

**CITY OF BEXLEY  
FRANKLIN COUNTY, OHIO**

***BASIC FINANCIAL STATEMENTS***  
**(AUDITED)**

FOR THE YEAR ENDED  
DECEMBER 31, 2016

**BEECHER HALE, FINANCE DIRECTOR**





# Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Bexley, Franklin County, prepared by Julian & Grube, Inc., for the audit period January 1, 2016 through December 31, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

October 1, 2017

**This page intentionally left blank.**

**CITY OF BEXLEY  
FRANKLIN COUNTY, OHIO**

TABLE OF CONTENTS

Independent Auditor’s Report .....	1 - 2
Management’s Discussion and Analysis .....	3 - 18
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position .....	19
Statement of Activities.....	20 - 21
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	22
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	23
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds .....	24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	25
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund.....	26
Roads and Sidewalks Fund .....	27
Statement of Net Position - Proprietary Funds .....	28
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds.....	29
Statement of Cash Flows - Proprietary Funds.....	30
Statement of Fiduciary Assets and Liabilities - Agency Funds .....	31
Notes to the Basic Financial Statements.....	33 - 85
Required Supplementary Information:	
Schedule of the City’s Proportionate Share of the Net Pension Liability/Net Pension Asset:	
Ohio Public Employees Retirement System (OPERS) .....	88
Ohio Police and Fire (OP&F) Pension Fund .....	89
Schedule of City Contributions:	
Ohio Public Employees Retirement System (OPERS) .....	90 - 91
Ohio Police and Fire (OP&F) Pension Fund .....	92 - 93
Notes to Required Supplementary Information .....	94
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	95 - 96
Schedule of Findings and Responses.....	97 - 98

**This page intentionally left blank.**



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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

Independent Auditor's Report

City of Bexley  
Franklin County  
2242 E. Main Street  
Bexley, Ohio 43209

To the Members of Council and Mayor:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bexley, Franklin County, Ohio, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City of Bexley's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

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

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

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bexley, Franklin County, Ohio, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Roads and Sidewalks Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2017, on our consideration of the City of Bexley's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bexley's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
July 24, 2017



## CITY OF BEXLEY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016

The management's discussion and analysis of the City of Bexley's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2016. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

#### **Financial Highlights**

Key financial highlights for 2016 are as follows:

- The total net position of the City increased \$572,094 over the prior year. Net position of governmental activities decreased \$660,269 or 2.82% and net position of business-type activities increased \$1,232,363 or 10.67% over 2015.
- General revenues accounted for \$14,262,870 or 77.29% of total governmental activities revenues. Program specific revenues accounted for \$4,191,773 or 22.71% of total governmental activities revenue.
- The City had \$19,114,912 in expenses related to governmental activities; \$4,191,773 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes, municipal income taxes and unrestricted grants and entitlements) of \$14,262,870 were not enough to offset the remaining expenses of the governmental activities of \$14,923,139.
- The general fund had revenues and other financing sources of \$15,323,486 in 2016. This represents an increase of \$869,339 from 2015. The expenditures and other financing uses of the general fund, which totaled \$15,421,803 in 2016, increased \$837,211 from 2015. The net decrease in fund balance for the general fund was \$98,317 or 1.79%.
- The roads and sidewalks fund had \$843,536 in revenues and \$1,415,091 in expenditures and other financing uses in 2016. The net decrease in fund balance for the roads and sidewalks fund was \$571,555 or 68.05%.
- The bond retirement fund had \$2,250,094 in revenues and other financing sources and \$2,080,139 in expenditures and other financing uses in 2016. The net increase in fund balance for the bond retirement fund was \$169,955 or 97.23%.
- Net position for the business-type activities, which are composed of the water, sewer, and refuse enterprise operations, increased in 2016 by \$1,232,363 over the prior year.
- The water enterprise fund had operating revenues of \$2,746,148 and operating expenses of \$2,491,888. The water fund additionally recognized \$10,958 in non-operating revenues, \$95,267 in non-operating expenses and capital contributions of \$153,957. The net position of the water fund increased \$323,908 or 6.55% during 2016.
- The sewer enterprise fund had operating revenues of \$2,601,744 and operating expenses of \$1,781,681. The sewer fund had \$69,436 in non-operating expenses and capital contributions of \$277. The net position of the sewer fund increased \$750,904 or 13.54% during 2016.
- The refuse enterprise fund had operating revenues of \$1,263,370 and operating expenses of \$1,076,165. The net position of the refuse fund increased \$157,551 or 14.81% during 2016.

## CITY OF BEXLEY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016

#### **Using this Annual Financial Report**

This annual report consists of a series of financial statements and notes to these statements. These statements are organized so the reader can understand the City as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the City as a whole, presenting both an aggregate view of the City's finances and a longer-term view of those finances. 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 what remains for future spending. The fund financial statements also look at 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 Position and the Statement of Activities*

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole considers all financial transactions and asks the question, "How did the City perform financially during 2016?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting, similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the City's net position and changes in net position. This change in net position is important because it tells the reader that, for the City as a whole, the financial position of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required community programs and other factors.

In the statement of net position and the statement of activities, the City is divided into two distinct kinds of activities:

*Governmental activities* - Most of the City's programs and services are reported here including police, street maintenance, capital improvements and general administration. These services are funded primarily by property and intergovernmental revenues including federal and state grants and other shared revenues.

*Business-type activities* - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The City's water, sewer and refuse operations are reported here.

The government-wide statement of net position and statement of activities can be found on pages 19-21 of this report.

## CITY OF BEXLEY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016

#### **Reporting the City's Most Significant Funds**

##### ***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the City's most significant funds. The analysis of the City's major governmental and proprietary funds begins on page 13.

##### ***Governmental Funds***

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements; however, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund, the roads and sidewalks fund, and the bond retirement fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the nonmajor governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 22 through 27 of this report.

##### ***Proprietary Funds***

The City maintains three proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, and refuse operations. All of the City's enterprise funds are considered major funds. The basic proprietary fund financial statements can be found on pages 28 through 30 of this report.

##### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The fiduciary funds are reported using the accrual basis of accounting, similar to the proprietary funds. Agency funds are the City's only fiduciary fund type. The basic fiduciary fund financial statement can be found on page 31 of this report.

**CITY OF BEXLEY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 33 through 85 of this report.

***Required Supplementary Information (RSI)***

The RSI contains information regarding the City's proportionate share of the Ohio Public Employees Retirement System's (OPERS) and Ohio Police and Fire Retirement System (OP&F) net pension liability and the City's schedule of contributions to OPERS and OP&F. The RSI can be found on pages 88-94 of this report.

**Government-Wide Financial Analysis**

The statement of net position provides the perspective of the City as a whole. The table below provides a summary of the City's net position at December 31, 2016 compared to 2015.

	<b>Net Position</b>					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Assets</u>						
Current and other assets	\$ 14,237,217	\$ 14,390,419	\$ 6,594,365	\$ 6,214,770	\$ 20,831,582	\$ 20,605,189
Capital assets, net	42,592,378	43,197,561	11,219,700	10,762,687	53,812,078	53,960,248
Total assets	<u>56,829,595</u>	<u>57,587,980</u>	<u>17,814,065</u>	<u>16,977,457</u>	<u>74,643,660</u>	<u>74,565,437</u>
Deferred outflows of resources	<u>4,352,311</u>	<u>2,005,121</u>	<u>344,650</u>	<u>218,346</u>	<u>4,696,961</u>	<u>2,223,467</u>
<u>Liabilities</u>						
Current and other liabilities	1,640,823	1,545,959	568,440	945,392	2,209,263	2,491,351
Long-term liabilities:						
Due within one year	1,691,207	1,570,731	208,360	179,407	1,899,567	1,750,138
Due in more than one year	<u>32,876,252</u>	<u>31,170,137</u>	<u>4,584,530</u>	<u>4,509,230</u>	<u>37,460,782</u>	<u>35,679,367</u>
Total liabilities	<u>36,208,282</u>	<u>34,286,827</u>	<u>5,361,330</u>	<u>5,634,029</u>	<u>41,569,612</u>	<u>39,920,856</u>
Deferred inflows of resources	<u>2,256,987</u>	<u>1,929,368</u>	<u>10,238</u>	<u>6,990</u>	<u>2,267,225</u>	<u>1,936,358</u>
<u>Net Position</u>						
Net investment in capital assets	20,442,432	20,023,177	7,112,467	6,619,933	27,554,899	26,643,110
Restricted for:						
Capital projects	10,696	10,873	-	-	10,696	10,873
Transportation	758,806	1,211,433	-	-	758,806	1,211,433
Police programs	22,225	21,615	-	-	22,225	21,615
Main Street improvements	75,076	319,556	-	-	75,076	319,556
Other purposes	19,882	21,471	-	-	19,882	21,471
Unrestricted	<u>1,387,520</u>	<u>1,768,781</u>	<u>5,674,680</u>	<u>4,934,851</u>	<u>7,062,200</u>	<u>6,703,632</u>
Total net position	<u>\$ 22,716,637</u>	<u>\$ 23,376,906</u>	<u>\$ 12,787,147</u>	<u>\$ 11,554,784</u>	<u>\$ 35,503,784</u>	<u>\$ 34,931,690</u>

## CITY OF BEXLEY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016

The City has adopted Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and GASB Statement 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68" which provides accounting standards for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability/asset to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the standards required by GASB 68, the net pension liability equals the City's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the City's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability/asset not accounted for as deferred inflows/outflows.

As a result of applying GASB 68, the City is reporting a net pension liability/asset and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

## CITY OF BEXLEY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2016, the City's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$35,503,784. At year-end, net position was \$22,716,637 and \$12,787,147 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 72.09% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, machinery and equipment, vehicles, and infrastructure. The City's net investment in capital assets at December 31, 2016, was \$20,442,432 and \$7,112,467 in the governmental activities and business-type activities, respectively. Capital assets are used to provide services to the City's citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position, \$886,685, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$7,062,200 may be used to meet the government's ongoing obligations to citizens and creditors.

Current and other assets remained comparable to the prior year, increasing 1.1%. Capital assets decreased as the City contributed \$809,501 and \$858,411 in land and buildings to the Bexley CIC in 2016. These contributed assets are the Bexley Square land and building. During 2016, the City completed the Northeast Quadrant Improvement project and the East Main Street Improvement project. The City continues construction on the East Broad Street Improvement project.

The City's net pension liability increased from the prior year. This increase was partially offset by an increase in deferred outflows related to pensions namely in the net difference between projected and actual earnings on pension plan investments. See Note 13 for more detail on the City's net pension liability and deferred inflows/outflows of resources related to pension.

**CITY OF BEXLEY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

The table below shows the comparative analysis of changes in net position for 2016 compared to 2015.

