities:

Undistributed Assets	\$1,169
Deposits Held And Due To Others	<u>6,702</u>

<i>Total Liabilities</i>	<u><u>\$7,871</u></u>
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See Accompanying Notes to the Basic Financial Statements

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2008

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.

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2008
(Continued)

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 most significant of the City's accounting policies are described below.

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.

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2008
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting

The City uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain City functions or activities. 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.

The following are the City's major governmental funds:

General Fund - This fund accounts for 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.

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

The other governmental funds of the City account for grants and other resources whose use is restricted 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.

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2008
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2008
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 sixty 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, grants, entitlements, and donations. On an accrual basis, revenue from income tax is recognized in the year in which the income is earned. Revenue from property taxes is 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, grants, and revenue in lieu of taxes.

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, 2008, but were levied to finance 2009 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.

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2008
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Assets and Liabilities 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".

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

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during 2008. 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 share price which is the price the investment could be sold for on December 31, 2008.

Interest income is distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue credited to the General Fund during 2008 amounted to \$434,007, which includes \$181,105 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.

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.

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2008
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 five thousand dollars. 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.

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:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
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.

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.

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2008
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 pension liability are recognized as liabilities on the governmental fund financial statements when due.

Unamortized Bond Issuance Costs

On the proprietary fund statements, issuance costs 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. They are recorded as “Deferred Charges” on the Statement of Net Assets.

Reserves and Designation of Fund Balance

Reserves of fund equity in governmental funds indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for encumbrances.

Fund balance designations are established to indicate tentative planned expenditures of financial resources. The designations reflect the City’s intentions and are subject to change. Designations are reported as part of unreserved fund balance. The designation represents monies set-aside by City Council for budget stabilization.

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.

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2008
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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 resolution, 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 resolution 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, function, and object 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.

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2008
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The appropriation resolution 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 resolution 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 AND COMPLIANCE

Accountability

The Tax Incentive Program Special Revenue Fund and the Maryland Avenue Capital Projects Fund had deficit fund balances of \$268,554 and \$206,600, respectively, at December 31, 2008. The General Fund is liable for the deficits and provides transfers when cash is required, not when accruals occur.

Compliance

The General Fund had a deficit fund balance, on the budgetary basis of accounting, in the amount of \$3,723,231 due to encumbering the entire expected cost of the new police station during the year. Over the course of the construction there will be actual revenue sources available to cover the cost. Thus, a deficit cash balance does not exist at December 31, 2008.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position and results of operations 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 Roads and Sidewalks Special Revenue Fund 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) Encumbrances are treated as expenditures (budget basis) rather than as a reservation of 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.

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2008
(Continued)

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (Continued)

(e) Investments are reported at fair value (GAAP) rather than cost (budget).

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 Roads and Sidewalks Special Revenue Fund are as follows:

	<i>Net Change In Fund Balance</i>	
	<u>General</u>	<u>Roads and Sidewalks</u>
GAAP Basis	(\$1,588,040)	(\$384,576)
<u>Increases (Decreases) Due To:</u>		
Revenue Accruals	305,445	0
Expenditure Accruals	290,612	18,561
Encumbrances Outstanding		
At Year-end (Budget Basis)	(7,837,763)	(90,053)
Change In Fair Value Of Investments - 2007	79,368	0
Change In Fair Value Of Investments - 2008	(122,161)	0
Unrecorded Cash - 2008	(4,510)	0
	<u> </u>	<u> </u>
Budget Basis	<u>(\$8,877,049)</u>	<u>(\$456,068)</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.

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2008
(Continued)

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

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;
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

Custodial credit risk for deposits 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 possession of an outside party. At fiscal year-end, \$518,122 of the City's bank balance of \$1,110,548 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution.

