



Dave Yost • Auditor of State

**CITY OF BEXLEY
FRANKLIN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management Discussion & Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	11
Statement of Activities.....	12
Fund Financial Statements	
Balance Sheet—Governmental Funds	14
Reconciliation of Total Government Fund Balances to Net Assets of Governmental Activities	15
Statement of Revenues, Expenditures, and Changes in Fund Balances— Governmental Funds.....	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	17
Statement of Revenues, Expenditures, and Changes in Fund Balance—Budget (Non-GAAP Basis) and Actual—General Fund	18
Statement of Revenues, Expenditures, and Changes in Fund Balance—Budget (Non-GAAP Basis) and Actual— Police Pension Special Revenue Fund.....	19
Statement of Revenues, Expenditures, and Changes in Fund Balance—Budget (Non-GAAP Basis) and Actual—Roads and Sidewalks Special Revenue Fund.....	20
Statement of Fund Net Assets—Enterprise Fund.....	21
Statement of Revenues, Expenses, and Changes in Fund Net Assets—Enterprise Funds	22
Statement of Cash Flows	23
Statement of Fiduciary Assets and Liabilities—Agency Fund	24
Notes to the Basic Financial Statements	25
Independent Accountants' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	53
Schedule of Audit Findings	55
Schedule of Prior Audit Findings.....	57

THIS PAGE INTENTIONALLY LEFT BLANK



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Beecher Hale, Finance Director
City of Bexley
2242 East Main Street
Bexley, Ohio 43209

To the City Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bexley, Franklin County, Ohio (the City), as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City'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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bexley, Franklin County, Ohio, as of December 31, 2009, and the respective changes in financial position and where applicable, cash flows, thereof and the respective budgetary comparisons for the General Fund, the Police Pension Fund, and the Roads and Sidewalks Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 5, 2011, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

Dave Yost
Auditor of State

August 5, 2011

**CITY OF BEXLEY
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(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, 2009.

FINANCIAL HIGHLIGHTS

- The City's total net assets increased \$5,642,715. Revenues exceeded expenses of Governmental Activities by \$5,488,271. Net assets of Business-Type Activities increased \$154,444.
- General revenues of Governmental Activities accounted for \$13,124,406 of all governmental revenues. Program specific revenues in the form of charges for services, grants, contributions and interest accounted for \$4,748,686 of total governmental revenues of \$17,873,092.
- Enterprise funds reflected total operating income of \$172,135. The Sewer Fund reflected an operating income \$315,554, while the Water and Refuse Funds reflected operating losses of \$126,606 and \$16,813, respectively.
- The City had \$12,334,595 in expenses related to Governmental Activities. \$4,748,686 of these expenses were offset by program specific charges for services, grants, contributions and interest. General revenues (primarily income taxes) of \$13,124,406 were more than sufficient to provide for these programs. The City had \$5,189,921 in expenses related to Business-Type Activities. \$5,273,374 in program specific charges for services, along with general revenues and transfers of \$70,991 were more than sufficient to cover expenses.

USING THIS ANNUAL FINANCIAL REPORT

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

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

REPORTING THE CITY AS A WHOLE

Statement of Net Assets and the Statement of Activities

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

CITY OF BEXLEY
FRANKLIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)
(CONTINUED)

REPORTING THE CITY AS A WHOLE (Continued)

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

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

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

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

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the City's major funds begins on page eight. 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, Police Pension, Roads and Sidewalks, Sheridan Avenue and Francis Avenue Street Improvement, Water, Sewer, and Refuse Funds.

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

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

**CITY OF BEXLEY
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)
(CONTINUED)**

THE CITY AS A WHOLE

As stated previously, the Statement of Net Assets looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2009 compared to 2008.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Assets:						
Current And Other Assets	\$12,328,352	\$10,953,404	\$2,884,319	\$3,004,487	\$15,212,671	\$13,957,891
Nondepreciable Capital Assets	5,452,811	1,322,627	0	0	5,452,811	1,322,627
Depreciable Capital Assets, Net	25,156,571	18,619,289	5,411,878	5,340,290	30,568,449	23,959,579
Total Assets	42,937,734	30,895,320	8,296,197	8,344,777	51,233,931	39,240,097
Liabilities:						
Current And Other Liabilities	3,255,639	3,602,275	884,221	986,192	4,139,860	4,588,467
Long-Term Liabilities: Due Within One Year	873,712	591,075	113,435	112,520	987,147	703,595
Due In More Than One Year	16,206,069	9,587,927	1,847,847	1,949,815	18,053,916	11,537,742
Total Liabilities	20,335,420	13,781,277	2,845,503	3,048,527	23,180,923	16,829,804
Net Assets:						
Invested In Capital Assets, Net Of Related Debt	15,976,898	11,004,188	4,108,943	3,976,915	20,085,841	14,981,103
Restricted For:						
Capital Outlay	101,672	0	0	0	101,672	0
Other Purposes	1,040,763	751,792	0	0	1,040,763	751,792
Unrestricted	5,482,981	5,358,063	1,341,751	1,319,335	6,824,732	6,677,398
Total Net Assets	\$22,602,314	\$17,114,043	\$5,450,694	\$5,296,250	\$28,053,008	\$22,410,293

Total net assets of the City's Governmental Activities increased \$5,488,271. Current and other assets increased \$1,374,948 as a result of the City having proceeds from a debt issue in 2009 that remained unspent at year-end. Nondepreciable capital assets increased \$4,130,184, mainly due to various street improvement projects being performed within the City. Depreciable capital assets, net increased primarily due to the completed construction of the new police station.

**CITY OF BEXLEY
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)
(CONTINUED)**

THE CITY AS A WHOLE (Continued)

Total liabilities in Governmental Activities increased \$6,554,143, mainly due to the issuance of general obligation bonds for the purpose of paying the costs of constructing, furnishing and equipping a police station and related facilities, landscaping and otherwise improving the site and acquiring related interests in real estate.

Invested in capital assets, net of related debt for Governmental Activities increased \$4,972,710 due to construction in progress additions to capital assets related to the various street improvements and the completed construction of the new police station.

The net assets of the City's Business-Type Activities increased \$154,444. Total liabilities decreased \$203,024 due to a significant decrease in intergovernmental payable. In the prior year, the City did not pay for its water contract with the City of Columbus until 2009. Unrestricted net assets increased \$22,416 primarily due to the City not realizing a significant increase in operating expenses in relation to the increase in user charges from the prior years.

Table 2 shows the changes in net assets for the years ended December 31, 2009 and 2008.

Table 2
Changes In Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Revenues:						
Program Revenues:						
Charges For Services	\$1,044,333	\$1,141,512	\$5,273,374	\$5,259,035	\$6,317,707	\$6,400,547
Operating Grants And Contributions	892,607	1,068,554	0	0	892,607	1,068,554
Capital Grants, Contributions And Interest	2,811,746	0	0	0	2,811,746	0
Total Program Revenues	4,748,686	2,210,066	5,273,374	5,259,035	10,022,060	7,469,101
General Revenues:						
Property Taxes	1,813,317	1,792,485	0	0	1,813,317	1,792,485
Revenue In Lieu Of Taxes	7,595	2,750	0	0	7,595	2,750
Other Local Taxes	163,855	160,764	0	0	163,855	160,764
Municipal Income Taxes Unrestricted	5,373,129	6,282,225	0	0	5,373,129	6,282,225
Grants And Entitlements Unrestricted	5,151,875	1,963,065	0	0	5,151,875	1,963,065
Investment Earnings	213,151	456,191	0	0	213,151	456,191
Other	401,484	43,690	20,765	11,326	422,249	55,016
Total General Revenues	13,124,406	10,701,170	20,765	11,326	13,145,171	10,712,496
Total Revenues	\$17,873,092	\$12,911,236	\$5,294,139	\$5,270,361	\$23,167,231	\$18,181,597

(Continued)

**CITY OF BEXLEY
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)
(CONTINUED)**

THE CITY AS A WHOLE (Continued)

Table 2
Changes In Net Assets
(Continued)