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 2,117,887	\$ 1,766,686	\$ 6,608,423	\$ 6,249,523	\$ 8,726,310	\$ 8,016,209
Operating grants and contributions	654,264	656,667	10,958	-	665,222	656,667
Capital grants and contributions	<u>1,419,622</u>	<u>1,692,320</u>	<u>154,234</u>	<u>423,081</u>	<u>1,573,856</u>	<u>2,115,401</u>
Total program revenues	<u>4,191,773</u>	<u>4,115,673</u>	<u>6,773,615</u>	<u>6,672,604</u>	<u>10,965,388</u>	<u>10,788,277</u>
General revenues:						
Property taxes	1,834,144	1,826,875	-	-	1,834,144	1,826,875
Income taxes	11,290,189	11,580,399	-	-	11,290,189	11,580,399
Revenue in lieu of taxes	249,545	253,197	-	-	249,545	253,197
Other local taxes	211,665	210,195	-	-	211,665	210,195
Grants and entitlements	592,295	1,006,475	-	-	592,295	1,006,475
Investment earnings	96,392	116,218	-	-	96,392	116,218
Net increase (decrease) in FMV of investments	(40,255)	(8,062)	-	-	(40,255)	(8,062)
Other	<u>28,895</u>	<u>145,824</u>	<u>2,839</u>	<u>2,895</u>	<u>31,734</u>	<u>148,719</u>
Total general revenues	<u>14,262,870</u>	<u>15,131,121</u>	<u>2,839</u>	<u>2,895</u>	<u>14,265,709</u>	<u>15,134,016</u>
Total revenues	<u>18,454,643</u>	<u>19,246,794</u>	<u>6,776,454</u>	<u>6,675,499</u>	<u>25,231,097</u>	<u>25,922,293</u>
<b>Expenses:</b>						
General government	5,792,599	3,254,379	-	-	5,792,599	3,254,379
Security of persons and property	7,926,489	6,927,955	-	-	7,926,489	6,927,955
Public health and welfare	386,252	103,350	-	-	386,252	103,350
Transportation	2,284,533	2,225,953	-	-	2,284,533	2,225,953
Community environment	822	822	-	-	822	822
Leisure time activity	2,044,242	1,987,062	-	-	2,044,242	1,987,062
Interest and fiscal charges	670,809	751,611	-	-	670,809	751,611
Bond issuance costs	-	96,410	-	-	-	96,410
Other	9,166	52,579	-	-	9,166	52,579
Water	-	-	2,587,155	2,328,975	2,587,155	2,328,975
Sewer	-	-	1,851,117	2,075,939	1,851,117	2,075,939
Refuse	<u>-</u>	<u>-</u>	<u>1,105,819</u>	<u>1,121,348</u>	<u>1,105,819</u>	<u>1,121,348</u>
Total expenses	<u>19,114,912</u>	<u>15,400,121</u>	<u>5,544,091</u>	<u>5,526,262</u>	<u>24,659,003</u>	<u>20,926,383</u>
Change in net position	(660,269)	3,846,673	1,232,363	1,149,237	572,094	4,995,910
Net position at beginning of year	<u>23,376,906</u>	<u>19,530,233</u>	<u>11,554,784</u>	<u>10,405,547</u>	<u>34,931,690</u>	<u>29,935,780</u>
Net position at end of year	<u>\$ 22,716,637</u>	<u>\$ 23,376,906</u>	<u>\$ 12,787,147</u>	<u>\$ 11,554,784</u>	<u>\$ 35,503,784</u>	<u>\$ 34,931,690</u>

## CITY OF BEXLEY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016

#### Governmental Activities

The net position of the governmental activities decreased \$660,269 in 2016.

General government expenses totaled \$5,792,599 and were partially funded by \$425,535 in direct charges to consumers of City services. General government expenses increased \$2,538,220 or 77.99% from 2015 primarily due to the loss reported on the contribution of the Bexley Square land and building to the Bexley CIC in 2016.

Security of persons and property, which includes police department operations, accounted for \$7,926,489 or 41.47% of the total expenses of the City's governmental activities. Security of persons and property expenses were partially funded by \$82,812 in direct charges to users of the services. Security of persons and property expenses increased 14.41% due to increasing costs associated with police operations.

Transportation expenses totaled \$2,284,533 and were funded by charges for services of \$310, operating grants and contributions of \$615,613 and capital grants and contributions of \$1,419,622. Capital grants and contributions increased due to OPWC grant funding related to the East Broad Street improvement project. Transportation expenses remained comparable to the prior year increasing 2.63%.

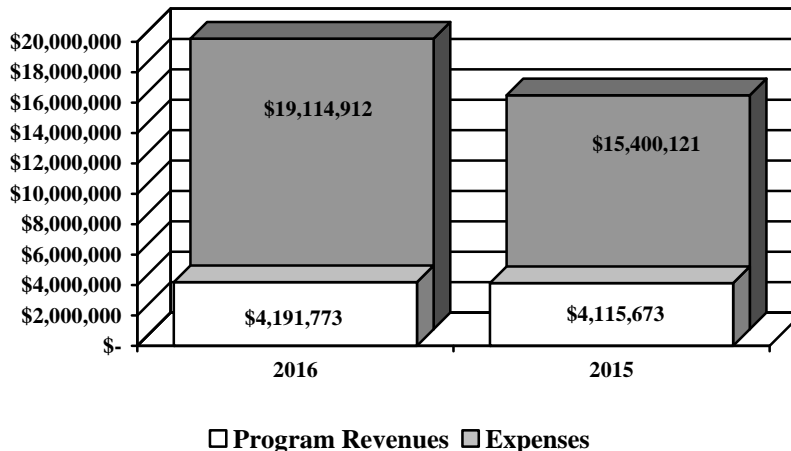
Leisure time activity expenses totaled \$2,044,242 and were partially funded by \$1,595,580 in direct charges to consumers of City services and \$38,651 in operating grants and contributions. Leisure time activity expenses increased 2.88% from the prior year primarily related to recreation and swimming pool operations.

The state and federal government contributed to the City a total of \$654,264 in operating grants and contributions and \$1,419,622 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of these totals, \$2,035,235 subsidized transportation programs.

General revenues totaled \$14,262,870, and amounted to 77.29% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$13,124,333, as well as grants and entitlements not restricted to specific programs, including local government, making up \$592,295.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The graph below shows total governmental expenses and the portion of those expenses offset by program revenues.

**Governmental Activities – Program Revenues vs. Total Expenses**





**CITY OF BEXLEY, OHIO**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

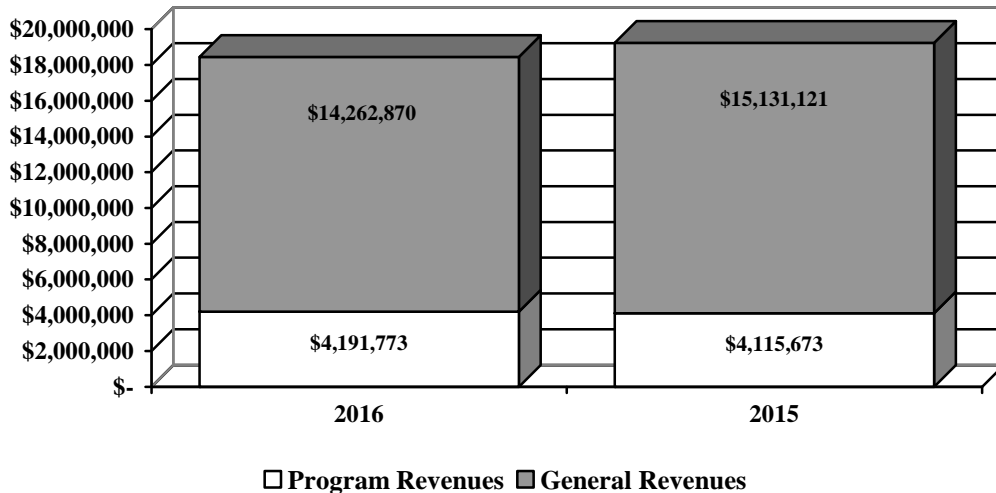
The following table shows, for the governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements for 2016 compared to 2015.

	2016		2015	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Expenses:				
General government	\$ 5,792,599	\$ 5,367,064	\$ 3,254,379	\$ 2,877,007
Security of persons and property	7,926,489	7,843,677	6,927,955	6,800,893
Public health and welfare	386,252	386,252	103,350	103,350
Transportation	2,284,533	248,988	2,225,953	(93,519)
Community environment	822	822	822	822
Leisure time activities	2,044,242	410,011	1,987,062	707,428
Interest and fiscal charges	670,809	670,809	751,611	751,611
Other	9,166	(4,484)	52,579	40,446
Bond issuance costs	-	-	96,410	96,410
<b>Total Expenses</b>	<b>\$ 19,114,912</b>	<b>\$ 14,923,139</b>	<b>\$ 15,400,121</b>	<b>\$ 11,284,448</b>

The dependence upon general revenues for governmental activities is apparent, as 78.07% of expenses are supported through taxes and other general revenues.

The chart below illustrates the City’s program revenues versus general revenues for 2016 and 2015.

**Governmental Activities – General and Program Revenues**



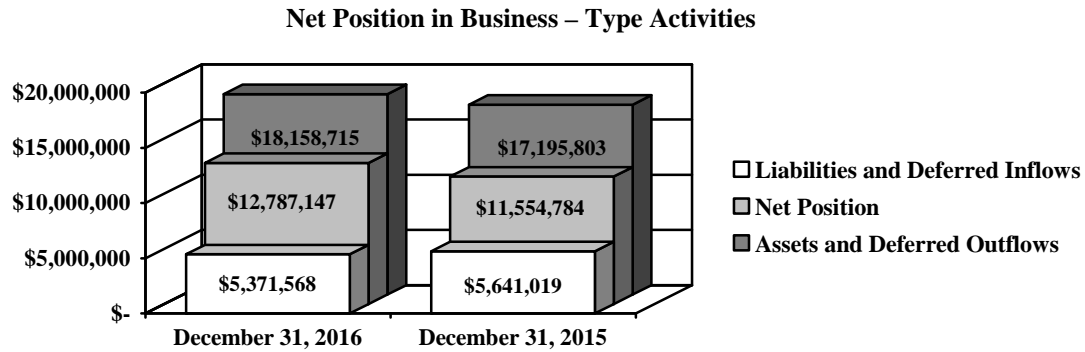
## CITY OF BEXLEY, OHIO

### MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016

#### Business-type Activities

Business-type activities include the water, sewer and refuse enterprise funds. These programs had program revenues of \$6,773,615, general revenues of \$2,839, and expenses of \$5,544,091 for 2016.

The graph below shows the business-type activities assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at year-end.