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2008
(Continued)

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

Investments

As of December 31, 2008, the following investments were held in the City's name and are thereby not exposed to custodial credit risk:

	Fair Value	Investment Maturities (in Years)		S&P Rating	Percent of Total Investments	Call Date
		Less than 1	1 - 5			
Federal Home Loan Mortgage Corporation Notes	\$1,503,000	\$0	\$1,503,000	AAA	21.67%	-
Federal Home Loan Mortgage Corporation Notes	507,800	0	507,800	AAA	7.32%	6/4/2009
Federal Home Loan Banks Bonds	500,650	0	500,650	AAA	7.22%	1/22/2009
Federal Home Loan Banks Bonds	512,250	0	512,250	AAA	7.39%	6/29/2009
Federal Home Loan Banks Bonds	259,180	0	259,180	AAA	3.74%	11/2/2009
Federal Home Loan Banks Bonds	629,822	0	629,822	AAA	12.67%	6/29/2009
Federal Home Loan Banks Bonds	516,450	0	516,450	AAA	7.45%	11/13/2009
Federal Home Loan Banks Bonds	512,300	0	512,300	AAA	7.39%	3/26/2010
Federal Home Loan Banks Bonds	526,600	0	526,600	AAA	7.59%	12/27/2010
Federal National Mortgage Association Notes	401,080	0	401,080	AAA	5.78%	1/29/2009
Federal National Mortgage Association Notes	1,017,100	0	1,017,100	AAA	14.66%	5/5/2010
STAROhio	50,060	50,060	0	AAAm	0.72%	-
Totals	<u>\$6,936,292</u>	<u>\$50,060</u>	<u>\$6,886,232</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 S&P 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, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2008
(Continued)

NOTE 6 - MUNICIPAL INCOME TAX

The City levies and collects an income tax of two 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 80 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, public utility, and tangible personal property (used in business) located in the City. Property tax revenue received during 2008 for real and public utility property taxes represents collections of 2007 taxes. Property tax payments received during 2008 for tangible personal property (other than public utility property) are for 2008 taxes.

2008 real property taxes are levied after October 1, 2008 on the assessed value as of January 1, 2008, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2008 real property taxes are collected in and intended to finance 2009.

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 alternate 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. 2008 public utility property taxes became a lien December 31, 2007, are levied after October 1, 2008, and are collected in 2009 with real property taxes.

2008 tangible personal property taxes are levied after October 1, 2007, on the value as of December 31, 2007. Collections are made in 2008. In prior years, tangible personal property assessments were assessed at 25 percent of true value for capital assets and 23 percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2008 is 6.25 percent. This will be reduced to zero for 2009.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable at September 20.

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2008
(Continued)

NOTE 7 - PROPERTY TAX (Continued)

The full tax rate for all City operations for the year ended December 31, 2008, was \$7.85 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2008 property tax receipts were based are as follows:

<i>Category</i>	<i>Assessed Value</i>
Real Property	
Residential/Agricultural	\$430,118,470
Commercial/Industrial/Public Utility	26,565,020
Public Utility Personal	2,677,960
General Business Personal	316,193
Total Property Taxes	<u>\$459,677,643</u>

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Bexley. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represents real and tangible personal property taxes, public utility taxes, and outstanding delinquencies which are measurable as of December 31, 2008, 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 2008 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.

NOTE 8 - RECEIVABLES

Receivables at December 31, 2008, consisted of property taxes, other local taxes, revenue in lieu of taxes, municipal income taxes, accounts, interest on investments, and intergovernmental receivables 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, income taxes, and revenue in lieu of 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, although ultimately collectible, include some portion of delinquents that will not be collected within one year. Revenue in lieu of taxes will be received over the designated period established by the agreements.