	Governmental Activities		Business-Type Activities		Total	
	2009	2008	2009	2008	2009	2008
Program Expenses:						
Security Of						
Persons And Property	\$5,328,927	\$4,841,094	\$0	\$0	\$5,328,927	\$4,841,094
Public Health And Welfare	81,713	79,897	0	0	81,713	79,897
Leisure Time Activities	1,296,985	1,648,849	0	0	1,296,985	1,648,849
Community Environment	600,663	624,096	0	0	600,663	624,096
Transportation	1,712,345	1,777,299	0	0	1,712,345	1,777,299
General Government	2,791,241	3,586,682	0	0	2,791,241	3,586,682
Interest And						
Fiscal Charges	522,721	269,653	0	0	522,721	269,653
Water	0	0	2,163,074	1,527,645	2,163,074	1,527,645
Sewer	0	0	2,031,231	1,943,996	2,031,231	1,943,996
Refuse	0	0	995,616	982,513	995,616	982,513
Total Expenses	<u>12,334,595</u>	<u>12,827,570</u>	<u>5,189,921</u>	<u>4,454,154</u>	<u>17,524,516</u>	<u>17,281,724</u>
Increase In Net Assets						
Before Transfers	5,538,497	83,666	104,218	816,207	5,642,715	899,873
Transfers	(50,226)	0	50,226	0	0	0
Increase In Net Assets	<u>5,488,271</u>	<u>83,666</u>	<u>154,444</u>	<u>816,207</u>	<u>5,642,715</u>	<u>899,873</u>
Net Assets At Beginning						
Of Year	<u>17,114,043</u>	<u>17,030,377</u>	<u>5,296,250</u>	<u>4,480,043</u>	<u>22,410,293</u>	<u>21,510,420</u>
Net Assets At End Of Year	<u>\$22,602,314</u>	<u>\$17,114,043</u>	<u>\$5,450,694</u>	<u>\$5,296,250</u>	<u>\$28,053,008</u>	<u>\$22,410,293</u>

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 increased considerably due to the City receiving OPWC grant proceeds for the Sheridan Avenue and Francis Avenue Street Improvement project. Operating grants decreased in 2009 due primarily to nonrecurring grant proceeds being received for Alum Creek Greenway in 2008. Revenues provided by sources in the form of charges for services, operating grants, and capital grants comprise \$4,748,686. The remaining revenues are primarily generated locally through property and income taxes as well as unrestricted grants and aid provided by the State totaling \$12,338,321. Unrestricted grants and aid demonstrated a significant increase from the prior year as a result of the City collecting more estate tax revenue in 2009 than in 2008. 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.

**CITY OF BEXLEY
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)
(CONTINUED)**

THE CITY AS A WHOLE (Continued)

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 \$154,444, primarily due to the City not realizing a significant increase in operating expenses in relation to the increase in user charges from the prior years.

THE CITY'S FUNDS

Information about the City's major Governmental Funds begins on page 15. These funds are reported using the modified accrual basis of accounting. All Governmental Funds had total revenues of \$18,504,509 and expenditures of \$24,151,580.

The General Fund balance increased \$1,899,620, due to the issuance of the 2009 Capital Facilities Bonds.

The Police Pension Fund balance increased \$13,828 due to transfers from the General Fund to support safety operations.

The Roads and Sidewalks Fund balance increased \$201,677. The City spent considerably less on its street improvements and other infrastructure assets from this Fund than it did in the prior years. Such expenditures were primarily made from the General Fund in 2009.

**CITY OF BEXLEY
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)
(CONTINUED)**

THE CITY'S FUNDS (Continued)

The Sheridan Avenue and Francis Avenue Street Improvement Fund balance decreased \$134,545 due to expenditures incurred relating to the project for which reimbursement was not yet received.

The Water Fund's net assets decreased \$173,707, primarily due to the City not realizing a significant increase in operating expenses in relation to the increase in user charges from the prior years.

The Sewer Fund's net assets increased \$284,851, primarily due to the City realizing a significant increase in operating expenses related to user charges during the current period.

The Refuse Fund's net assets increased \$43,300, primarily due to capital contributions existing from the City's governmental funds purchasing an asset to be utilized by the Refuse Fund.

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 2009, there were revisions to the budget which increased the appropriations by \$4,647,246. The increase in appropriations was primarily for capital outlay related to the new police station project and various street improvements.

Original General Fund budgeted revenues were \$17,110,620. The final budgeted amount was \$16,077,528 resulting in a \$1,033,092 decrease when compared to original budgeted revenues. The decrease in revenues was primarily related to municipal income taxes and intergovernmental revenue. Municipal income taxes revenues decreased as a result of the decline in the local economy. Intergovernmental revenues decreased as the City prepared a more conservative estate tax estimate. The City's General Fund's ending fund balance was \$1,773,614 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 and various street improvements. Other asset additions include the purchase of land, City vehicles, and various street improvements. Business-Type Activities capital assets increased \$71,588, due to infrastructure additions and donated vehicles.

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

Debt

At December 31, 2009, the City of Bexley had \$18,666,456 in debt outstanding for Governmental and Business-Type Activities.

Outstanding debt increased from 2009 due mainly to the issuances of \$7,400,000 in Capital Facilities Bonds.

**CITY OF BEXLEY
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2009
(UNAUDITED)
(CONTINUED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION (Continued)

The City's overall legal debt margin was \$34,297,299, with an unvoted debt margin of \$11,296,917 at December 31, 2009.

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

CONTACTING THE CITY'S FINANCE DEPARTMENT

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

**CITY OF BEXLEY
FRANKLIN COUNTY**

**STATEMENT OF NET ASSETS
DECEMBER 31, 2009**

	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
<u>Assets:</u>			
Equity In Pooled Cash And Cash Equivalents	\$ 7,222,703	\$ 1,823,687	\$ 9,046,390
Cash And Cash Equivalents In Segregated Accounts	2,118	-	2,118
Cash And Cash Equivalents With Fiscal Agents	43,691	-	43,691
Accrued Interest Receivable	40,118	-	40,118
Accounts Receivable	737	1,046,135	1,046,872
Municipal Income Taxes Receivable	1,599,092	-	1,599,092
Due From Other Governments	1,099,152	-	1,099,152
Materials And Supplies Inventory	32,165	8,332	40,497
Property Taxes Receivable	1,904,644	-	1,904,644
Other Local Taxes Receivable	41,589	-	41,589
Deferred Charges	342,343	6,165	348,508
Land And Construction In Progress	5,452,811	-	5,452,811
Depreciable Capital Assets, Net	25,156,571	5,411,878	30,568,449
Total Assets	42,937,734	8,296,197	51,233,931
<u>Liabilities:</u>			
Accounts Payable	210,889	82,890	293,779
Accrued Wages Payable	115,590	21,669	137,259
Contracts Payable	241,581	-	241,581
Retainage Payable	322,973	-	322,973
Due To Other Governments	279,976	758,454	1,038,430
Deferred Revenue	1,834,565	-	1,834,565
Vacation Balances Payable	203,557	13,685	217,242
Accrued Interest Payable	46,508	7,523	54,031
Long-Term Liabilities:			
Due Within One Year	873,712	113,435	987,147
Due In More Than One Year	16,206,069	1,847,847	18,053,916
Total Liabilities	20,335,420	2,845,503	23,180,923
<u>Net Assets:</u>			
Invested In Capital Assets, Net Of Related Debt	15,976,898	4,108,943	20,085,841
Restricted For:			
Capital Outlay	101,672	-	101,672
Other Purposes	1,040,763	-	1,040,763
Unrestricted	5,482,981	1,341,751	6,824,732
Total Net Assets	\$ 22,602,314	\$ 5,450,694	\$ 28,053,008

See Accompanying Notes to the Basic Financial Statements

CITY OF BEXLEY
FRANKLIN COUNTY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Program Revenues</u>			<u>Capital Grants, Contributions And Interest</u>
	<u>Expenses</u>	<u>Charges For Services</u>	<u>Operating Grants And Contributions</u>	
<u>Governmental Activities:</u>				
Security Of Persons And Property	\$ 5,328,927	\$ 94,952	\$ 76,935	\$ -
Public Health And Welfare	81,713	-	809	-
Leisure Time Activities	1,296,985	713,786	21,562	-
Community Environment	600,663	225,459	110,045	-
Transportation	1,712,345	785	683,256	2,811,746
General Government	2,791,241	9,351	-	-
Interest And Fiscal Charges	522,721	-	-	-
<i>Total Governmental Activities</i>	<u>12,334,595</u>	<u>1,044,333</u>	<u>892,607</u>	<u>2,811,746</u>
<u>Business-Type Activities:</u>				
Water	2,163,074	1,994,725	-	-
Sewer	2,031,231	2,299,846	-	-
Refuse	995,616	978,803	-	-
<i>Total Business-Type Activities</i>	<u>5,189,921</u>	<u>5,273,374</u>	<u>-</u>	<u>-</u>
<i>Total Activities</i>	<u>\$ 17,524,516</u>	<u>\$ 6,317,707</u>	<u>\$ 892,607</u>	<u>\$ 2,811,746</u>

General Revenues:

Property Taxes Levied For:
 General Purposes
 Transportation
 Police Pension
 Revenue In Lieu Of Taxes
 Other Local Taxes
 Municipal Income Taxes Levied For General Purposes
 Grants And Entitlements Not Restricted To Specific Programs
 Unrestricted Investment Earnings
 Other