Overall, expenses of the business-type activities remained comparable to the prior year increasing less than 1%. Charges for services revenue increased 5.74% from the prior year due to increased charges for services related to water operation. Capital grants and contributions decreased due to the completion of the OPWC Northeast Quadrant water project.

#### Financial Analysis of the City's Funds

As described previously, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at year-end.

**CITY OF BEXLEY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

The City's governmental funds (as presented on the balance sheet on page 22) reported a combined fund balance of \$8,071,588, which is \$19,781 less than last year's total of \$8,091,369. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2016 for all major and nonmajor governmental funds.

	<u>Fund Balance 12/31/16</u>	<u>Fund Balance 12/31/15</u>	<u>Increase (Decrease)</u>
Major funds:			
General	\$ 5,398,940	\$ 5,497,257	\$ (98,317)
Roads and sidewalks	268,410	839,965	(571,555)
Bond retirement	344,748	174,793	169,955
Nonmajor governmental funds	<u>2,059,490</u>	<u>1,579,354</u>	<u>480,136</u>
Total	<u>\$ 8,071,588</u>	<u>\$ 8,091,369</u>	<u>\$ (19,781)</u>

**General Fund**

The City's general fund balance decreased \$98,317 during 2016. The table that follows assists in illustrating the revenues of the general fund.

	<u>2016 Amount</u>	<u>2015 Amount</u>	<u>Increase/ (Decrease)</u>	<u>Percentage Change</u>
<b>Revenues</b>				
Municipal income taxes	\$ 11,548,668	\$ 10,994,515	\$ 554,153	5.04 %
Property and other local taxes	913,059	901,234	11,825	1.31 %
Intergovernmental	652,183	635,209	16,974	2.67 %
Charges for services	1,530,952	1,192,273	338,679	28.41 %
Licenses and permits	390,302	300,052	90,250	30.08 %
Fines and forfeitures	78,913	123,500	(44,587)	(36.10) %
Investment income	94,866	119,038	(24,172)	(20.31) %
Net increase (decrease) in FMV of investments	(40,255)	(8,062)	(32,193)	(399.32) %
Rental income	78,278	140,691	(62,413)	(44.36) %
Contributions and donations	26,401	22,120	4,281	19.35 %
Miscellaneous	<u>28,895</u>	<u>27,378</u>	<u>1,517</u>	<u>5.54 %</u>
Total	<u>\$ 15,302,262</u>	<u>\$ 14,447,948</u>	<u>\$ 854,314</u>	<u>5.91 %</u>

Revenue of the general fund increased \$854,314 or 5.91%. Tax revenue (income tax, property taxes, and other local taxes) represents 81.44% of all general fund revenue. Income tax revenue increased \$554,153 from the prior year due to improved economic conditions in the City. Investment income decreased 20.31% from investment income in 2015, due to earnings on the City's bank and investment accounts, while the fair market value of City investments decreased \$32,193 from 2015. The City transferred the Bexley Square operations to the CIC in 2016, contributing to a decrease in rental income of 44.36%. Charges for services revenue increased 28.41% from 2015 due to increased fees collected from the Jeffery Mansion programs. Licenses and permits revenue increased 30.08% from 2015 as more building permits were issued during the year. Fines and forfeitures revenue decreased 36.10% from 2015 due to less fines being issued to residents and businesses.

**CITY OF BEXLEY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

The table that follows assists in illustrating the expenditures of the general fund.

	2016 Amount	2015 Amount	Increase/ (Decrease)	Percentage Change
<b><u>Expenditures</u></b>				
General government	\$ 3,575,348	\$ 3,101,552	\$ 473,796	15.28 %
Security of persons and property	6,562,817	6,050,785	512,032	8.46 %
Public health and welfare	104,349	103,350	999	0.97 %
Leisure time activities	1,961,285	1,701,775	259,510	15.25 %
Other	9,166	52,579	(43,413)	(82.57) %
Capital outlay	68,855	896,647	(827,792)	(92.32) %
Debt service	2,168	314,168	(312,000)	(99.31) %
Total	<u>\$ 12,283,988</u>	<u>\$ 12,220,856</u>	<u>\$ 63,132</u>	0.52 %

General fund expenditures increased \$63,132 or 0.52%. The City had more expenditures related to general government, security of persons and property and leisure time activities; however, these increase were offset by fewer capital outlays and decreased debt service expenditures. General government expenditures increased due to increased costs associated with general operations of the City including personnel costs. Security of persons and property expenditures increased due to increased costs related to police operations. Leisure time activities expenditures increased as additional costs were incurred related to recreation programs. Debt service expenditures decreased as the City paid off its long-term liability to the Ohio Police and Fire Pension fund in 2015.

***Roads and Sidewalks Fund***

The roads and sidewalks fund had \$843,536 in revenues and \$1,415,091 in expenditures and other financing uses during 2016. The balance of the roads and sidewalks fund decreased \$571,555 during 2016 from a balance of \$839,965 to a balance of \$268,410.

***Bond Retirement Fund***

The bond retirement fund had \$2,250,094 in other financing sources (transfers in) and \$2,080,139 in expenditures and other financing uses during 2016. The balance of the bond retirement fund increased \$169,955 during 2016 from a balance of \$174,793 to a balance of \$344,748.

***Budgeting Highlights***

The City's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. As a result of this constraint, the City's plans and desires cannot be completely reflected in the budget. If budgeted revenues are adjusted due to actual activity, then the appropriations can be adjusted accordingly.

In the general fund, the actual revenues and other financing sources of \$13,876,330 were \$514,421 lower than final budgeted revenues and other financing sources of \$14,390,751, while actual expenditures and other financing uses of \$14,649,529 were \$120,952 less than final budgeted expenditures and other financing uses of \$14,770,481. Budgeted revenues and other financing sources were increased by \$991,499 from the original budget to the final budget, while budgeted expenditures and other financing uses were increased by \$911,912.

**CITY OF BEXLEY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016

***Proprietary Funds***

The City's enterprise funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of 2016, the City had \$53,812,079 (net of accumulated depreciation) invested in land, construction in progress, land improvements, buildings and improvements, equipment, vehicles, and infrastructure. Of this total, \$42,592,378 was reported in the governmental activities and \$11,219,701 was reported in business-type activities.

The following table shows December 31, 2016 balances compared to December 31, 2015:

**Capital Assets at December 31,  
(Net of Depreciation)**

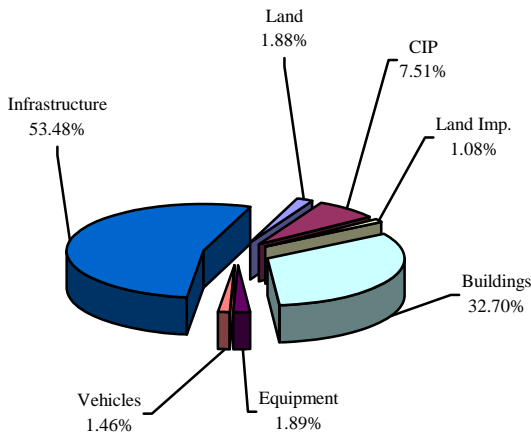
	Governmental Activities		Business-Type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 799,523	\$ 1,609,024	\$ -	\$ -	\$ 799,523	\$ 1,609,024
Construction in Progress	3,197,756	5,519,175	951,542	1,279,923	4,149,298	6,799,098
Land improvements	458,834	496,965	-	-	458,834	496,965
Buildings and improvements	13,932,969	15,149,002	425,375	464,607	14,358,344	15,613,609
Equipment	803,398	880,528	74,060	71,482	877,458	952,010
Vehicles	621,362	572,691	267,662	34,603	889,024	607,294
Infrastructure	22,778,536	18,970,176	9,501,062	8,912,072	32,279,598	27,882,248
<b>Totals</b>	<b>\$ 42,592,378</b>	<b>\$ 43,197,561</b>	<b>\$ 11,219,701</b>	<b>\$ 10,762,687</b>	<b>\$ 53,812,079</b>	<b>\$ 53,960,248</b>

**CITY OF BEXLEY, OHIO**

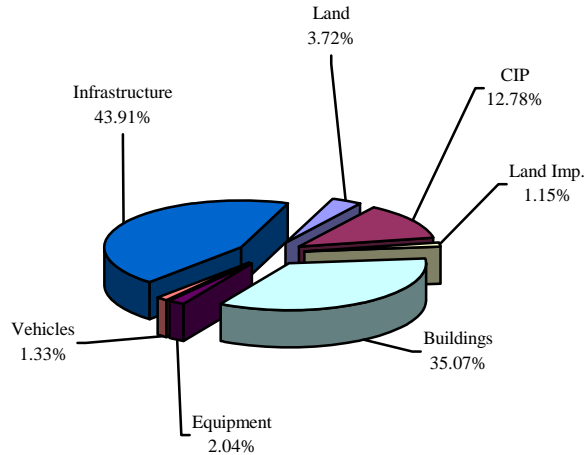
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

The following graphs show the breakdown of governmental capital assets by category for 2016 and 2015.

**Capital Assets - Governmental Activities  
December 31, 2016**



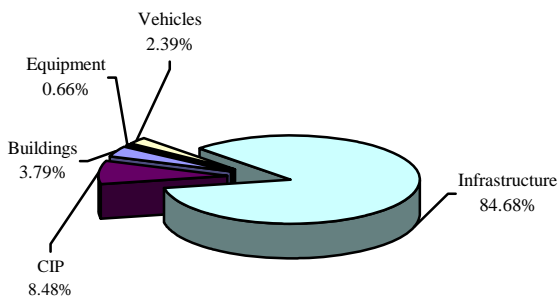
**Capital Assets - Governmental Activities  
December 31, 2015**



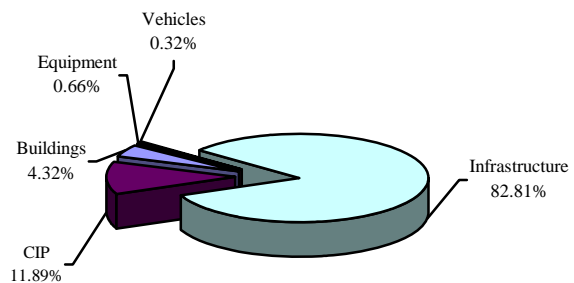
Infrastructure primarily includes roads. These items are immovable and of value only to the City; however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 53.48% of the City's total governmental capital assets.

The following graphs show the breakdown of business-type capital assets by category for 2016 and 2015.

**Capital Assets - Business-Type Activities  
December 31, 2016**



**Capital Assets - Business-Type Activities  
December 31, 2015**



The City's largest business-type capital asset category is infrastructure. These items play a vital role in the income producing ability of the business-type activities. The net book value of the infrastructure of the business-type activities (cost less accumulated depreciation) represents approximately 84.68% of the City's total business-type capital assets.