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2008
(Continued)

NOTE 8 - RECEIVABLES (Continued)

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
<u>Governmental Activities</u>	
Local Government	\$465,386
FEMA Grant	77,814
Estate Tax	425,141
Homestead And Rollback	125,285
Auto License	28,921
Gasoline Tax	120,834
Municipal Cents Per Gallon Tax	58,489
Permissive Motor Vehicle License Tax	38,515
Total Intergovernmental Receivable	<u><u>\$1,340,385</u></u>

Revenue in Lieu of Taxes

During 2004, the City of Bexley created the Main Street Incentive District. Under the agreement, owners of parcels within the Main Street District are exempt from real property taxation on improvements and in exchange are required to make service payments in lieu of taxes. During 2005 and 2006, the City of Bexley entered into infrastructure agreements with One Dawson Place, L.L.C and MRMJ, L.L.C., respectively. Under these agreements, the City of Bexley agrees to reimburse the developers for the cost of infrastructure improvements. The City will use revenue in lieu of taxes to reimburse the developers. As of December 31, 2008, the City has not started collecting revenue in lieu of taxes on these properties, therefore, the City has recorded a receivable and a payable for the amount of reimbursement due to the developers only.

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2008
(Continued)

NOTE 9 - CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2008, was as follows:

	<i>Balance At 12/31/2007</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance At 12/31/2008</i>
<u>Governmental Activities</u>				
Capital Assets, Not Being Depreciated:				
Land	\$135,500	\$305,123	\$0	\$440,623
Construction In Progress	1,385,986	2,143,456	(2,647,438)	882,004
Total Capital Assets, Not Being Depreciated	<u>1,521,486</u>	<u>2,448,579</u>	<u>(2,647,438)</u>	<u>1,322,627</u>
Depreciable Capital Assets:				
Land Improvements	659,655	235,617	0	895,272
Buildings And Improvements	5,631,032	1,083,985	0	6,715,017
Equipment	1,758,149	59,044	0	1,817,193
Vehicles	1,087,446	137,891	(68,920)	1,156,417
Infrastructure	18,985,712	2,583,021	0	21,568,733
Total Depreciable Capital Assets	<u>28,121,994</u>	<u>4,099,558</u>	<u>(68,920)</u>	<u>32,152,632</u>
Less Accumulated Depreciation:				
Land Improvements	(595,832)	(8,705)	0	(604,537)
Buildings And Improvements	(1,282,495)	(101,952)	0	(1,384,447)
Equipment	(1,123,251)	(112,666)	0	(1,235,917)
Vehicles	(816,439)	(71,054)	54,258	(833,235)
Infrastructure	(8,683,247)	(791,960)	0	(9,475,207)
Total Accumulated Depreciation	<u>(12,501,264)</u>	<u>(1,086,337)</u>	<u>54,258</u>	<u>(13,533,343)</u>
Depreciable Capital Assets, Net	<u>15,620,730</u>	<u>3,013,221</u>	<u>(14,662)</u>	<u>18,619,289</u>
Governmental Activities Capital Assets, Net	<u>\$17,142,216</u>	<u>\$5,461,800</u>	<u>(\$2,662,100)</u>	<u>\$19,941,916</u>

Depreciation expense was charged to governmental programs as follows:

Security Of Persons And Property	\$70,245
Leisure Time Activities	125,401
Community Environment	992
Transportation	862,384
Basic Utility Services	3,102
General Government	24,213
Total Depreciation Expense	<u>\$1,086,337</u>

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2008
(Continued)

NOTE 9 - CAPITAL ASSETS (Continued)

	<i>Balance At</i> <i>12/31/2007</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance At</i> <i>12/31/2008</i>
<u>Business-Type Activities</u>				
Capital Assets, Not Being Depreciated:				
Construction In Progress	\$66,751	\$0	(\$66,751)	\$0
Depreciable Capital Assets:				
Land Improvements	36,421	0	0	36,421
Buildings And Improvements	49,657	0	0	49,657
Equipment	32,314	0	0	32,314
Vehicles	252,198	43,000	0	295,198
Infrastructure	8,052,480	49,936	0	8,102,416
Total Depreciable Capital Assets	<u>8,423,070</u>	<u>92,936</u>	<u>0</u>	<u>8,516,006</u>
Less Accumulated Depreciation:				
Land Improvements	(36,408)	(9)	0	(36,417)
Buildings And Improvements	(38,577)	(558)	0	(39,135)
Equipment	(21,378)	(1,325)	0	(22,703)
Vehicles	(119,237)	(35,342)	0	(154,579)
Infrastructure	(2,725,284)	(161,549)	0	(2,886,833)
Total Accumulated Depreciation	<u>(2,940,884)</u>	<u>(198,783)</u>	<u>0</u>	<u>(3,139,667)</u>
Depreciable Capital Assets, Net	<u>5,482,186</u>	<u>(105,847)</u>	<u>0</u>	<u>5,376,339</u>
Business-Type Activities Capital Assets, Net	<u>\$5,548,937</u>	<u>(\$105,847)</u>	<u>(\$66,751)</u>	<u>\$5,376,339</u>