Transfers

Total General Revenues and Transfers

Change In Net Assets

Net Assets At Beginning Of Year - Restated (See Note 19)

Net Assets At End Of Year

See Accompanying Notes to the Basic Financial Statements

Net (Expense) Revenue And Changes In Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (5,157,040)	\$ -	\$ (5,157,040)
(80,904)	-	(80,904)
(561,637)	-	(561,637)
(265,159)	-	(265,159)
1,783,442	-	1,783,442
(2,781,890)	-	(2,781,890)
(522,721)	-	(522,721)
<u>(7,585,909)</u>	<u>-</u>	<u>(7,585,909)</u>
-	(168,349)	(168,349)
-	268,615	268,615
-	(16,813)	(16,813)
<u>-</u>	<u>83,453</u>	<u>83,453</u>
<u>(7,585,909)</u>	<u>83,453</u>	<u>(7,502,456)</u>
682,298	-	682,298
748,145	-	748,145
382,874	-	382,874
7,595	-	7,595
163,855	-	163,855
5,373,129	-	5,373,129
5,151,875	-	5,151,875
213,151	-	213,151
401,484	20,765	422,249
(50,226)	50,226	-
<u>13,074,180</u>	<u>70,991</u>	<u>13,145,171</u>
5,488,271	154,444	5,642,715
<u>17,114,043</u>	<u>5,296,250</u>	<u>22,410,293</u>
<u>\$ 22,602,314</u>	<u>\$ 5,450,694</u>	<u>\$ 28,053,008</u>

CITY OF BEXLEY
FRANKLIN COUNTY

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2009

	<u>General</u>	<u>Police Pension</u>	<u>Roads And Sidewalks</u>	<u>Sheridan Avenue And Francis Avenue Street Improvement</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<u>Assets:</u>						
Equity In Pooled Cash And Cash Equivalents	\$ 5,854,676	\$ 161,444	\$ 519,856	\$ -	\$ 686,727	\$ 7,222,703
Cash And Cash Equivalents In Segregated Accounts	1,973	-	-	-	145	2,118
Cash And Cash Equivalents With Fiscal Agents	-	-	-	-	43,691	43,691
Receivables:						
Property Taxes	721,019	399,738	783,887	-	-	1,904,644
Other Local Taxes	41,589	-	-	-	-	41,589
Municipal Income Taxes	1,599,092	-	-	-	-	1,599,092
Accounts	737	-	-	-	-	737
Accrued Interest	40,118	-	-	-	-	40,118
Due From Other Governments	769,454	26,324	51,765	-	251,609	1,099,152
Materials And Supplies Inventory	4,812	-	-	-	27,353	32,165
Total Assets	\$ 9,033,470	\$ 587,506	\$ 1,355,508	\$ -	\$ 1,009,525	\$ 11,986,009
<u>Liabilities And Fund Balances:</u>						
<u>Liabilities:</u>						
Accounts Payable	\$ 162,149	\$ -	\$ 23,916	\$ -	\$ 24,824	\$ 210,889
Contracts Payable	218,551	-	4,568	18,156	306	241,581
Accrued Wages Payable	96,946	-	-	-	18,644	115,590
Retainage Payable	206,584	-	-	116,389	-	322,973
Due To Other Governments	137,093	123,026	-	-	19,857	279,976
Deferred Revenue	1,621,457	426,062	835,652	-	204,493	3,087,664
Total Liabilities	2,442,780	549,088	864,136	134,545	268,124	4,258,673
<u>Fund Balances:</u>						
Reserved For Encumbrances	3,451,465	-	211,073	-	65,632	3,728,170
Unreserved:						
Designated For Budget Stabilization	1,000,000	-	-	-	-	1,000,000
Undesignated (Deficit), Reported In:						
General Fund	2,139,225	-	-	-	-	2,139,225
Special Revenue Funds	-	38,418	280,299	-	571,620	890,337
Debt Service Fund	-	-	-	-	61,998	61,998
Capital Projects Funds	-	-	-	(134,545)	42,151	(92,394)
Total Fund Balances (Deficit)	6,590,690	38,418	491,372	(134,545)	741,401	7,727,336
Total Liabilities And Fund Balances	\$ 9,033,470	\$ 587,506	\$ 1,355,508	\$ -	\$ 1,009,525	\$ 11,986,009

See Accompanying Notes to the Basic Financial Statements

**CITY OF BEXLEY
FRANKLIN COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2009**

Total Governmental Fund Balances	\$	7,727,336
 <i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>		
Capital Assests used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:		
Land	462,707	
Construction In Progress	4,990,104	
Depreciable Capital Assets	39,812,822	
Accumulated Depreciation	<u>(14,656,251)</u>	
Total		30,609,382
Governmental funds report general obligation bond issuance costs as expenditures, whereas these amounts are deferred and amortized in the Statement of Activities.		
		342,343
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Municipal Income Taxes	477,216	
Property Taxes	70,079	
Due From Other Governments	691,736	
Accrued Interest	<u>14,068</u>	
Total		1,253,099
In the Statement of Activities, interest is accrued on outstanding bonds, and vacation balances are accrued, whereas in governmental funds, expenditures are reported when the liabilities are due.		
Accrued Interest	(46,508)	
Vacation Balances Payable	<u>(203,557)</u>	
Total		(250,065)
Some liabilities, including bonds payable and loans payable are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(14,065,500)	
Bond Premium	(265,132)	
Loss On Refunding	114,165	
OPWC Loans	(2,037,337)	
Capital Leases Payable	(125,658)	
Ohio Police And Fire Pension Obligation Payable	(367,894)	
Compensated Absences	<u>(332,425)</u>	
Total		<u>(17,079,781)</u>
<i>Net Assets Of Governmental Activities</i>	\$	<u><u>22,602,314</u></u>

See Accompanying Notes to the Basic Financial Statements

CITY OF BEXLEY
FRANKLIN COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>General</u>	<u>Police Pension</u>	<u>Roads And Sidewalks</u>	<u>Sheridan Avenue And Francis Avenue Street Improvement</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Revenues:						
Property Taxes	\$ 684,078	\$ 383,839	\$ 750,050	\$ -	\$ -	\$ 1,817,967
Municipal Income Taxes	5,940,465	-	-	-	-	5,940,465
Other Local Taxes	163,855	-	-	-	-	163,855
Intergovernmental	5,222,332	58,125	112,358	2,811,746	571,375	8,775,936
Charges For Services	-	-	-	-	687,222	687,222
Licenses And Permits	225,459	-	-	-	5,565	231,024
Fines And Forfeitures	93,327	-	-	-	5,411	98,738
Revenue In Lieu Of Taxes	-	-	-	-	7,595	7,595
Investment Earnings	221,267	-	-	-	-	221,267
Rent	-	-	-	-	27,349	27,349
Contributions And Donations	4,124	-	-	-	127,483	131,607
Miscellaneous	394,209	-	-	-	7,275	401,484
Total Revenues	12,949,116	441,964	862,408	2,811,746	1,439,275	18,504,509
Expenditures:						
Current:						
Security Of Persons And Property	4,666,809	451,343	-	-	-	5,118,152
Public Health And Welfare	81,713	-	-	-	-	81,713
Leisure Time Activities	230,448	-	-	-	934,893	1,165,341
Community Environment	484,539	-	-	-	113,281	597,820
Transportation	-	-	33,609	-	757,798	791,407
General Government	3,209,984	-	-	-	1,598	3,211,582
Capital Outlay	7,864,520	-	627,122	3,092,610	26,921	11,611,173
Debt Service:						
Principal Retirement	62,132	7,904	-	-	860,153	930,189
Interest And Fiscal Charges	8,280	15,889	-	-	458,199	482,368
Issuance Costs	-	-	-	-	161,835	161,835
Total Expenditures	16,608,425	475,136	660,731	3,092,610	3,314,678	24,151,580
Excess Of Revenues Over (Under) Expenditures	(3,659,309)	(33,172)	201,677	(280,864)	(1,875,403)	(5,647,071)
Other Financing Sources (Uses):						
Issuance Of General Obligation Bonds	7,400,000	-	-	-	-	7,400,000
Proceeds From Sale Of Capital Assets	12,001	-	-	-	-	12,001
Proceeds Of OPWC Loan	-	-	-	6,319	206,600	212,919
Premium On Debt Issued	-	-	-	-	220,781	220,781
Transfers In	-	47,000	-	140,000	1,736,072	1,923,072
Transfers Out	(1,853,072)	-	-	-	-	(1,853,072)
Total Other Financing Sources (Uses)	5,558,929	47,000	-	146,319	2,163,453	7,915,701
Net Change In Fund Balance	1,899,620	13,828	201,677	(134,545)	288,050	2,268,630
Fund Balances At Beginning Of Year - Restated (See Note 19)	4,691,070	24,590	289,695	-	453,351	5,458,706
Fund Balances (Deficit) At End Of Year	\$ 6,590,690	\$ 38,418	\$ 491,372	\$ (134,545)	\$ 741,401	\$ 7,727,336