Further detail on the City's capital assets can be found in Note 9 to the basic financial statements.

**CITY OF BEXLEY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

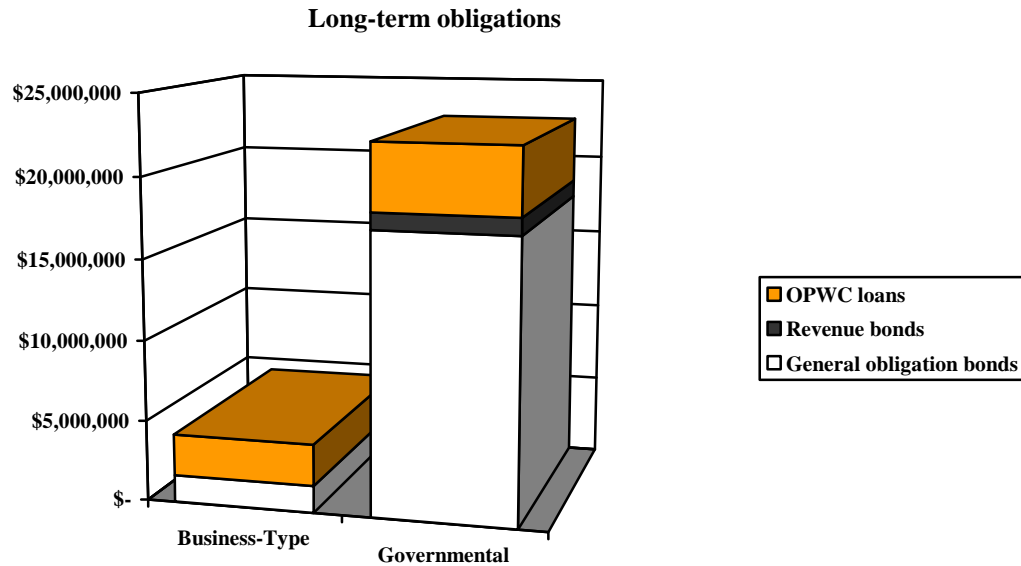
***Debt Administration***

During 2016, the City issued \$57,137 and \$426,763 in OPWC loans in the governmental activities and business-type activities, respectively.

The City had the following long-term obligations outstanding at December 31, 2016 and 2015.

	Governmental Activities		Business-type Activities	
	2016	2015	2016	2015
General obligation bonds	\$ 17,318,372	\$ 18,694,882	\$ 1,672,650	\$ 1,768,000
Revenue bonds	1,040,000	1,080,000	-	-
OPWC loans	<u>4,188,918</u>	<u>4,062,794</u>	<u>2,564,447</u>	<u>2,488,758</u>
Total long-term obligations	<u>\$ 22,547,290</u>	<u>\$ 23,837,676</u>	<u>\$ 4,237,097</u>	<u>\$ 4,256,758</u>

A comparison of the long-term obligations by category as of December 31, 2016 is depicted in the chart below.



Further detail on the City's long-term obligations can be found in Note 11 to the basic financial statements.

## **CITY OF BEXLEY, OHIO**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2016**

#### ***Economic Factors and Next Year's Budget***

Inflationary trends in the region compare favorably to national indices. These factors were considered in preparing the City's budget for the 2017 year. For 2017 in the general fund, the City anticipates receipts of \$14,810,229 and disbursements of \$15,002,976. The City had unassigned fund balance in the general fund, on the modified accrual basis of accounting, amounting to \$4,074,582 at December 31, 2016.

#### **Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information please contact: Beecher Hale, Finance Director, City of Bexley, 2242 East Main Street, Bexley, Ohio, 43209, telephone (614) 559-4260 or email at [bhale@bexley.org](mailto:bhale@bexley.org).



CITY OF BEXLEY, OHIO

STATEMENT OF NET POSITION  
DECEMBER 31, 2016

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>Assets:</b>				
Equity in pooled cash and investments . . . . .	\$ 7,286,419	\$ 5,297,264	\$ 12,583,683	\$ 333,762
Cash with fiscal agent . . . . .	48,655	-	48,655	-
Cash in segregated accounts. . . . .	11,476	-	11,476	-
Receivables:				
Municipal income taxes. . . . .	3,860,165	-	3,860,165	-
Property taxes. . . . .	1,924,401	-	1,924,401	-
Other local taxes . . . . .	49,568	-	49,568	-
Revenue in lieu of taxes. . . . .	295,976	-	295,976	-
Accounts . . . . .	-	1,219,511	1,219,511	46,013
Special assessments . . . . .	29,855	-	29,855	-
Accrued interest. . . . .	27,292	-	27,292	-
Due from other governments . . . . .	666,514	-	666,514	-
Notes . . . . .	-	68,049	68,049	-
Materials and supplies inventory . . . . .	36,769	9,524	46,293	-
Other assets . . . . .	-	-	-	5,095
Net pension asset . . . . .	127	17	144	-
Capital assets:				
Land and construction in progress . . . . .	3,997,279	951,542	4,948,821	1,608,801
Depreciable capital assets, net . . . . .	38,595,099	10,268,158	48,863,257	987,609
Total capital assets, net . . . . .	42,592,378	11,219,700	53,812,078	2,596,410
Total assets . . . . .	56,829,595	17,814,065	74,643,660	2,981,280
<b>Deferred outflows of resources:</b>				
Unamortized deferred charges on debt refunding . . . . .	608,350	129,864	738,214	-
Pension . . . . .	3,743,961	214,786	3,958,747	-
Total deferred outflows of resources . . . . .	4,352,311	344,650	4,696,961	-
<b>Liabilities:</b>				
Accounts payable . . . . .	440,119	100,776	540,895	10,149
Contracts payable . . . . .	208,941	-	208,941	-
Accrued wages and benefits payable . . . . .	251,436	11,058	262,494	-
Vacation balances payable . . . . .	243,811	17,467	261,278	-
Due to other governments. . . . .	439,624	433,392	873,016	43,114
Accrued interest payable . . . . .	56,892	5,747	62,639	-
Other liabilities. . . . .	-	-	-	20,127
Long-term liabilities:				
Due within one year . . . . .	1,691,207	208,360	1,899,567	67,036
Due in more than one year:				
Net pension liability . . . . .	11,701,096	529,838	12,230,934	-
Other amounts due in more than one year . . . . .	21,175,156	4,054,692	25,229,848	-
Total liabilities . . . . .	36,208,282	5,361,330	41,569,612	140,426
<b>Deferred inflows of resources:</b>				
Property taxes levied for next fiscal year . . . . .	1,860,869	-	1,860,869	-
Revenue in lieu of taxes levied for next fiscal year . . . . .	295,976	-	295,976	-
Pension . . . . .	100,142	10,238	110,380	-
Total deferred inflows of resources . . . . .	2,256,987	10,238	2,267,225	-
<b>Net position:</b>				
Net investment in capital assets. . . . .	20,442,432	7,112,467	27,554,899	2,529,374
Restricted for:				
Capital projects . . . . .	10,696	-	10,696	-
Transportation projects . . . . .	758,806	-	758,806	-
Police programs. . . . .	22,225	-	22,225	-
Main Street public improvements. . . . .	75,076	-	75,076	-
Other purposes . . . . .	19,882	-	19,882	260,000
Unrestricted . . . . .	1,387,520	5,674,680	7,062,200	51,480
Total net position . . . . .	\$ 22,716,637	\$ 12,787,147	\$ 35,503,784	\$ 2,840,854

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BEXLEY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Governmental activities:</b>				
General government . . . . .	\$ 5,792,599	\$ 425,535	\$ -	\$ -
Security of persons and property . . . . .	7,926,489	82,812	-	-
Public health and welfare . . . . .	386,252	-	-	-
Transportation . . . . .	2,284,533	310	615,613	1,419,622
Community environment . . . . .	822	-	-	-
Leisure time activity . . . . .	2,044,242	1,595,580	38,651	-
Other . . . . .	9,166	13,650	-	-
Interest and fiscal charges . . . . .	670,809	-	-	-
Total governmental activities . . . . .	<u>19,114,912</u>	<u>2,117,887</u>	<u>654,264</u>	<u>1,419,622</u>
<b>Business-type activities:</b>				
Water . . . . .	2,587,155	2,743,309	10,958	153,957
Sewer . . . . .	1,851,117	2,601,744	-	277
Refuse . . . . .	1,105,819	1,263,370	-	-
Total business-type activities . . . . .	<u>5,544,091</u>	<u>6,608,423</u>	<u>10,958</u>	<u>154,234</u>
Total primary government . . . . .	<u>\$ 24,659,003</u>	<u>\$ 8,726,310</u>	<u>\$ 665,222</u>	<u>\$ 1,573,856</u>
<b>Component unit:</b>				
Bexley Community Improvement Corporation . . . . .	<u>\$ 222,417</u>	<u>\$ 206,381</u>	<u>\$ -</u>	<u>\$ 1,922,273</u>

**General revenues:**

- Property taxes levied for:
  - General purposes . . . . .
  - Transportation projects . . . . .
  - Police pension . . . . .
- Income taxes levied for:
  - General purposes . . . . .
- Revenue in lieu of taxes . . . . .
- Other local taxes . . . . .
- Grants and entitlements not restricted to specific programs . . . . .
- Investment earnings . . . . .
- Net decrease in fair value of investments . . . . .
- Miscellaneous . . . . .

Total general revenues . . . . .

Change in net position . . . . .