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 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 writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2008
(Continued)

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2008, members in state and local classifications contributed 10.0 percent of covered payroll and public safety and law enforcement members contributed 10.1 percent.

The City's contribution rate for 2008 was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.4 percent of covered payroll.

The City's required contributions for pension obligations to the traditional pension and combined plans for the years ended December 31, 2008, 2007, and 2006 were \$217,495, \$257,654, and \$332,620, respectively; 89.64 percent has been contributed for 2008 and 100 percent for 2007 and 2006. Contributions to the member-directed plan for 2008 were \$12,298 made by the City and \$8,784 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 – Plan members are required to contribute 10.0 percent of their annual covered salary to fund pension obligations. The City's contribution was 19.5 percent for police officers. The City has no firefighters. Contribution rates are established by State statute. For 2008, a portion of the City's contributions equal to 6.75 percent of covered payroll was allocated to fund the post-employment health care plan. The City's contributions to OP&F for police were \$276,930 for the year ended December 31, 2008, \$303,231 for the year ended December 31, 2007, and \$259,025 for the year ended December 31, 2006. 71.40 percent for police has been contributed for 2008. The full amount has been contributed for 2007 and 2006.

NOTE 11 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description – OPERS maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for qualifying members of both the traditional pension and combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including post-employment health care. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2008
(Continued)

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

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 require, 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 OPERS' financial report which may be obtained by 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 administered in accordance with, Internal Revenue Code 401(h). State Statute requires that public employers fund post-employment health care through their contributions to OPERS. A portion of each employer's contribution to the traditional pension and combined plans 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 2008, state and local employers contributed at a rate of 14.0 percent of covered payroll (17.40 percent for public safety and law enforcement). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. For 2008, the amount of the employer contributions which was allocated to fund post-employment health care was 7.0 percent of covered payroll.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2008, 2007, and 2006 were \$217,495, \$196,933, and \$162,694, respectively; 89.64 percent has been contributed for 2008 and 100 percent for 2007 and 2006.

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 as of January 1, 2006, January 1, 2007, and January 1, 2008, which 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 reimbursement and long-term care to retirees, qualifying benefit recipients and their eligible dependents.

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2008
(Continued)

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

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 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 – OP&F's post-employment health care plan was established and is administered as an Internal Revenue Code 410(h) account within the defined benefit plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent of covered payroll for police employers. The City has no firefighters.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2008, 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 Section 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.

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police were \$146,610 for the year ended December 31, 2008, \$160,534 for the year ended December 31, 2007, and \$170,846 for the year ended December 31, 2006. The full amount has been contributed for 2007 and 2006. 71.40 percent has been contributed for police for 2008.

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2008
(Continued)

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 while other City employees may carry over 40 hours of vacation leave. 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 2008, 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

During 2008 and in prior years, the City has entered into capitalized leases for vehicles, equipment, and copiers. 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.

Capital assets acquired by lease were capitalized in the amount of \$342,806. This amount represents the present value of the minimum lease payments at the time of acquisition. Principal payments in 2008 totaled \$64,926 in the governmental funds.