See Accompanying Notes to the Basic Financial Statements

CITY OF BEXLEY
FRANKLIN COUNTY

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2009**

Net Change In Fund Balances - Total Governmental Funds		\$ 2,268,630
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital Assets Additions	1,543,283	
Construction in Progress Additions	10,398,770	
Depreciation	<u>(1,262,435)</u>	
Excess of Capital Outlay over Depreciation Expense		10,679,618
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	(12,001)	
Loss On Disposal Of Assets	<u>(151)</u>	
		(12,152)
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	(7,400,000)	
Premium On General Obligation Bonds	(220,781)	
Proceeds Of OPWC Loans	<u>(212,919)</u>	
		(7,833,700)
Governmental funds report bond issuance costs as expenditures, whereas these amounts are deferred and amortized in the Statement of Activities.		
		161,835
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	772,600	
OPWC Loan Payments	73,421	
Police And Fire Pension Obligation	7,904	
Capital Lease Payments	<u>76,264</u>	
		930,189
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	(567,336)	
Property Taxes	(4,650)	
Intergovernmental	(51,315)	
Accrued Interest	<u>(8,116)</u>	
		(631,417)
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	(18,570)	
Amortization Of Bond Premiums	14,116	
Amortization Of Loss On Refunding	(12,685)	
Net Increase In Accrued Interest	<u>(23,214)</u>	
		(40,353)
Some items reported as expenses in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
These activities consist of:		
Increase In Vacation Balances Payable	(35,680)	
Decrease In Compensated Absences	<u>1,301</u>	
		(34,379)
<i>Change In Net Assets Of Governmental Activities</i>		<u><u>\$ 5,488,271</u></u>

See Accompanying Notes to the Basic Financial Statements

**CITY OF BEXLEY
FRANKLIN COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<i>Original Budget</i>	<i>Revised Budget</i>	<i>Budgetary Actual</i>	<i>Variance Positive (Negative)</i>
<u>Revenues:</u>				
Property Taxes	\$ 694,123	\$ 694,123	\$ 684,078	\$ (10,045)
Municipal Income Taxes	7,880,681	7,384,749	5,727,761	(1,656,988)
Other Local Taxes	226,169	211,936	164,382	(47,554)
Intergovernmental	7,445,989	6,977,412	5,411,822	(1,565,590)
Licenses And Permits	310,203	290,682	225,459	(65,223)
Fines And Forfeitures	129,744	121,579	94,299	(27,280)
Investment Earnings	379,865	355,960	276,090	(79,870)
Contributions And Donations	5,674	5,317	4,124	(1,193)
Miscellaneous	38,172	35,770	393,472	357,702
Total Revenues	17,110,620	16,077,528	12,981,487	(3,096,041)
<u>Expenditures:</u>				
Current:				
Security Of Persons And Property	4,762,740	4,882,695	4,813,559	69,136
Public Health And Welfare	87,096	87,796	81,713	6,083
Leisure Time Activities	287,445	287,445	235,465	51,980
Community Environment	533,061	533,061	495,744	37,317
General Government	4,206,076	4,263,383	3,695,299	568,084
Capital Outlay	7,905,820	12,078,183	11,500,357	577,826
Total Expenditures	17,782,238	22,132,563	20,822,137	1,310,426
Excess Of Revenues Under Expenditures	(671,618)	(6,055,035)	(7,840,650)	(1,785,615)
<u>Other Financing Sources (Uses):</u>				
Issuance Of General Obligation Bonds	-	7,400,000	7,400,000	-
Proceeds From Sale Of Capital Assets	-	-	12,001	12,001
Transfers Out	(1,556,151)	(1,853,072)	(1,853,072)	-
Total Other Financing Sources (Uses)	(1,556,151)	5,546,928	5,558,929	12,001
Net Change In Fund Balance	(2,227,769)	(508,107)	(2,281,721)	(1,773,614)
Fund Balance (Deficit) At Beginning Of Year	(3,723,231)	(3,723,231)	(3,723,231)	-
Prior Year Encumbrances	7,837,763	7,837,763	7,837,763	-
Fund Balance At End Of Year	\$ 1,886,763	\$ 3,606,425	\$ 1,832,811	\$ (1,773,614)

See Accompanying Notes to the Basic Financial Statements

CITY OF BEXLEY
FRANKLIN COUNTY

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
POLICE PENSION SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Budgetary Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues:</u>				
Property Taxes	\$ 384,303	\$ 384,303	\$ 383,839	\$ (464)
Intergovernmental	48,307	48,307	58,125	9,818
<i>Total Revenues</i>	<u>432,610</u>	<u>432,610</u>	<u>441,964</u>	<u>9,354</u>
<u>Expenditures:</u>				
Current:				
Security Of Persons And Property	494,732	470,939	449,453	21,486
Debt Service:				
Principal Retirement	-	7,904	7,904	-
Interest And Fiscal Charges	-	15,889	15,889	-
<i>Total Expenditures</i>	<u>494,732</u>	<u>494,732</u>	<u>473,246</u>	<u>21,486</u>
Excess Of Revenues Over (Under) Expenditures	(62,122)	(62,122)	(31,282)	30,840
<u>Other Financing Sources:</u>				
Transfers In	47,000	47,000	47,000	-
Net Change In Fund Balance	(15,122)	(15,122)	15,718	30,840
Fund Balance At Beginning Of Year	145,726	145,726	145,726	-
Prior Year Encumbrances	-	-	-	-
<i>Fund Balance At End Of Year</i>	<u>\$ 130,604</u>	<u>\$ 130,604</u>	<u>\$ 161,444</u>	<u>\$ 30,840</u>

See Accompanying Notes to the Basic Financial Statements

CITY OF BEXLEY
FRANKLIN COUNTY

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ROADS AND SIDEWALKS SPECIAL REVENUE FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Budgetary Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues:</u>				
Property Taxes	\$ 753,895	\$ 733,792	\$ 750,050	\$ 16,258
Intergovernmental	109,717	109,717	112,358	2,641
<i>Total Revenues</i>	<u>863,612</u>	<u>843,509</u>	<u>862,408</u>	<u>18,899</u>
<u>Expenditures:</u>				
Current:				
Transportation	10,000	10,000	9,693	307
Capital Outlay	940,053	940,053	913,294	26,759
<i>Total Expenditures</i>	<u>950,053</u>	<u>950,053</u>	<u>922,987</u>	<u>27,066</u>
Net Change In Fund Balance	(86,441)	(106,544)	(60,579)	45,965
Fund Balance At Beginning Of Year	262,937	262,937	262,937	-
Prior Year Encumbrances	90,053	90,053	90,053	-
<i>Fund Balance At End Of Year</i>	<u>\$ 266,549</u>	<u>\$ 246,446</u>	<u>\$ 292,411</u>	<u>\$ 45,965</u>