**Net position at beginning of year . . . . .**

**Net position at end of year . . . . .**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Net (Expense) Revenue and Changes in Net Position</b>			
<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	<b>Component Unit</b>
\$ (5,367,064)	\$ -	\$ (5,367,064)	\$ -
(7,843,677)	-	(7,843,677)	-
(386,252)	-	(386,252)	-
(248,988)	-	(248,988)	-
(822)	-	(822)	-
(410,011)	-	(410,011)	-
4,484	-	4,484	-
(670,809)	-	(670,809)	-
<u>(14,923,139)</u>	<u>-</u>	<u>(14,923,139)</u>	<u>-</u>
-	321,069	321,069	-
-	750,904	750,904	-
-	<u>157,551</u>	<u>157,551</u>	-
-	<u>1,229,524</u>	<u>1,229,524</u>	-
<u>(14,923,139)</u>	<u>1,229,524</u>	<u>(13,693,615)</u>	-
-	-	-	1,906,237
705,812	-	705,812	-
727,209	-	727,209	-
401,123	-	401,123	-
11,290,189	-	11,290,189	-
249,545	-	249,545	-
211,665	-	211,665	-
592,295	-	592,295	-
96,392	-	96,392	7
(40,255)	-	(40,255)	-
28,895	2,839	31,734	-
<u>14,262,870</u>	<u>2,839</u>	<u>14,265,709</u>	<u>7</u>
(660,269)	1,232,363	572,094	1,906,244
<u>23,376,906</u>	<u>11,554,784</u>	<u>34,931,690</u>	<u>934,610</u>
<u>\$ 22,716,637</u>	<u>\$ 12,787,147</u>	<u>\$ 35,503,784</u>	<u>\$ 2,840,854</u>

**CITY OF BEXLEY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2016

	<u>General</u>	<u>Roads and Sidewalks</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in pooled cash and investments . . . . .	\$ 4,519,109	\$ 477,351	\$ 344,748	\$ 1,945,211	\$ 7,286,419
Cash with fiscal agent . . . . .	-	-	-	48,655	48,655
Cash in segregated accounts . . . . .	10,607	-	-	869	11,476
Receivables:					
Municipal income taxes . . . . .	3,860,165	-	-	-	3,860,165
Property taxes . . . . .	730,688	769,273	-	424,440	1,924,401
Other local taxes . . . . .	49,568	-	-	-	49,568
Revenue in lieu of taxes . . . . .	-	-	-	295,976	295,976
Special assessments . . . . .	-	-	-	29,855	29,855
Accrued interest . . . . .	27,292	-	-	-	27,292
Due from other governments . . . . .	323,514	53,591	-	289,409	666,514
Materials and supplies inventory . . . . .	6,092	-	-	30,677	36,769
Total assets . . . . .	<u>\$ 9,527,035</u>	<u>\$ 1,300,215</u>	<u>\$ 344,748</u>	<u>\$ 3,065,092</u>	<u>\$ 14,237,090</u>
<b>Liabilities:</b>					
Accounts payable . . . . .	\$ 398,432	\$ -	\$ -	\$ 41,687	\$ 440,119
Contracts payable . . . . .	-	208,941	-	-	208,941
Accrued wages and benefits payable . . . . .	240,254	-	-	11,182	251,436
Due to other governments . . . . .	410,235	-	-	29,389	439,624
Total liabilities . . . . .	<u>1,048,921</u>	<u>208,941</u>	<u>-</u>	<u>82,258</u>	<u>1,340,120</u>
<b>Deferred inflows of resources:</b>					
Property taxes levied for next fiscal year . . . . .	706,565	743,876	-	410,428	1,860,869
Revenue in lieu of taxes levied for next fiscal year . . . . .	-	-	-	295,976	295,976
Delinquent property tax revenue not available . . . . .	24,123	25,397	-	14,012	63,532
Income tax revenue not available . . . . .	2,144,422	-	-	-	2,144,422
Intergovernmental revenue not available . . . . .	181,598	53,591	-	202,928	438,117
Accrued interest not available . . . . .	22,466	-	-	-	22,466
Total deferred inflows of resources . . . . .	<u>3,079,174</u>	<u>822,864</u>	<u>-</u>	<u>923,344</u>	<u>4,825,382</u>
Total liabilities and deferred inflows of resources . . . . .	<u>4,128,095</u>	<u>1,031,805</u>	<u>-</u>	<u>1,005,602</u>	<u>6,165,502</u>
<b>Fund balances:</b>					
Nonspendable . . . . .	17,583	-	-	30,677	48,260
Restricted . . . . .	-	268,410	-	629,418	897,828
Committed . . . . .	-	-	-	27,894	27,894
Assigned . . . . .	1,306,775	-	344,748	1,371,501	3,023,024
Unassigned . . . . .	4,074,582	-	-	-	4,074,582
Total fund balances . . . . .	<u>5,398,940</u>	<u>268,410</u>	<u>344,748</u>	<u>2,059,490</u>	<u>8,071,588</u>
Total liabilities, deferred inflows of resources, and fund balances . . . . .	<u>\$ 9,527,035</u>	<u>\$ 1,300,215</u>	<u>\$ 344,748</u>	<u>\$ 3,065,092</u>	<u>\$ 14,237,090</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BEXLEY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2016

<b>Total governmental fund balances</b>	\$	8,071,588
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		42,592,378
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.		
Municipal income taxes receivable	\$ 2,144,422	
Delinquent property taxes receivable	63,532	
Intergovernmental receivable	438,117	
Accrued interest receivable	22,466	
Total	2,668,537	2,668,537
Accrued interest is not due and payable in the current period and therefore is not reported in the governmental funds.		(56,892)
Unamortized deferred amounts on refundings are not recognized in the governmental funds.		608,350
Unamortized premiums on bond issuances are not recognized in the funds.		(881,022)
The net pension asset is not available to pay for current period expenditures; therefore, the asset is not reported in the governmental funds.		127
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/ outflows are not reported in the governmental funds:		
Deferred outflows of resources - pension	3,743,961	
Deferred inflows of resources - pension	(100,142)	
Net pension liability	(11,701,096)	(8,057,277)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Compensated absences	(317,008)	
Vacation balances payable	(243,811)	
General obligation bonds payable	(16,437,350)	
Revenue bonds payable	(1,040,000)	
OPWC loans payable	(4,188,918)	
Capital lease payable	(2,065)	
Total	(22,229,152)	(22,229,152)
<b>Net position of governmental activities</b>	<b>\$</b>	<b>22,716,637</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BEXLEY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>General</u>	<u>Roads and Sidewalks</u>	<u>Bond Retirement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Municipal income taxes . . . . .	\$ 11,548,668	\$ -	\$ -	\$ -	\$ 11,548,668
Property taxes . . . . .	701,394	735,819	-	405,831	1,843,044
Other local taxes . . . . .	211,665	-	-	-	211,665
Intergovernmental . . . . .	652,183	107,407	-	2,095,236	2,854,826
Charges for services . . . . .	1,530,952	-	-	1,009	1,531,961
Licenses and permits . . . . .	390,302	-	-	3,289	393,591
Fines and forfeitures . . . . .	78,913	-	-	2,403	81,316
Special assessments . . . . .	-	-	-	32,395	32,395
Revenue in lieu of taxes . . . . .	-	-	-	249,545	249,545
Investment income . . . . .	94,866	-	-	2,303	97,169
Net decrease in fair value of investments . . . . .	(40,255)	-	-	-	(40,255)
Rental income . . . . .	78,278	-	-	-	78,278
Contributions and donations . . . . .	26,401	-	-	12,250	38,651
Other . . . . .	28,895	310	-	36	29,241
<b>Total revenues . . . . .</b>	<u>15,302,262</u>	<u>843,536</u>	<u>-</u>	<u>2,804,297</u>	<u>18,950,095</u>
<b>Expenditures:</b>					
Current:					
General government . . . . .	3,575,348	-	-	6,922	3,582,270
Security of persons and property . . . . .	6,562,817	-	-	514,691	7,077,508
Public health and welfare . . . . .	104,349	-	-	-	104,349
Transportation . . . . .	-	509	-	636,154	636,663
Leisure time activity . . . . .	1,961,285	-	-	2,541	1,963,826
Other . . . . .	9,166	-	-	-	9,166
Capital outlay . . . . .	68,855	945,307	-	2,415,960	3,430,122
Debt service:					
Principal retirement . . . . .	1,966	-	1,443,874	113,421	1,559,261
Interest and fiscal charges . . . . .	202	-	636,265	48,605	685,072
<b>Total expenditures . . . . .</b>	<u>12,283,988</u>	<u>945,816</u>	<u>2,080,139</u>	<u>3,738,294</u>	<u>19,048,237</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>3,018,274</u>	<u>(102,280)</u>	<u>(2,080,139)</u>	<u>(933,997)</u>	<u>(98,142)</u>
<b>Other financing sources (uses):</b>					
Sale of capital assets . . . . .	21,224	-	-	-	21,224
Loan issuance . . . . .	-	-	-	57,137	57,137
Transfers in . . . . .	-	-	2,250,094	1,520,346	3,770,440
Transfers (out) . . . . .	(3,137,815)	(469,275)	-	(163,350)	(3,770,440)
<b>Total other financing sources (uses) . . . . .</b>	<u>(3,116,591)</u>	<u>(469,275)</u>	<u>2,250,094</u>	<u>1,414,133</u>	<u>78,361</u>
<b>Net change in fund balances . . . . .</b>	<u>(98,317)</u>	<u>(571,555)</u>	<u>169,955</u>	<u>480,136</u>	<u>(19,781)</u>
<b>Fund balances at beginning of year . . . . .</b>	<u>5,497,257</u>	<u>839,965</u>	<u>174,793</u>	<u>1,579,354</u>	<u>8,091,369</u>
<b>Fund balances at end of year . . . . .</b>	<u>\$ 5,398,940</u>	<u>\$ 268,410</u>	<u>\$ 344,748</u>	<u>\$ 2,059,490</u>	<u>\$ 8,071,588</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BEXLEY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016