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2008
(Continued)

NOTE 13 - CAPITAL LEASES - LESSEE DISCLOSURE (Continued)

The assets acquired through capital leases as of December 31, 2008, are as follows:

	<i>Asset Value</i>	<i>Accumulated Depreciation</i>	<i>Net Book Value</i>
Police Vehicles	\$138,851	\$25,242	\$113,609
Vehicles	80,811	5,050	75,761
Street Equipment	59,044	1,968	57,076
Copier	64,100	38,460	25,640
Totals	<u>\$342,806</u>	<u>\$70,720</u>	<u>\$272,086</u>

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, 2008:

<i>Year Ending December 31,</i>	<i>Payments</i>
2009	\$90,180
2010	66,159
2011	33,445
2012	33,445
Total	223,229
Less: Amount Representing Interest	(21,307)
Present Value of Minimum Lease Payment	<u>\$201,922</u>

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, 2008, was as follows:

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2008
(Continued)

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

<i>Types / Issues</i>	<i>Balance 12/31/07</i>	<i>Issued</i>	<i>Retired</i>	<i>Balance 12/31/08</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	\$705,000	\$0	\$45,000	\$660,000	\$50,000
2008 - 3.0 - 4.0% Various Purpose Refunding Bonds \$1,017,500	0	1,017,500	50,600	966,900	37,400
<u>Ohio Public Works Commission</u>					
<u>(OPWC) Loans</u>					
2005 - 0.00% Main Street Sewer Project \$474,500	427,050	0	23,725	403,325	23,725
<u>Notes Payable</u>					
2007 - 3.8% Main Street Storm Sewer Note	1,000,000	0	1,000,000	0	0
Compensated Absences	35,869	8,659	12,418	32,110	1,395
Total Business-Type Activities	<u>\$2,167,919</u>	<u>\$1,026,159</u>	<u>\$1,131,743</u>	<u>\$2,062,335</u>	<u>\$112,520</u>
<u>Governmental Activities</u>					
<u>General Obligation Bonds</u>					
1998 - 4.875% Various Purpose Capital Improvement Bonds \$4,240,000	\$2,820,000	\$0	\$2,820,000	\$0	\$0
2008 - 3.0 - 4.0% Various Purpose Refunding Bonds \$6,582,500	0	6,582,500	444,400	6,138,100	362,600
Premium On Refunding Bonds	0	61,544	3,077	58,467	0
Loss On Refunding	0	(135,350)	(8,500)	(126,850)	0
2008 - 3.0 - 4.0% Jeffrey Mansion Improvement Bonds \$1,330,000	0	1,330,000	30,000	1,300,000	50,000
<u>Ohio Public Works Commission</u>					
<u>(OPWC) Loans</u>					
2006 - 0.00% North Cassady Avenue Reconstruction \$1,468,415	1,430,351	38,064	36,710	1,431,705	73,421
2008 - 0.00% Maryland Avenue Reconstruction	0	466,134	0	466,134	0
<u>Notes Payable</u>					
2007 - 3.8% Swimming Pool Note	3,500,000	0	3,500,000	0	0
Capital Leases	85,022	181,826	64,926	201,922	79,277
Ohio Police And Fire Pension	383,377	0	7,579	375,798	7,904
Compensated Absences	300,123	51,120	17,517	333,726	17,873
Total Governmental Activities	<u>\$8,518,873</u>	<u>\$8,575,838</u>	<u>\$6,915,709</u>	<u>\$10,179,002</u>	<u>\$591,075</u>

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2008
(Continued)

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

The City's overall legal debt margin was \$40,828,208, with an unvoted debt margin of \$11,615,099 at December 31, 2008.

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

Year	<i>Business-Type Activities</i>						
	<i>Water General</i>		<i>Sewer General</i>		<i>Sewer</i>	<i>Total</i>	
	<i>Obligation Bonds</i>		<i>Obligation Bonds</i>		<i>OPWC Loans</i>	<i>Principal</i>	<i>Interest</i>
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Principal</i>	<i>Interest</i>
2009	\$53,400	\$34,329	\$34,000	\$30,934	\$23,725	\$111,125	\$65,263
2010	53,500	31,787	35,000	29,530	23,725	112,225	61,317
2011	53,600	29,448	36,000	28,079	23,725	113,325	57,527
2012	58,700	27,004	37,000	26,062	23,725	119,425	53,066
2013	58,800	24,311	38,000	24,372	23,725	120,525	48,683
2014-2018	346,000	76,161	210,000	93,454	118,625	674,625	169,615
2019-2023	100,200	8,456	252,000	49,726	118,625	470,825	58,182
2024-2027	23,700	1,517	237,000	15,774	47,450	308,150	17,291
Totals	<u>\$747,900</u>	<u>\$233,013</u>	<u>\$879,000</u>	<u>\$297,931</u>	<u>\$403,325</u>	<u>\$2,030,225</u>	<u>\$530,944</u>