See Accompanying Notes to the Basic Financial Statements

**CITY OF BEXLEY
FRANKLIN COUNTY**

**STATEMENT OF FUND NET ASSETS
ENTERPRISE FUNDS
DECEMBER 31, 2009**

	<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	\$ 452,647	\$ 1,152,827	\$ 218,213	\$ 1,823,687
Accounts Receivable	456,733	589,402	-	1,046,135
Materials And Supplies Inventory	1,049	1,049	6,234	8,332
<i>Total Current Assets</i>	<u>910,429</u>	<u>1,743,278</u>	<u>224,447</u>	<u>2,878,154</u>
<u>Non-Current Assets:</u>				
Deferred Charges	6,165	-	-	6,165
Depreciable Capital Assets, Net	2,220,096	3,132,708	59,074	5,411,878
<i>Total Non-Current Assets</i>	<u>2,226,261</u>	<u>3,132,708</u>	<u>59,074</u>	<u>5,418,043</u>
<i>Total Assets</i>	<u>3,136,690</u>	<u>4,875,986</u>	<u>283,521</u>	<u>8,296,197</u>
<u>Liabilities:</u>				
<u>Current Liabilities:</u>				
Accounts Payable	900	3,457	78,533	82,890
Accrued Wages Payable	12,673	7,451	1,545	21,669
Due To Other Governments	363,969	393,334	1,151	758,454
Vacation Balances Payable	11,926	1,759	-	13,685
Accrued Interest Payable	5,062	2,461	-	7,523
Compensated Absences Payable	837	373	-	1,210
General Obligation Bonds Payable	53,500	35,000	-	88,500
OPWC Loans Payable	-	23,725	-	23,725
<i>Total Current Liabilities</i>	<u>448,867</u>	<u>467,560</u>	<u>81,229</u>	<u>997,656</u>
<u>Long-Term Liabilities (Net Of Current Portion):</u>				
Compensated Absences Payable	28,332	12,640	-	40,972
General Obligation Bonds Payable	641,000	810,000	-	1,451,000
OPWC Loans Payable	-	355,875	-	355,875
<i>Total Long-Term Liabilities</i>	<u>669,332</u>	<u>1,178,515</u>	<u>-</u>	<u>1,847,847</u>
<i>Total Liabilities</i>	<u>1,118,199</u>	<u>1,646,075</u>	<u>81,229</u>	<u>2,845,503</u>
<u>Net Assets:</u>				
Invested In Capital Assets, Net Of Related Debt	2,141,761	1,908,108	59,074	4,108,943
Unrestricted (Deficit)	(123,270)	1,321,803	143,218	1,341,751
<i>Total Net Assets</i>	<u>\$ 2,018,491</u>	<u>\$ 3,229,911</u>	<u>\$ 202,292</u>	<u>\$ 5,450,694</u>

See Accompanying Notes to the Basic Financial Statements

CITY OF BEXLEY
FRANKLIN COUNTY

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>	<u>Total</u>
<u>Operating Revenues:</u>				
Charges For Services	\$ 1,994,725	\$ 2,299,846	\$ 978,803	\$ 5,273,374
Miscellaneous	4,529	16,236	-	20,765
<i>Total Operating Revenues</i>	<u>1,999,254</u>	<u>2,316,082</u>	<u>978,803</u>	<u>5,294,139</u>
<u>Operating Expenses:</u>				
Personal Services	242,038	251,377	40,685	534,100
Contractual Services	1,773,917	1,603,573	946,440	4,323,930
Materials And Supplies	17,794	6,692	1,582	26,068
Depreciation	86,602	114,869	3,909	205,380
Other Operating Expenses	5,509	24,017	3,000	32,526
<i>Total Operating Expenses</i>	<u>2,125,860</u>	<u>2,000,528</u>	<u>995,616</u>	<u>5,122,004</u>
Operating Income (Loss)	(126,606)	315,554	(16,813)	172,135
<u>Non-Operating Expenses:</u>				
Interest And Fiscal Charges	(37,214)	(30,703)	-	(67,917)
Income (Loss) Before Capital Contributions and Transfers	(163,820)	284,851	(16,813)	104,218
Capital Contributions	60,113	-	60,113	120,226
Transfers Out	(70,000)	-	-	(70,000)
Change In Net Assets	(173,707)	284,851	43,300	154,444
Net Assets At Beginning Of Year - Restated (See Note 19)	<u>2,192,198</u>	<u>2,945,060</u>	<u>158,992</u>	<u>5,296,250</u>
<i>Net Assets At End Of Year</i>	<u>\$ 2,018,491</u>	<u>\$ 3,229,911</u>	<u>\$ 202,292</u>	<u>\$ 5,450,694</u>

See Accompanying Notes to the Basic Financial Statements

**CITY OF BEXLEY
FRANKLIN COUNTY**

**STATEMENT OF CASH FLOWS
ENTERPRISE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>	<u>Total</u>
<u>Increases (Decreases) In Cash And Cash Equivalents:</u>				
Cash Flows From Operating Activities:				
Cash Received From Customers	\$ 2,009,731	\$ 2,283,698	\$ 980,556	\$ 5,273,985
Cash Payments For Personal Services	(225,929)	(253,192)	(40,309)	(519,430)
Cash Payments To Suppliers For Goods And Services	(1,841,217)	(1,593,897)	(1,023,547)	(4,458,661)
Cash Payments For Other Operating Expenses	(5,509)	(24,017)	(3,000)	(32,526)
Other Operating Revenues	4,529	16,236	-	20,765
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>(58,395)</u>	<u>428,828</u>	<u>(86,300)</u>	<u>284,133</u>
Cash Flows From Noncapital Financing Activities:				
Transfers To Other Funds	(70,000)	-	-	(70,000)
Cash Flows From Capital And Related Financing Activities:				
Acquisition Of Capital Assets	(28,888)	(127,854)	-	(156,742)
Principal Paid On General Obligation Bonds	(53,400)	(34,000)	-	(87,400)
Principal Paid On OPWC Loans	-	(23,725)	-	(23,725)
Interest And Fiscal Charges Paid On General Obligation Bonds	(34,328)	(30,810)	-	(65,138)
<i>Net Cash Used For Capital And Related Financing Activities</i>	<u>(116,616)</u>	<u>(216,389)</u>	<u>-</u>	<u>(333,005)</u>
<i>Net Increase (Decrease) In Cash And Cash Equivalents</i>	(245,011)	212,439	(86,300)	(118,872)
Cash And Cash Equivalents At Beginning Of Year	697,658	940,388	304,513	1,942,559
<i>Cash And Cash Equivalents At End Of Year</i>	<u>452,647</u>	<u>1,152,827</u>	<u>218,213</u>	<u>1,823,687</u>
<u>Reconciliation Of Operating Income (Loss) To Net Cash Provided By (Used For) Operating Activities:</u>				
Operating Income (Loss)	(126,606)	315,554	(16,813)	172,135
<u>Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided By (Used For) Operating Activities:</u>				
Depreciation	86,602	114,869	3,909	205,380
Changes In Assets And Liabilities:				
Decrease (Increase) In Accounts Receivable	15,006	(16,148)	1,753	611
Increase (Decrease) In Accounts Payable	(3,902)	691	(75,525)	(78,736)
Increase (Decrease) In Accrued Wages Payable	597	(1,744)	270	(877)
Increase (Decrease) In Due To Other Governments	(45,097)	15,398	106	(29,593)
Increase (Decrease) In Vacation Balances Payable	5,858	(717)	-	5,141
Increase In Compensated Absences Payable	9,147	925	-	10,072
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>\$ (58,395)</u>	<u>\$ 428,828</u>	<u>\$ (86,300)</u>	<u>\$ 284,133</u>
Noncash Capital Financing Activities:				
Vehicles Contributed By Governmental Funds	<u>\$ 60,113</u>	<u>\$ -</u>	<u>\$ 60,113</u>	<u>\$ 120,226</u>

See Accompanying Notes to the Basic Financial Statements

CITY OF BEXLEY
FRANKLIN COUNTY

STATEMENT OF FIDUCIARY
ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2009

Assets:

Cash And Cash Equivalents
In Segregated Accounts \$ 63,285

Liabilities:

Undistributed Assets \$ 783
Deposits Held And Due To Others 62,502

Total Liabilities \$ 63,285

See Accompanying Notes to the Basic Financial Statements

**CITY OF BEXLEY
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009**

NOTE 1 - DESCRIPTION OF THE CITY AND REPORTING ENTITY

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

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

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

Reporting Entity

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

CITY OF BEXLEY
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

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

CITY OF BEXLEY
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Accounting (Continued)

The following are the City's major governmental funds:

General Fund - This fund accounts for 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.

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

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

Sheridan Avenue and Francis Avenue Street Improvement Fund - This fund accounts for Ohio Public Works Commission monies which are paid directly to contractors by the OPWC (the fund also has a related revenue line item) and to account for the matching amount paid by the City.

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.

Fiduciary Funds

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

CITY OF BEXLEY
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

Basis of Accounting

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

Revenues - Exchange and Non-Exchange Transactions

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

CITY OF BEXLEY
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting (Continued)

Revenues - Exchange and Non-Exchange Transactions (Continued)

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, revenue in lieu of taxes, grants, entitlements, and donations. On an accrual basis, revenue from income tax is recognized in the year in which the income is earned. Revenue from property taxes and revenue in lieu of taxes are recognized in the year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Revenues

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

Property taxes for which there is an enforceable legal claim as of December 31, 2009, but were levied to finance 2010 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
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(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 National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Bonds, and STAROhio. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during 2009. 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, 2009.

Interest income is distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue credited to the General Fund during 2009 amounted to \$221,267, which includes \$102,274 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 expensed/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.

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

**CITY OF BEXLEY
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

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

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

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

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

Compensated Absences

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

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

Accrued Liabilities and Long-Term Obligations

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

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

**CITY OF BEXLEY
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unamortized Bond Premiums and Bond Issuance Costs/Loss

Issuance costs reported on the government-wide statements and enterprise fund statements are deferred and amortized over the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method and are recorded as deferred charges. Bond premiums are presented as an increase to the face amount of the bonds payable. On the governmental fund financial statements, premiums and issuance costs are recorded when received/paid. The accounting loss on refunded bonds (difference between the acquisition price and net carrying amount of the old debt) is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter.