<b>Net change in fund balances - total governmental funds</b>	\$	(19,781)
<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 are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period.		
Capital asset additions	\$ 3,229,016	
Current year depreciation	(2,372,811)	
Total		856,205
Contributed capital assets, net of accumulated depreciation and associated debt, from business-type activities are not recorded in the governmental funds; however, the net contribution is recorded as revenue in the statement of activities.		
Capital assets contributed from business-type activities	\$ 337,958	
Accumulated depreciation contributed from business-type activities	(40,555)	
OPWC loan reassigned from business-type activities	(281,632)	
Total		15,771
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals trade-ins, and donations) is to decrease net position.		
		(1,758,791)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Municipal income taxes	(258,479)	
Delinquent property taxes	(8,900)	
Intergovernmental revenues	(245,370)	
Investment income	1,526	
Total		(511,223)
The issuance of loans are reported as an other financing source in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net position.		
		(57,137)
Repayment of bond, loan and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments made during the year were:		
Bonds	1,344,650	
OPWC loans	212,645	
Capital lease	1,966	
Total		1,559,261
In the statement of activities, interest is accrued on outstanding bonds, whereas in the funds, an interest expenditure is reported when due. The following items resulted in more interest being reported on the statement of activities:		
Decrease in accrued interest payable	3,670	
Amortization of deferred amounts on refunding	(61,267)	
Amortization of bond premiums	71,860	
Total		14,263
Contractually required contributions are reported as expenditures in the governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
		909,295
Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability are reported as pension expense in the statement of activities.		
		(1,740,394)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds. These activities consist of:		
Decrease in vacation balances payable	1,546	
Decrease in compensated absences payable	70,716	
Total		72,262
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>(660,269)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BEXLEY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 GENERAL FUND  
 FOR THE YEAR ENDED DECEMBER 31, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b>Revenues:</b>				
Municipal income taxes . . . . .	\$ 11,247,629	\$ 12,079,915	\$ 11,648,099	\$ (431,816)
Property taxes . . . . .	677,280	727,396	701,394	(26,002)
Other local taxes . . . . .	207,948	223,335	215,352	(7,983)
Licenses and permits . . . . .	376,883	404,771	390,302	(14,469)
Fines and forfeitures . . . . .	78,739	84,565	81,542	(3,023)
Intergovernmental . . . . .	652,468	700,748	675,699	(25,049)
Investment income . . . . .	78,729	84,555	81,532	(3,023)
Rental income . . . . .	48,281	51,854	50,000	(1,854)
Other . . . . .	10,801	11,601	11,186	(415)
Total revenues . . . . .	<u>13,378,758</u>	<u>14,368,740</u>	<u>13,855,106</u>	<u>(513,634)</u>
<b>Expenditures:</b>				
Current:				
General government . . . . .	2,826,209	4,317,301	3,900,898	416,403
Security of persons and property . . . . .	6,622,059	6,379,950	6,227,406	152,544
Public health and welfare . . . . .	108,877	112,510	107,982	4,528
Leisure time activity. . . . .	1,547,432	430,580	383,103	47,477
Total expenditures. . . . .	<u>11,104,577</u>	<u>11,240,341</u>	<u>10,619,389</u>	<u>620,952</u>
Excess of revenues over expenditures . . . . .	<u>2,274,181</u>	<u>3,128,399</u>	<u>3,235,717</u>	<u>107,318</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets. . . . .	20,494	22,011	21,224	(787)
Transfers (out). . . . .	(2,753,992)	(3,530,140)	(4,030,140)	(500,000)
Total other financing sources (uses) . . . . .	<u>(2,733,498)</u>	<u>(3,508,129)</u>	<u>(4,008,916)</u>	<u>(500,787)</u>
Net change in fund balances. . . . .	(459,317)	(379,730)	(773,199)	(393,469)
<b>Fund balance at beginning of year . . . . .</b>	2,210,802	2,210,802	2,210,802	-
<b>Prior year encumbrances appropriated . . . . .</b>	269,369	269,369	269,369	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 2,020,854</u>	<u>\$ 2,100,441</u>	<u>\$ 1,706,972</u>	<u>\$ (393,469)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**CITY OF BEXLEY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 ROADS AND SIDEWALKS  
 FOR THE YEAR ENDED DECEMBER 31, 2016

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Property taxes . . . . .	\$ 847,106	\$ 847,106	\$ 735,819	\$ (111,287)
Intergovernmental . . . . .	123,651	123,651	107,407	(16,244)
Other . . . . .	357	357	310	(47)
Total revenues . . . . .	<u>971,114</u>	<u>971,114</u>	<u>843,536</u>	<u>(127,578)</u>
<b>Expenditures:</b>				
Current:				
Transportation . . . . .	670	12,000	509	11,491
Capital outlay . . . . .	1,893,445	1,882,115	1,437,690	444,425
Total expenditures . . . . .	<u>1,894,115</u>	<u>1,894,115</u>	<u>1,438,199</u>	<u>455,916</u>
(Deficiency) of revenues (under) expenditures . .	<u>(923,001)</u>	<u>(923,001)</u>	<u>(594,663)</u>	<u>328,338</u>
<b>Other financing uses:</b>				
Transfers (out) . . . . .	<u>(469,275)</u>	<u>(469,275)</u>	<u>(469,275)</u>	<u>-</u>
Total other financing uses . . . . .	<u>(469,275)</u>	<u>(469,275)</u>	<u>(469,275)</u>	<u>-</u>
Net change in fund balances . . . . .	(1,392,276)	(1,392,276)	(1,063,938)	328,338
<b>Fund balance (deficit) at beginning of year .</b>	(37,116)	(37,116)	(37,116)	-
<b>Prior year encumbrances appropriated . . .</b>	1,004,115	1,004,115	1,004,115	-
<b>Fund balance (deficit) at end of year . . . . .</b>	<u>\$ (425,277)</u>	<u>\$ (425,277)</u>	<u>\$ (96,939)</u>	<u>\$ 328,338</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BEXLEY, OHIO**

STATEMENT OF NET POSITION  
 PROPRIETARY FUNDS  
 DECEMBER 31, 2016

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Water</b>	<b>Sewer</b>	<b>Refuse</b>	<b>Total</b>
<b>Assets:</b>				
Current assets:				
Equity in pooled cash and investments. . . . .	\$ 1,087,419	\$ 3,053,472	\$ 1,156,373	\$ 5,297,264
Receivables:				
Accounts . . . . .	578,317	641,194	-	1,219,511
Notes . . . . .	68,049	-	-	68,049
Materials and supplies inventory. . . . .	1,199	1,199	7,126	9,524
Net pension asset. . . . .	10	6	1	17
Total current assets. . . . .	<u>1,734,994</u>	<u>3,695,871</u>	<u>1,163,500</u>	<u>6,594,365</u>
Noncurrent assets:				
Capital assets:				
Land and construction in progress. . . . .	951,542	-	-	951,542
Depreciable capital assets, net . . . . .	6,383,660	3,715,954	168,544	10,268,158
Total noncurrent assets. . . . .	<u>7,335,202</u>	<u>3,715,954</u>	<u>168,544</u>	<u>11,219,700</u>
Total assets . . . . .	<u>9,070,196</u>	<u>7,411,825</u>	<u>1,332,044</u>	<u>17,814,065</u>
<b>Deferred outflows of resources:</b>				
Unamortized deferred charges on debt refunding . . . . .	20,142	109,722	-	129,864
Pension . . . . .	128,002	71,646	15,138	214,786
Total deferred outflows of resources . . . . .	<u>148,144</u>	<u>181,368</u>	<u>15,138</u>	<u>344,650</u>
<b>Liabilities:</b>				
Current liabilities:				
Accounts payable . . . . .	1,159	12,159	87,458	100,776
Accrued wages and benefits payable. . . . .	7,255	3,803	-	11,058
Due to other governments . . . . .	393,966	39,426	-	433,392
Accrued interest payable. . . . .	2,983	2,764	-	5,747
Vacation balances payable. . . . .	14,486	2,981	-	17,467
Compensated absences payable - current. . . . .	1,740	450	-	2,190
General obligation bonds payable - current . . . . .	55,700	46,600	-	102,300
OPWC loans payable - current. . . . .	74,568	29,302	-	103,870
Total current liabilities. . . . .	<u>551,857</u>	<u>137,485</u>	<u>87,458</u>	<u>776,800</u>
Long-term liabilities:				
Compensated absences payable . . . . .	18,882	4,883	-	23,765
General obligation bonds payable . . . . .	916,350	654,000	-	1,570,350
OPWC loans payable. . . . .	2,140,339	320,238	-	2,460,577
Net pension liability . . . . .	315,757	176,739	37,342	529,838
Total long-term liabilities. . . . .	<u>3,391,328</u>	<u>1,155,860</u>	<u>37,342</u>	<u>4,584,530</u>
Total liabilities . . . . .	<u>3,943,185</u>	<u>1,293,345</u>	<u>124,800</u>	<u>5,361,330</u>
<b>Deferred inflows of resources:</b>				
Pension. . . . .	6,101	3,415	722	10,238
Total liabilities and deferred inflows of resources. . . . .	<u>3,949,286</u>	<u>1,296,760</u>	<u>125,522</u>	<u>5,371,568</u>
<b>Net position:</b>				
Net investment in capital assets. . . . .	4,168,387	2,775,536	168,544	7,112,467
Unrestricted . . . . .	1,100,667	3,520,897	1,053,116	5,674,680
Total net position. . . . .	<u>\$ 5,269,054</u>	<u>\$ 6,296,433</u>	<u>\$ 1,221,660</u>	<u>\$ 12,787,147</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BEXLEY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2016

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Water</b>	<b>Sewer</b>	<b>Refuse</b>	<b>Total</b>
<b>Operating revenues:</b>				
Charges for services . . . . .	\$ 2,743,309	\$ 2,601,744	\$ 1,263,370	\$ 6,608,423
Other . . . . .	2,839	-	-	2,839
<b>Total operating revenues.</b> . . . .	<u>2,746,148</u>	<u>2,601,744</u>	<u>1,263,370</u>	<u>6,611,262</u>
<b>Operating expenses:</b>				
Personal services . . . . .	308,410	201,996	6,266	516,672
Contract services . . . . .	1,952,116	1,390,084	968,141	4,310,341
Materials and supplies. . . . .	37,854	55,178	51,032	144,064
Depreciation. . . . .	185,768	131,116	19,821	336,705
Other . . . . .	7,740	3,307	30,905	41,952
<b>Total operating expenses</b> . . . . .	<u>2,491,888</u>	<u>1,781,681</u>	<u>1,076,165</u>	<u>5,349,734</u>
<b>Operating income</b> . . . . .	254,260	820,063	187,205	1,261,528
<b>Non-operating expenses:</b>				
Interest and fiscal charges. . . . .	(39,680)	(29,897)	-	(69,577)
Loss on disposal of capital assets . . . . .	(55,587)	(39,539)	(29,654)	(124,780)
Intergovernmental . . . . .	10,958	-	-	10,958
<b>Total nonoperating expenses</b> . . . . .	<u>(84,309)</u>	<u>(69,436)</u>	<u>(29,654)</u>	<u>(183,399)</u>
<b>Income before contributions</b> . . . . .	169,951	750,627	157,551	1,078,129
<b>Capital contributions</b> . . . . .	<u>153,957</u>	<u>277</u>	<u>-</u>	<u>154,234</u>
<b>Change in net position</b> . . . . .	323,908	750,904	157,551	1,232,363
<b>Net position at beginning of year</b> . . . . .	<u>4,945,146</u>	<u>5,545,529</u>	<u>1,064,109</u>	<u>11,554,784</u>
<b>Net position at end of year</b> . . . . .	<u>\$ 5,269,054</u>	<u>\$ 6,296,433</u>	<u>\$ 1,221,660</u>	<u>\$ 12,787,147</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BEXLEY, OHIO**