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

Year	<i>Governmental Activities</i>						
	<i>General Obligation</i>		<i>Ohio Police And Fire</i>		<i>OPWC</i>	<i>Total</i>	
	<i>Bonds</i>		<i>Pension Liability</i>		<i>Loans</i>	<i>Principal</i>	<i>Interest</i>
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Principal</i>	<i>Interest</i>
2009	\$412,600	\$263,427	\$7,904	\$15,888	\$73,421	\$493,925	\$279,315
2010	426,500	251,575	8,244	15,549	73,421	508,165	267,124
2011	445,400	239,215	8,598	15,195	73,421	527,419	254,410
2012	459,300	222,026	8,967	14,825	73,421	541,688	236,851
2013	468,200	207,629	9,352	14,440	73,421	550,973	222,069
2014-2018	2,594,000	796,152	53,144	65,821	367,105	3,014,249	861,973
2019-2023	1,352,800	423,627	65,581	53,383	367,105	1,785,486	477,010
2024-2028	1,279,300	134,376	80,926	38,036	330,390	1,690,616	172,412
2029-2033	0	0	99,864	19,099	0	99,864	19,099
2034-2035	0	0	33,218	1,399	0	33,218	1,399
Totals	<u>\$7,438,100</u>	<u>\$2,538,027</u>	<u>\$375,798</u>	<u>\$253,635</u>	<u>\$1,431,705</u>	<u>\$9,245,603</u>	<u>\$2,791,662</u>

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2008
(Continued)

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

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.

On May 1, 1998, the City issued \$4,240,000 in Various Purpose Capital Improvement general obligation bonds for the purpose of improving City streets at a rate of 4.875 percent. During 2008, these bonds were advance refunded with proceeds from the 2008 Various Purpose Refunding Bonds.

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 difference between the amount of the refunding bond issue and the total of the outstanding principal of the debt issues refunded was used to pay for issuance costs, interest due at the time of refunding, and the amount paid to the escrow agent above the principal outstanding. The refunding resulted in a difference of \$135,350 between the net carrying amount of the old bonded debt and the acquisition price. This difference, reported in the accompanying financial statements as a decrease to bonds payable, is being amortized to interest expense over the life of the bonds using the straight-line method. The unamortized amount of the loss at December 31, 2008, was \$126,850. Total debt service payments decreased by \$112,767 as a result of the refunding. The City also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$95,881. The refunded bonds were retired on December 1, 2008.

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.

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2008
(Continued)

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

In 2006, the City began receiving general obligation loan proceeds from OPWC for the reconstruction of North Cassady Avenue. As of December 31, 2008 the work had been completed and the loan amount had been issued in full. The final amount of the liability was \$1,468,415. 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 began receiving general obligation loan proceeds from OPWC for the reconstruction of Maryland Avenue. As of December 31, 2008 the work had not been fully completed, therefore, the loan amount had not been issued in full and a final payment schedule was not available. A liability has been included for \$466,134, which represents the amount of the loan used as of year-end.

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

NOTE 15 - CONSTRUCTION COMMITMENTS

The City has entered into various contracts for the construction and acquisition of capital assets. At December 31, 2008, the significant outstanding construction commitments are:

<u>Project</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Balance At 12/31/08</u>
Police Station	\$6,114,890	\$874,354	\$5,240,536
Jeffrey Mansion	10,950	7,650	3,300
Totals	<u>\$6,125,840</u>	<u>\$882,004</u>	<u>\$5,243,836</u>

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2008
(Continued)

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 Travelers Insurance 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.