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.

Net Assets

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

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

**CITY OF BEXLEY
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating Revenues and Expenses

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

Contributions of Capital

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

Estimates

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

Budgets and Budgetary Accounting

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

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

**CITY OF BEXLEY
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)**

NOTE 3 - ACCOUNTABILITY

The Sheridan Avenue and Francis Avenue Street Improvement Capital Projects Fund had a deficit fund balance of \$134,545 at December 31, 2009. The General Fund is liable for the deficits and provides transfers when cash is required, not when accruals occur.

Contrary to Ohio Revised Code 5705.36(A)(4) the General, Sheridan & Francis, Street Maintenance and Repair, and Bexley Beautification funds had appropriations exceeding actual resources of \$431,347, \$2,610,505, \$59,352, and \$2,178, respectively.

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 Police Pension and Roads and Sidewalks Special Revenue Funds on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- (c) 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.
- (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 Police Pension and Roads and Sidewalks Special Revenue Funds are as follows:

**CITY OF BEXLEY
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)**

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (Continued)

*Net Change
In Fund Balance*

	<i>General</i>	<i>Police Pension</i>	<i>Roads and Sidewalks</i>
GAAP Basis	\$1,899,620	\$13,828	\$201,677
<i><u>Increases (Decreases) Due To:</u></i>			
Revenue Accruals	(22,836)	0	0
Expenditure Accruals	(261,338)	1,890	(34,811)
Encumbrances Outstanding			
At Year-end (Budget Basis)	(3,952,374)	0	(227,445)
Change In Fair Value Of Investments - 2009	(58,234)	0	0
Change In Fair Value Of Investments - 2008	122,161	0	0
Unrecorded Cash - 2009	(13,230)	0	0
Unrecorded Cash - 2008	4,510	0	0
Budget Basis	(\$2,281,721)	\$15,718	(\$60,579)

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
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(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 year-end, \$729,281 of the City's bank balance of \$1,644,187 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution.

**CITY OF BEXLEY
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)**

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

Investments

As of December 31, 2009, the City had the following investments:

	Fair Value	Investment Maturities (in Years)		S&P Rating	Percent of Total Investments	Call Dates
		Less than 1	1 - 5			
Federal National Mortgage Association Notes	\$3,262,983	\$0	\$3,262,983	AAA	40.46%	2/12/2010 - 5/13/2011
Federal Home Loan Mortgage Corporation Notes	1,755,860	0	1,755,860	AAA	21.77%	2/17/2010 - 3/24/2010
Federal Home Loan Banks Bonds	3,036,235	0	3,036,235	AAA	37.65%	3/26/2010 - 1/9/2012
STAROhio	10,002	10,002	0	AAAm	0.12%	-
Totals	<u>\$8,065,080</u>	<u>\$10,002</u>	<u>\$8,055,078</u>		<u>100.00%</u>	

Interest Rate Risk

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

Credit Risk

The 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.

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.

**CITY OF BEXLEY
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)**

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 2009 for real and public utility property taxes represents collections of 2008 taxes. Property tax payments received during 2009 for tangible personal property (other than public utility property) are for 2009 taxes.

2009 real property taxes are levied after October 1, 2009 on the assessed value as of January 1, 2009, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2009 real property taxes are collected in and intended to finance 2010. 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. 2009 public utility property taxes became a lien December 31, 2008, are levied after October 1, 2009, and are collected in 2010 with real property taxes.

Tangible personal property tax revenue received during 2009 (other than public utility property tax) represents the collection of 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Payments made 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.

The full tax rate for all City operations for the year ended December 31, 2009, was \$7.85 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2009 property tax receipts were based are as follows:

<u>Category</u>	<u>Assessed Value</u>
Real Property	
Residential/Agricultural	\$432,068,010
Commercial/Industrial/Public Utility	24,925,350
Public Utility Personal	2,856,170
General Business Personal	158,097
Total Property Taxes	\$460,007,627

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, 2009, 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 2009 operations, and the collections of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

CITY OF BEXLEY
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)

NOTE 8 - RECEIVABLES

Receivables at December 31, 2009, consisted of property taxes, other local 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 and income taxes. Water and sewer charges receivable which, if delinquent, may be certified and collected as a special assessment, are subject to foreclosure for nonpayment. Property and income taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
<u>Governmental Activities</u>	
Local Government	\$441,604
Estate Tax	279,998
Homestead And Rollback	125,941
Auto License	33,600
Gasoline Tax	121,202
Municipal Cents Per Gallon Tax	58,443
Permissive Motor Vehicle License Tax	38,364
Total Intergovernmental Receivable	<u><u>\$1,099,152</u></u>

**CITY OF BEXLEY
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)**

NOTE 9 - CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2009, was as follows:

	<i>Balance At 12/31/2008</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance At 12/31/2009</i>
<u>Governmental Activities</u>				
Capital Assets, Not Being Depreciated:				
Land	\$440,623	\$22,084	\$0	\$462,707
Construction In Progress	882,004	10,398,770	(6,290,670)	4,990,104
Total Capital Assets, Not Being Depreciated	<u>1,322,627</u>	<u>10,420,854</u>	<u>(6,290,670)</u>	<u>5,452,811</u>
Depreciable Capital Assets:				
Land Improvements	895,272	0	0	895,272
Buildings And Improvements	6,715,017	6,721,702	0	13,436,719
Equipment	1,817,193	92,336	(14,179)	1,895,350
Vehicles	1,156,417	180,383	(137,500)	1,199,300
Infrastructure	21,568,733	817,448	0	22,386,181
Total Depreciable Capital Assets	<u>32,152,632</u>	<u>7,811,869</u>	<u>(151,679)</u>	<u>39,812,822</u>
Less Accumulated Depreciation:				
Land Improvements	(604,537)	(14,608)	0	(619,145)
Buildings And Improvements	(1,384,447)	(188,217)	0	(1,572,664)
Equipment	(1,235,917)	(107,610)	5,672	(1,337,855)
Vehicles	(833,235)	(93,553)	133,855	(792,933)
Infrastructure	(9,475,207)	(858,447)	0	(10,333,654)
Total Accumulated Depreciation	<u>(13,533,343)</u>	<u>(1,262,435)</u>	<u>139,527</u>	<u>(14,656,251)</u>
Governmental Activities Capital Assets, Net	<u>\$19,941,916</u>	<u>\$16,970,288</u>	<u>(\$6,302,822)</u>	<u>\$30,609,382</u>

Depreciation expense was charged to governmental programs as follows:

Security Of Persons And Property	\$170,465
Leisure Time Activities	133,229
Community Environment	908
Transportation	934,197
General Government	23,636
Total Depreciation Expense	<u>\$1,262,435</u>

**CITY OF BEXLEY
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)**

NOTE 9 - CAPITAL ASSETS (Continued)

	<i>Restated Balance At 12/31/2008</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance At 12/31/2009</i>
<u>Business-Type Activities</u>				
Depreciable Capital Assets:				
Land Improvements	\$36,421	\$0	\$0	\$36,421
Buildings And Improvements	49,657	0	0	49,657
Equipment	32,314	0	0	32,314
Vehicles	259,149	120,226	0	379,375
Infrastructure	8,102,416	156,742	0	8,259,158
Total Depreciable Capital Assets	<u>8,479,957</u>	<u>276,968</u>	<u>0</u>	<u>8,756,925</u>
Less Accumulated Depreciation:				
Land Improvements	(36,417)	(4)	0	(36,421)
Buildings And Improvements	(39,135)	(558)	0	(39,693)
Equipment	(22,703)	(1,034)	0	(23,737)
Vehicles	(154,579)	(40,168)	0	(194,747)
Infrastructure	(2,886,833)	(163,616)	0	(3,050,449)
Total Accumulated Depreciation	<u>(3,139,667)</u>	<u>(205,380)</u>	<u>0</u>	<u>(3,345,047)</u>
Business-Type Activities Capital Assets, Net	<u>\$5,340,290</u>	<u>\$71,588</u>	<u>\$0</u>	<u>\$5,411,878</u>

For the year ended December 31, 2009, the City's enterprise funds received vehicles that were paid for from other governmental funds, which were recorded as capital assets in the respective funds. The value of the vehicles was \$120,226.

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
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)**

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

Ohio Public Employees Retirement System (Continued)

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2009, members in state and local classifications contributed 10.0 percent of covered payroll while public safety and law enforcement members contributed 10.1 percent.