STATEMENT OF CASH FLOWS  
 PROPRIETARY FUNDS  
 FOR THE YEAR ENDED DECEMBER 31, 2016

	<b>Business-type Activities - Enterprise Funds</b>			
	<b>Water</b>	<b>Sewer</b>	<b>Refuse</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>				
Cash received from customers . . . . .	\$ 2,710,527	\$ 2,558,009	\$ 1,263,370	\$ 6,531,906
Cash received from other operations . . . . .	2,839	-	-	2,839
Cash payments for personal services . . . . .	(325,877)	(186,369)	(19,567)	(531,813)
Cash payments for contractual services. . . . .	(1,924,876)	(1,765,338)	(968,580)	(4,658,794)
Cash payments for materials and supplies . . . . .	(39,984)	(50,306)	(52,915)	(143,205)
Cash payments for other expenses . . . . .	(7,740)	(3,307)	(30,905)	(41,952)
Net cash provided by operating activities. . . . .	<u>414,889</u>	<u>552,689</u>	<u>191,403</u>	<u>1,158,981</u>
<b>Cash flows from noncapital financing activities:</b>				
Cash received from grants and subsidies. . . . .	10,958	-	-	10,958
Net cash provided by noncapital financing activities . . . . .	<u>10,958</u>	<u>-</u>	<u>-</u>	<u>10,958</u>
<b>Cash flows from capital and related financing activities:</b>				
Acquisition of capital assets . . . . .	(734,854)	(376,378)	(112,260)	(1,223,492)
Capital contributions . . . . .	177,379	-	-	177,379
OPWC loan proceeds . . . . .	418,971	7,792	-	426,763
Principal retirement on bonds . . . . .	(52,750)	(42,600)	-	(95,350)
Principal retirement on OPWC loans . . . . .	(43,829)	(25,613)	-	(69,442)
Interest and fiscal charges . . . . .	(38,236)	(21,088)	-	(59,324)
Net cash used in capital and related financing activities. . . . .	<u>(273,319)</u>	<u>(457,887)</u>	<u>(112,260)</u>	<u>(843,466)</u>
Net increase in cash and cash equivalents . . . . .	152,528	94,802	79,143	326,473
<b>Cash and cash equivalents at beginning of year . . . . .</b>	<b>934,891</b>	<b>2,958,670</b>	<b>1,077,230</b>	<b>4,970,791</b>
<b>Cash and cash equivalents at end of year. . . . .</b>	<b><u>\$ 1,087,419</u></b>	<b><u>\$ 3,053,472</u></b>	<b><u>\$ 1,156,373</u></b>	<b><u>\$ 5,297,264</u></b>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>				
Operating income . . . . .	\$ 254,260	\$ 820,063	\$ 187,205	\$ 1,261,528
Adjustments:				
Depreciation. . . . .	185,768	131,116	19,821	336,705
Changes in assets and liabilities:				
(Increase) in accounts receivable . . . . .	(32,782)	(43,735)	-	(76,517)
(Increase) in materials and supplies inventory. . . . .	(1)	(1)	(8)	(10)
(Increase) in deferred outflows of resources - pension . . . . .	(79,582)	(50,637)	(6,908)	(137,127)
(Increase) in net pension asset . . . . .	(10)	(6)	(1)	(17)
Increase (decrease) in accounts payable. . . . .	(2,510)	5,251	(2,314)	427
Increase in accrued wages and benefits payable. . . . .	1,697	1,238	-	2,935
Increase (decrease) in deferred inflows of resources - pension . . . . .	1,742	1,524	(18)	3,248
Increase (decrease) in net pension liability . . . . .	67,633	69,081	(4,836)	131,878
Increase (decrease) in due to other governments . . . . .	22,371	(377,930)	(1,538)	(357,097)
(Decrease) in compensated absences payable . . . . .	(3,255)	(4,709)	-	(7,964)
Increase (decrease) in vacation balances payable. . . . .	(442)	1,434	-	992
Net cash provided by operating activities. . . . .	<u>\$ 414,889</u>	<u>\$ 552,689</u>	<u>\$ 191,403</u>	<u>\$ 1,158,981</u>

**Noncash Transactions:**

At December 31, 2016 and 2015, the Water fund had purchased \$0 and \$20,463, respectively, in capital assets on account. At December 31, 2016 and 2015, the Sewer fund had purchased \$3,044 and \$6,220, respectively, in capital assets on account. During 2016, the Sewer fund received \$5,929 in contributed capital assets from the Water fund.

**CITY OF BEXLEY, OHIO**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
AGENCY FUNDS  
DECEMBER 31, 2016**

	<u>Agency</u>
<b>Assets:</b>	
Equity in pooled cash and investments . . . . .	\$ 8,572
Cash in segregated accounts. . . . .	<u>78,055</u>
Total assets . . . . .	<u>\$ 86,627</u>
<b>Liabilities:</b>	
Deposits held and due to others . . . . .	\$ 82,453
Undistributed assets . . . . .	<u>4,174</u>
Total liabilities. . . . .	<u>\$ 86,627</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

THIS PAGE IS INTENTIONALLY LEFT BLANK

## CITY OF BEXLEY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

#### 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.

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City 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 more significant of the City's accounting policies are described below.

##### A. Reporting Entity

The City's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the City 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 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; or (3) the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) 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 budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading.

## CITY OF BEXLEY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Based upon the application of these criteria, the City has one component unit.

##### *DISCRETELY PRESENTED COMPONENT UNIT*

###### Bexley Community Improvement Corporation

The Bexley Community Improvement Corporation (CIC) was formed pursuant to Ordinance 52-12 passed October 9, 2012 and incorporated as a not-for-profit corporation under Chapters 1724 of the Ohio Revised Code for the purpose to advance, encourage, and promote industrial, economic, commercial and civic development of the City. The CIC has been designated as the City's agent for industrial and commercial distributions and research development. The Board of Directors of the CIC is comprised of fifteen members. Six of the Board members are elected or appointed officials of the City of Bexley. All Board members are appointed by the Mayor of the City of Bexley with approval of Bexley City Council. The City is considered to be financially accountable for the CIC and, therefore, the CIC is presented as a component unit of the City. Financial statements can be obtained from Dr. Rachel Kleit, Treasurer, Bexley Community Improvement Corporation, 2242 East Main Street, Bexley, Ohio, 43209.

The City also participates in one jointly governed organization described below.

##### *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.

Information in the following notes to the basic financial statements is applicable to the primary government. Information relative to the component unit is presented in Note 20.

#### **B. Basis of Presentation**

The City's basic financial statements consist of government-wide statements, including a statement of net position 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 position 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.



**CITY OF BEXLEY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The statement of net position 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.

**C. 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 plus deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance.

The following are the City's major governmental funds:

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

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

Bond retirement fund - This fund accounts for and reports all transactions assigned to the repayment of long-term debt principal and interest.

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

**CITY OF BEXLEY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

***Proprietary Funds*** - Proprietary funds focus on the determination of operating income, changes in net position, 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 and 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 position and changes in net position. 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's agency funds account for monies held for flexible spending accounts, for the distribution of mayor's court fines, and for monies collected and held for distribution to others.

**D. Measurement Focus**

***Government-wide Financial Statements*** - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the City are included on the statement of net position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

***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, current deferred outflows of resources, current liabilities, and current deferred inflows of resources 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.

## CITY OF BEXLEY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

#### NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Like the government-wide statements, all enterprise funds are accounted for using a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. The statement of revenues, expenses and changes in fund net position presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its enterprise activities.

#### **E. 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 and in the presentation of expenses versus expenditures.

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, revenue in lieu of taxes, grants, entitlements, and donations. On an accrual basis, revenue from income tax is recognized in the year in which the income is earned. Revenue from property taxes and revenue in lieu of taxes are recognized in the year for which the taxes are levied. 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, other local taxes, investment income, and intergovernmental revenues (including motor vehicle license tax, gasoline tax, grants, and local government assistance).

**Deferred Outflows of Resources and Deferred Inflows of Resources** - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Note 13 for deferred outflows of resources related the City's net pension liability. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**CITY OF BEXLEY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2016, but which were levied to finance 2017 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes, but is not limited to, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Note 13 for deferred inflows of resources related to the City's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

*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.

**F. 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 investments" on the financial statements.

The City has cash two bank accounts that are maintained outside of the City's internal investment pool. The Mayor's Court has its own checking account for the collection and distribution of court fines and forfeitures. These monies and the balance of the City's flexible spending account are presented on the balance sheet and the statement of fiduciary assets and liabilities as "cash 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 with fiscal agent".

## CITY OF BEXLEY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

During the year, investments were limited to Federal National Mortgage Association (FNMA) securities, Federal Farm Credit Bank (FFCB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal Home Loan Bank (FHLB) securities, a U.S. Treasury money market mutual fund, and the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for investments in STAR Ohio, the City measures its investments at fair value which is based upon quoted market prices.

During 2016, the City invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides NAV per share that approximates fair value.

For 2016, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

Interest income is distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue credited to the general fund during 2016 amounted to \$94,866, which includes \$59,534 assigned from other funds.

For purposes of the statement of cash flows, investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool are considered to be cash equivalents.

#### **G. Materials and Supplies Inventory**

On the government-wide financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

On the fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when consumed. Inventories of the proprietary funds are expensed when used.

On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance which indicates that it does not constitute available spendable resources even though it is a component of fund balance.

**CITY OF BEXLEY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**H. 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 position, 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 position 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.

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 governmental activities, the City only reports general infrastructure assets acquired after 2003.

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 - 50 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 road, curbs, gutters, sidewalks, traffic lights and signals, sewer lines, water lines and storm water drainage systems.

**I. Compensated Absences**

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

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

**CITY OF BEXLEY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**J. 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, net pension liabilities, and capital leases are recognized as liabilities on the governmental fund financial statements when due.

**K. Bond Issuance Costs, Bond Premiums and Discounts, and Accounting Gain or Loss**

On both the government-wide financial statements and the fund financial statements, bond issuance costs are recognized in the period in which they are incurred.

On the government-wide financial statements, bond premiums and discounts are amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds and bond discounts are presented as a reduction to the face amount of the bonds. On the governmental fund financial statements bond premiums and discounts are recognized in the period in which these items are incurred. The reconciliation between the face value of bonds and the amount reported on the statement of net position is presented in Note 11.

For current and advance refundings resulting in the defeasance of debt reported in the government-wide financial statements and enterprise funds, the difference between the reacquisition price and the net carrying amount of the old debt is amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred inflow of resources or a deferred outflow of resources.

**L. Fund Balance**

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

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable in the general fund.

*Restricted* - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

**CITY OF BEXLEY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Committed* - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of City Council (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. The City Council has authorized the City Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. Fund balance is also assigned for any 2017 appropriations in excess of estimated receipts for the general fund.

*Unassigned* - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

**M. Interfund 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.

Interfund transfers between governmental funds are eliminated for presentation on the government-wide financial statements. Only transfers between the governmental activities and the business-type activities are presented on the statement of activities.



**CITY OF BEXLEY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**N. Net Position**

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The City's net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes consists primarily of the mayor's court computer fund, the building standards assessment fund, and the tax increment financing fund. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**O. 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.

**P. 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 nonoperating.

**Q. Contributions of Capital**

Capital contributions on the proprietary fund financial statements arise from contributions from governmental activities, from outside contributions of capital assets, from grants, or from outside contributions of resources restricted to capital acquisition and construction. The City recognized \$153,957 and \$277 in capital contributions during 2016 in the water and sewer enterprise funds, respectfully.