NOTE 17 - INTERFUND ACTIVITY

Transfers made during the year ended December 31, 2008, were as follows:

		<i>Transfers To</i>
		Nonmajor Funds
		<hr/>
<i>Transfers From</i>	General Fund	\$1,695,430
	Roads and Sidewalks Fund	149,847
	Total	<hr/> <u>\$1,845,277</u>

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.

All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 18 - CONTINGENT LIABILITIES

Litigation

The City is not a party to any legal proceedings.

Federal and State Grants

For the period January 1, 2008, to December 31, 2008, 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, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2008
(Continued)

NOTE 19 - RESTATEMENT OF PRIOR YEAR NET ASSETS

The following Notes Payable reclass is required to properly reflect the 2007 Note Proceeds into the proper respective funds.

	<u>Water</u>	<u>Sewer</u>
Net Assets		
December 31, 2007	\$1,621,157	\$2,701,113
Adjustments to Notes Payable	<u>138,091</u>	<u>(138,091)</u>
Adjusted Net Assets,		
December 31, 2007	<u><u>\$1,759,248</u></u>	<u><u>\$2,563,022</u></u>

NOTE 20 - SUBSEQUENT EVENT

On March 3, 2009, the City sold land (Bexley Tree Nursery) for \$349,940.



Julian & Grube, Inc.
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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed
in Accordance With *Government Auditing Standards***

Members of Council and Mayor
City of Bexley
2242 East Main Street
Bexley, OH 43209

We have audited 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, as of and for the year ended December 31, 2008, which collectively comprise the City of Bexley's basic financial statements and have issued our report thereon dated August 3, 2009. As discussed in Note 19 to the basic financial statements, net assets have been restated to properly allocate note proceeds during the year ended December 31, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Bexley's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Bexley's internal control over financial reporting. Accordingly we do not express an opinion on the effectiveness of the City of Bexley's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Bexley's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City of Bexley's financial statements that is more than inconsequential will not be prevented or detected by the City of Bexley's internal control. We consider the deficiency described in the accompanying schedule of findings and responses as item 2008-COB-001 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City of Bexley's internal control.

Members of Council and Mayor
City of Bexley

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are considered to be material weaknesses. However, we believe the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Bexley's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City of Bexley in a separate letter dated August 3, 2009.

City of Bexley's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. We did not audit City of Bexley's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the management and the City Council of Bexley and is not intended to be and should not be used by anyone other than these specified parties.



Julian & Grube, Inc.
August 3, 2009

**CITY OF BEXLEY
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2008**

FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS	
Finding Number	2008-COB-001

Significant Deficiency

The City did not maintain sufficient controls in place to report notes payable in 2007 in the proper funds. The note was not allocated properly between the water and sewer funds.

Overall, the City's water and sewer funds required the following adjustment at January 1, 2008:

<u>Major Funds</u>	<u>Net Assets</u>
Water Fund	\$138,091 increase
Sewer Fund	\$138,091 decrease

The compilation and presentation of financial statements and the related footnotes is the responsibility of management. This responsibility remains intact if management decides to outsource this function for efficiency purposes or any other reason.

In either case, it is important that control procedures are developed related to drafting financial statements and footnotes that enable management to identify, prevent, detect, and correct potential misstatements in the financial statements and footnotes. In addition, management should not rely on its auditors to perform this control procedure as auditors must remain independent.

We recommend the City implement control procedures related to financial reporting that enable management to identify, prevent, detect, and correct potential misstatement or oversights in the financial statements and footnotes. We further recommend that the City Auditor review in detail with the consultant (if applicable) the financial report and notes to those financial statements to ensure proper inclusion of activities in the City's financial statements and notes.

Client Response: The City has implemented internal control procedures to address this significant deficiency regarding notes payable allocation.



Mary Taylor, CPA
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
OCTOBER 6, 2009