The City's 2009 contribution rate was 14.0 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.63 percent of covered payroll. For the period January 1 through March 31, a portion of the City's contribution equal to 7.0 percent of covered payroll was allocated to fund the post-employment health care plan; for the period April 1 through December 31, 2009, this amount was decreased to 5.5 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the City of 14.0 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The City's required contributions for pension obligations to the traditional pension and combined plans for the years ended December 31, 2009, 2008, and 2007 were \$253,346, \$217,495, and \$257,654, respectively; 88.56 percent has been contributed for 2009 and 100 percent for 2008 and 2007. Contributions to the member-directed plan for 2009 were \$10,993 made by the City and \$7,852 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, while employers are required to contribute 19.5 percent for police officers. The City has no firefighters. The City's contributions to OP&F for police were \$316,167 for the year ended December 31, 2009, \$276,930 for the year ended December 31, 2008, and \$303,231 for the year ended December 31, 2007. 74.56 percent for police has been contributed for 2009. The full amount has been contributed for 2008 and 2007.

NOTE 11 – POST-EMPLOYMENT 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 coverage. The plan includes a medical plan, a prescription drug program and Medicare Part B premium reimbursement.

**CITY OF BEXLEY
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)**

NOTE 11 – POST-EMPLOYMENT BENEFITS (Continued)

Ohio Public Employees Retirement System (Continued)

In order to qualify for post-employment health care coverage, age-and-service retirees under the traditional pension and combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not 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 the 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 OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009, state and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 17.63 percent. 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. The amount of employer contributions which were allocated to fund post-employment health care was 7.0 percent from January 1 through March 31, 2009, and 5.5 percent from April 1 through December 31, 2009.

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

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2009, 2008, and 2007 were \$163,930, \$217,495, and \$196,933, respectively; 88.56 percent has been contributed for 2009 and 100 percent for 2008 and 2007.

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 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

Ohio Police and Fire Pension Fund

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

**CITY OF BEXLEY
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)**

NOTE 11 – POST-EMPLOYMENT BENEFITS (Continued)

Ohio Police and Fire Pension Fund (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 health care coverage provided by OP&F meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

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

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

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required 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 Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units. Active member do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2009, the employer contribution allocated to the health care plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police were \$167,382 for the year ended December 31, 2009, \$146,610 for the year ended December 31, 2008, and \$160,534 for the year ended December 31, 2007. 74.56 percent has been contributed for police for 2009. The full amount has been contributed for 2008 and 2007.

CITY OF BEXLEY
FRANKLIN COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(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 2009, the City provided its employees group health and prescription drug insurance through Anthem. Life, dental, and vision insurance is provided through AIG, Delta Dental, and VSP, respectively.

Deferred Compensation

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

NOTE 13 - CAPITAL LEASES - LESSEE DISCLOSURE

In prior years, the City has entered into capitalized leases for vehicles, 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 \$303,137. This amount represents the present value of the minimum lease payments at the time of acquisition. Principal payments in 2009 totaled \$76,264 in the governmental funds.

**CITY OF BEXLEY
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)**

NOTE 13 - CAPITAL LEASES - LESSEE DISCLOSURE (Continued)

The assets acquired through capital leases as of December 31, 2009, are as follows:

	<i>Asset Value</i>	<i>Accumulated Depreciation</i>	<i>Net Book Value</i>
Police Vehicles	\$119,669	\$29,590	\$90,079
Vehicles	60,324	11,311	49,013
Street Equipment	59,044	5,904	53,140
Copier	64,100	51,280	12,820
Totals	\$303,137	\$98,085	\$205,052

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, 2009:

<i>Year Ending December 31,</i>	<i>Payments</i>
2010	\$63,145
2011	30,431
2012	30,431
2013	13,675
Total	137,682
Less: Amount Representing Interest	(12,024)
Present Value of Minimum Lease Payment	\$125,658

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, 2009, was as follows:

**CITY OF BEXLEY
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)**

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

<i>Types / Issues</i>	<i>Balance 12/31/08</i>	<i>Issued</i>	<i>Retired</i>	<i>Balance 12/31/09</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	\$660,000	\$0	\$50,000	\$610,000	\$50,000
2008 - 3.0 - 4.0% Various Purpose Refunding Bonds \$1,017,500	966,900	0	37,400	929,500	38,500
<u>Ohio Public Works Commission (OPWC) Loans</u>					
2005 - 0.00% Main Street Sewer Project \$474,500	403,325	0	23,725	379,600	23,725
Compensated Absences	32,110	12,377	2,305	42,182	1,210
Total Business-Type Activities	<u>\$2,062,335</u>	<u>\$12,377</u>	<u>\$113,430</u>	<u>\$1,961,282</u>	<u>\$113,435</u>
<u>Governmental Activities</u>					
<u>General Obligation Bonds</u>					
2008 - 3.0 - 4.0% Various Purpose Refunding Bonds \$6,582,500	\$6,138,100	\$0	\$362,600	\$5,775,500	\$376,500
Premium On Refunding Bonds	58,467	0	3,077	55,390	0
Loss On Refunding	(126,850)	0	(12,685)	(114,165)	0
2008 - 3.0 - 4.0% Jeffrey Mansion Improvement Bonds \$1,330,000	1,300,000	0	50,000	1,250,000	50,000
2009 - 2.5 - 5.0% Capital Facilities Bonds \$7,400,000	0	7,400,000	360,000	7,040,000	275,000
Premium On Bonds	0	220,781	11,039	209,742	0
<u>Ohio Public Works Commission (OPWC) Loans</u>					
2006 - 0.00% North Cassady Avenue Reconstruction \$1,496,936	1,431,705	0	73,421	1,358,284	73,421
2008 - 0.00% Maryland Avenue Reconstruction	466,134	206,600	0	672,734	22,424
2009 - 0.00% Sheridan Avenues/Francis Avenue Improvement	0	6,319	0	6,319	0
Capital Leases	201,922	0	76,264	125,658	57,044
Ohio Police And Fire Pension	375,798	0	7,904	367,894	8,244
Compensated Absences	333,726	5,848	7,149	332,425	11,079
Total Governmental Activities	<u>\$10,179,002</u>	<u>\$7,839,548</u>	<u>\$938,769</u>	<u>\$17,079,781</u>	<u>\$873,712</u>

**CITY OF BEXLEY
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)**

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

The City's overall legal debt margin was \$34,297,299, with an unvoted debt margin of \$11,296,917 at December 31, 2009.

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

Year	<i>Business-Type Activities</i>						
	<i>Water General Obligation Bonds</i>		<i>Sewer General Obligation Bonds</i>		<i>Sewer OPWC Loans</i>	<i>Total</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Principal</i>	<i>Interest</i>
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	63,900	21,561	39,000	22,648	23,725	126,625	44,209
2015-2019	361,800	59,456	218,000	83,090	118,625	698,425	142,546
2020-2024	26,100	4,192	261,000	43,601	118,625	405,725	47,793
2025-2027	18,100	925	181,000	9,615	23,725	222,825	10,540
Totals	<u>\$694,500</u>	<u>\$198,684</u>	<u>\$845,000</u>	<u>\$266,997</u>	<u>\$379,600</u>	<u>\$1,919,100</u>	<u>\$465,681</u>

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

Year	<i>Governmental Activities</i>						
	<i>General Obligation Bonds</i>		<i>Ohio Police And Fire Pension Liability</i>		<i>OPWC Loans</i>	<i>Total</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Principal</i>	<i>Interest</i>
2010	\$701,500	\$542,450	\$8,244	\$15,549	\$95,845	\$805,589	\$557,999
2011	720,400	523,215	8,598	15,195	118,270	847,268	538,410
2012	739,300	497,776	8,967	14,825	118,270	866,537	512,601
2013	768,200	476,379	9,352	14,440	118,270	895,822	490,819
2014	782,100	453,443	9,754	14,039	118,270	910,124	467,482
2015-2019	4,010,200	1,855,106	55,427	63,538	591,350	4,656,977	1,918,644
2020-2024	3,397,900	1,160,702	68,397	50,566	591,349	4,057,646	1,211,268
2025-2029	2,945,900	334,404	84,402	34,560	279,394	3,309,696	368,964
2030-2034	0	0	104,154	14,810	0	104,154	14,810
2035	0	0	10,599	225	0	10,599	225
Totals	<u>\$14,065,500</u>	<u>\$5,843,475</u>	<u>\$367,894</u>	<u>\$237,747</u>	<u>\$2,031,018</u>	<u>\$16,464,412</u>	<u>\$6,081,222</u>

**CITY OF BEXLEY
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(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 April, 30, 2008, the City issued \$1,330,000 in Jeffrey Mansion Improvement general obligation bonds for the purpose of paying the costs of improving and rehabilitating the Jeffrey Mansion at varying rates of interest (3.0 - 4.0 percent). The bonds are serial bonds and were issued for a 19 year period with final maturity in December 2027. The bonds are subject to prior redemption on or after June 1, 2018, by and at the sole option of the City, either in whole or in part (as selected by the City) on any date and in integral multiples of \$5,000, at par, plus accrued interest to the redemption date. Principal and interest is paid from the Bond Retirement Debt Service Fund.

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

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

Ohio Public Works Commission (OPWC) Loans

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

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

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

**CITY OF BEXLEY
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)**

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

In 2009, the City began receiving general obligation loan proceeds from OPWC for the improvement of Sheridan and Francis Avenues. As of December 31, 2009, 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 \$6,319, 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, 2009, the significant outstanding construction commitments are:

<i>Project</i>	<i>Contract Amount</i>	<i>Amount Expended</i>	<i>Balance At 12/31/09</i>
2009 Bexley Street Improvement	\$1,593,057	\$1,166,633	\$426,424
North Merkle Water Main/Street Improvements	833,920	502,266	331,654
Traffic Engineering Services	110,000	47,850	62,150
Sheridan Avenue and Francis Avenue Street Improvements	3,471,239	3,112,153	359,086
Jeffrey Mansion	275,209	209,052	66,157
Police Station	6,351,134	6,290,670	60,464
Totals	<u>\$12,634,559</u>	<u>\$11,328,624</u>	<u>\$1,305,935</u>

NOTE 16 - RISK MANAGEMENT

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

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

**CITY OF BEXLEY
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)**

NOTE 17 - INTERFUND ACTIVITY

Transfers made during the year ended December 31, 2009, were as follows:

		<i>Transfers To</i>			
		Police	Sheridan Avenue And Francis Avenue	Nonmajor	
		Pension	Street Improvement	Funds	Total
<i>Transfers From</i>	General Fund	\$47,000	\$140,000	\$1,666,072	\$1,853,072
	Water Fund	0	0	70,000	70,000
	Total	\$47,000	\$140,000	\$1,736,072	\$1,923,072

Transfers were made to move unrestricted balances to support programs and projects accounted for in other funds, to make principal and interest payments on general obligation bonds, and to pay for various capital improvements. The Water Fund transfer was to support the water line portion of the Francis/Sheridan OPWC project.

NOTE 18 - CONTINGENT LIABILITIES

Litigation

The City is not party to any legal proceedings.

Federal and State Grants

For the period January 1, 2009, to December 31, 2009, 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.

NOTE 19 - RESTATEMENT OF PRIOR YEAR FUND BALANCES AND NET ASSETS

During 2008, guidance existed to support treating tax increment financing agreements as exchange transactions. With this treatment, all future payables and receivables relating to these agreements were recorded. During 2009, additional guidance became available which changed the City's interpretation of the proper accounting treatment. These transactions are now viewed as imposed non-exchange transactions, which are not subject to long-term recognition. Also, in 2009, an error was discovered relating to a capital asset that was double-booked by the City.

**CITY OF BEXLEY
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009
(CONTINUED)**

NOTE 19 - RESTATEMENT OF PRIOR YEAR FUND BALANCES AND NET ASSETS (Continued)

	<i>Nonmajor Funds</i>
	<hr/>
Fund Balance, December 31, 2008, As Previously Reported	\$182,260
Restatement Of Revenue In Lieu Of Taxes Receivable	(271,091)
Restatement Of Deferred Revenue	271,091
Restatement Of Accounts Payable	<hr/> 271,091
Fund Balance, December 31, 2008, As Restated	<hr/> <hr/> \$453,351
	 <i>Water Fund</i>
	<hr/>
Net Assets, December 31, 2008, As Previously Reported	\$2,228,247
Restatement Of Capital Assets	(36,049)
Net Assets, December 31, 2008, As Restated	<hr/> <hr/> \$2,192,198
	 <i>Business-Type Activities</i>
	<hr/>
Net Assets, December 31, 2008, As Previously Reported	\$5,332,299
Restatement Of Capital Assets	(36,049)
Net Assets, December 31, 2008, As Restated	<hr/> <hr/> \$5,296,250

NOTE 20 - SUBSEQUENT EVENT

On June 24, 2010, the City issued \$6,875,000 in general obligation bonds for the purpose of improving municipal streets by reconstructing, resurfacing, repairing, and improving the same as well as related sidewalks and water improvements. The notes have an interest rate of two to five percent and mature on December 1, 2030.

NOTE 21 - JOINTLY GOVERNED ORGANIZATION

Mid-Ohio Regional Planning Commission

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



Dave Yost • Auditor of State

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

Beecher Hale, Finance Director
City of Bexley
2242 East Main Street
Bexley, Ohio 43209

To the City Council:

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 (the City) as of and for the year ended December 31, 2009, which collectively comprise the City's basic financial statements and have issued our report thereon dated August 5, 2011. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the City's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the City's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-001.

We also noted certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated August 5, 2011.

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

We intend this report solely for the information and use of management, the finance committee, the City Council, and others within the City. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State

August 5, 2011

**CITY OF BEXLEY
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER	2009-001
-----------------------	-----------------

Appropriations Exceeding Actual Resources – Noncompliance Finding

Ohio Rev. Code Section 5705.36(A)(4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

The City had a deficiency of actual resources compared to appropriations in the following fund at December 31, 2009, which should have resulted in a decrease to the appropriation level:

Fund	Actual Resources	Year End Appropriations	Variance
General Fund	15,851,517	16,282,864	(431,347)
Sheridan & Francis	1,283,495	3,894,000	(2,610,505)
St Maintenance & Repair	901,810	961,162	(59,352)
Bexley Beautification	115,148	117,326	(2,178)

Other than the Sheridan and Francis Fund which records only on-behalf payments, failure to appropriately amend estimated resources and appropriations as a result of known revenue deficiencies could result in deficit spending in the fund.

We recommend the City implement procedures to monitor estimated and actual revenues. The City should request an amended certificate of estimated resources and reduce appropriations, if necessary, when it becomes evident that actual revenue will be below projections for the year.

Official's Response:

Appropriations Exceeding Actual Resources

The City has procedures in place and does monitor estimated and actual revenues and expenditures on a monthly basis. The Auditor of State has indicated that the City could eliminate this Finding by having a special Council meeting in late December to reduce appropriations and another meeting in early January to re-appropriate funds, which the City believes is unnecessary. Furthermore, this procedure of formally going to Council to request a year-end reduction in appropriations is not a substitute for effective monitoring of expected revenue and expenditures throughout the year.

General Fund

In 2009, \$4 million was appropriated for a street reconstruction program and a similar amount of estimated resources (for bond issuance) was budgeted to pay for it. The 2009 street program and the related expenditures were delayed, resulting in a corresponding delay in issuing bonds from 2009 to 2010. As a result, appropriations exceeded actual resources in 2009. Because of the slower schedule for construction expenditures, the General Fund balances as reflected in the monthly budget versus actual reports were significantly higher than expected and there was no chance of deficit spending as referenced in the auditor's finding. In fact, the ending General Fund balance increased from \$3.1 million on December 31, 2008 to almost \$4.8 million on December 31, 2009.

CITY OF BEXLEY
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2009
(Continued)

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER	2009-001 (Continued)
----------------	----------------------

Appropriations Exceeding Actual Resources – Noncompliance Finding (Continued)

Sheridan and Francis Fund

This fund includes payments made to the City's contractors "on behalf of" the City by the State of Ohio. Such payments are reflected as both revenue and expenditures on the City's books and, accordingly, there was no possibility of deficit spending.

Street Maintenance Fund

The total unspent appropriation at year end in the Street Fund was \$185,381. The City was aware that a significant amount of the 2009 appropriation for this fund would remain unspent and there was no possibility of deficit spending. The fund balance on December 31, 2009 was \$125,979.

Bexley Beautification Fund

This fund was established to receive donations for beautification projects within the City of Bexley. Ordinance 32-91, establishing this fund stated that all moneys received by this fund are considered appropriated. To facilitate processing of invoices for the fund, the City appropriates an amount in the accounting system though no appropriation ordinances are passed by City Council for this fund. Since invoices are paid only after donations are received for the project to which the invoice relates, there is no possibility of deficit spending. The fund balance on December 31, 2009 was \$7,409.

CITY OF BEXLEY
FRANKLIN COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-COB-001	Financial Reporting	No	Partially Corrected – re-issued in management letter.

This Page is Intentionally Left Blank.



Dave Yost • Auditor of State

CITY OF BEXLEY

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 29, 2011**