**R. 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 object level within each department and fund for all funds.

**CITY OF BEXLEY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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.

**S. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2016.

**T. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**Change in Accounting Principles**

For 2016, the City has implemented GASB Statement No. 72, "Fair Value Measurement and Application", GASB Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68", GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", GASB Statement No. 77, "Tax Abatement Disclosures", GASB Statement No. 78, "Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans" and GASB Statement No. 79, "Certain External Investment Pools and Pool Participants".

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. These changes were incorporated in the City's fiscal year 2016 financial statements (see Note 4); however, there was no effect on beginning net position/fund balance.

## CITY OF BEXLEY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

#### **NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the City.

GASB Statement No. 76 identifies - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the City.

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government's tax revenues. These disclosures were incorporated in the City's fiscal year 2016 financial statements (see Note 7.B); however, there was no effect on beginning net position/fund balance.

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the City.

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance also establishes additional note disclosure requirements for governments that participate in those pools. The City participates in STAR Ohio which implemented GASB Statement No. 79 for 2016. The City incorporated the corresponding GASB 79 guidance into its 2016 financial statements; however, there was no effect on beginning net position/fund balance.

#### **Noncompliance**

The City had noncompliance with Ohio Revised Code Section 5705.36 and 5705.39 for appropriations in excess of estimated resources and noncompliance with Ohio Revised Code Section 5705.36(A)(4) for appropriations in excess of actual resources.

#### **NOTE 4 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the City into three categories:

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

**CITY OF BEXLEY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or 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 provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
6. The State Treasurer's investment pool (STAR Ohio).

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.

Protection of the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

**CITY OF BEXLEY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

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. In accordance with Ohio Revised Code, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. The City's investment policy limits security purchases to those that mature within five years of the settlement date. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Cash in Segregated Accounts**

At year end, the City had \$89,531 held outside of the City treasury. These depository accounts were established for Employee Flex Spending and Mayor's Court. The segregated cash accounts are reported in the general fund, mayor's court computer fund (a nonmajor governmental fund) and the agency funds. These depository accounts are included in "deposits with financial institutions" in the footnotes that follow.

**B. Cash with Fiscal Agent**

At year end, the City had \$48,655 on deposit with the Franklin County Treasurer. The data regarding insurance and collateralization can be obtained from the Franklin County Comprehensive Annual Financial Report for the year ended December 31, 2016. This amount is not included in the City's depository balance below.

**C. Deposits with Financial Institutions**

At December 31, 2016, the carrying amount of all City deposits was \$837,489 and the bank balance of all City deposits was \$924,649. Of the bank balance, \$454,478 was exposed to custodial risk as discussed below and \$470,171 was covered by the FDIC.

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

**CITY OF BEXLEY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**D. Investments**

As of December 31, 2016, the City had the following investments:

Measurement/ Investment type	Measurement Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Fair Value:						
FFCB	\$ 1,236,535	\$ -	\$ 499,795	\$ -	\$ -	\$ 736,740
FHLB	745,405	-	-	-	248,625	496,780
FHLMC	4,474,383	-	998,190	1,493,965	744,638	1,237,590
FNMA	4,361,497	-	499,270	-	-	3,862,227
U.S. Treasury money markey mutual fund	16,477	16,477	-	-	-	-
Amortized Cost:						
STAR Ohio	<u>1,010,000</u>	<u>1,010,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 11,844,297</u>	<u>\$ 1,026,477</u>	<u>\$ 1,997,255</u>	<u>\$ 1,493,965</u>	<u>\$ 993,263</u>	<u>\$ 6,333,337</u>

The weighted average of maturity of investments is 2.05 years.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City's investments in U.S. Treasury money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The City's investments in federal agency securities (FFCB, FHLB, FHLMC, FNMA) are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the City's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* The City's investments in federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio and the U.S. Treasury money market mutual fund an AAAm money market rating. The City limits its investments to those authorized by State statute.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the City's name. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Director of Finance or qualified trustee.

**CITY OF BEXLEY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Concentration of Credit Risk:* The City places no limit on the amount that may be invested in any single issuer. The following table includes the percentage of each investment type held by the City at December 31, 2016:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>% of Total</u>
Fair Value:		
FFCB	\$ 1,236,535	10.44
FHLB	745,405	6.29
FHLMC	4,474,383	37.78
FNMA	4,361,497	36.82
U.S. Treasury money market mutual fund	16,477	0.14
Amortized Cost:		
STAR Ohio	<u>1,010,000</u>	<u>8.53</u>
Total	<u>\$ 11,844,297</u>	<u>100.00</u>

**E. Reconciliation of Cash and Investments to Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2016:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 837,489
Cash with fiscal agent	48,655
Investments	<u>11,844,297</u>
Total	<u>\$ 12,730,441</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 7,346,550
Business-type activities	5,297,264
Agency fund	<u>86,627</u>
Total	<u>\$ 12,730,441</u>

**NOTE 5 - MUNICIPAL INCOME TAX**

The City levies and collects an income tax of two and one-half percent on all income earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 65 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. The City utilizes the Regional Income Tax Agency (RITA) for the collection of income taxes on its behalf. Income tax revenue recognized in the general fund amounted to \$11,548,668 in 2016.

**CITY OF BEXLEY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 6 - INTERFUND TRANSACTIONS**

Interfund transfers for the year ended December 31, 2016, consisted of the following, as reported on the fund financial statements.

<u>Transfers from:</u>	<u>Transfers to:</u>		<u>Total</u>
	<u>Nonmajor Governmental Funds</u>	<u>Bond Retirement Fund</u>	
General	\$ 1,520,346	\$ 1,617,469	\$ 3,137,815
Roads and sidewalks	-	469,275	469,275
Nonmajor governmental	-	163,350	163,350
<b>Total</b>	<b><u>\$ 1,520,346</u></b>	<b><u>\$ 2,250,094</u></b>	<b><u>\$ 3,770,440</u></b>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**NOTE 7 - PROPERTY TAXES AND TAX ABATEMENTS**

**A. Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2016 public utility property taxes became a lien December 31, 2015, are levied after October 1, 2016, and are collected in 2017 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.



**CITY OF BEXLEY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 7 - PROPERTY TAXES AND TAX ABATEMENTS - (Continued)**

The County collects property taxes on behalf of all taxing districts in the County, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2016 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by deferred inflow of resources since the current taxes were not levied to finance 2016 operations and the collection of delinquent taxes has been offset by deferred inflow of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is a deferred inflow of resources.

The full tax rate for all City operations for the year ended December 31, 2016 was \$7.85 per \$1,000 of assessed value. The assessed values of real property and public utility personal property upon which 2016 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 474,296,210
Commercial/industrial/public utility	19,205,550
<u>Public utility</u>	
Personal	<u>5,084,970</u>
Total assessed value	<u>\$ 498,586,730</u>

**B. Taxes Abatements**

As of December 31, 2016, the City provides property tax abatements through a Community Reinvestment Area (CRA) program.

CRA - Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill.

**CITY OF BEXLEY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 7 - PROPERTY TAXES AND TAX ABATEMENTS - (Continued)**

The City has entered into agreements to abate property taxes through this program. During 2016, the City's property tax revenues were reduced as a result of these agreements as follows:

<u>Tax Abatement Program</u>	<u>City Taxes Abated</u>
CRA	\$ <u>17,406</u>

**NOTE 8 - RECEIVABLES**

Receivables at December 31, 2016, consisted of property taxes, revenue in lieu of taxes, other local taxes, municipal income taxes, accounts, accrued interest, special assessments, notes and amounts due from other governments arising from grants, entitlements or shared revenues.

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental activities:</u>	<u>Amount</u>
Local government	\$ 208,163
Grants	66,068
Homestead and rollback	138,424
Auto license	34,399
Gasoline tax	130,795
Municipal cents per gallon tax	54,968
Permissive motor vehicle license tax	<u>33,697</u>
Total due from other governments	<u>\$ 666,514</u>

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 and revenue in lieu of taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

At December 31, 2016, the City has reported a \$68,049 note receivable from Capital University (the "University") related to water line improvements being performed as part of the College and South Cassady Improvement project financed through the OPWC. The University signed a promissory note on October 28, 2014 to pay the City \$76,926 in consideration for the City performing certain water improvements that could potentially benefit future growth of the University. The City reported this activity as a capital contribution in the water enterprise fund. The promissory note calls for annual payments of \$2,959 beginning December 1, 2014 and continuing for a 26 year period. The City received the first payment in 2014. The City applies payments received to the principle payments required on the OPWC loan.

**CITY OF BEXLEY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 9 - CAPITAL ASSETS**

**A. Governmental activities**

Governmental activities capital asset activity for the year ended December 31, 2016, was as follows:

	Balance			Balance
<b><u>Governmental activities:</u></b>	<u>12/31/15</u>	Additions	Disposals	<u>12/31/16</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,609,024	\$ -	\$ (809,501)	\$ 799,523
Construction in progress	<u>5,519,175</u>	<u>1,804,038</u>	<u>(4,125,457)</u>	<u>3,197,756</u>
Total capital assets, not being depreciated	<u>7,128,199</u>	<u>1,804,038</u>	<u>(4,934,958)</u>	<u>3,997,279</u>
<i>Capital assets being depreciated:</i>				
Land improvements	893,947	-	-	893,947
Buildings and improvements	18,045,656	220,198	(1,040,498)	17,225,356
Equipment	2,440,014	64,315	(7,538)	2,496,791
Vehicles	1,571,695	177,057	(43,620)	1,705,132
Infrastructure	<u>36,734,300</u>	<u>5,426,823</u>	<u>-</u>	<u>42,161,123</u>
Total capital assets being depreciated	<u>59,685,612</u>	<u>5,888,393</u>	<u>(1,091,656)</u>	<u>64,482,349</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(396,982)	(38,131)	-	(435,113)
Buildings and improvements	(2,896,654)	(509,794)	114,061	(3,292,387)
Equipment	(1,559,486)	(137,676)	3,769	(1,693,393)
Vehicles	(999,004)	(109,302)	24,536	(1,083,770)
Infrastructure	<u>(17,764,124)</u>	<u>(1,618,463)</u>	<u>-</u>	<u>(19,382,587)</u>
Total accumulated depreciation	<u>(23,616,250)</u>	<u>(2,413,366)</u>	<u>142,366</u>	<u>(25,887,250)</u>
Total capital assets being depreciated, net	<u>36,069,362</u>	<u>3,475,027</u>	<u>(949,290)</u>	<u>38,595,099</u>
Governmental activities capital assets, net	<u>\$ 43,197,561</u>	<u>\$ 5,279,065</u>	<u>\$ (5,884,248)</u>	<u>\$ 42,592,378</u>

**CITY OF BEXLEY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 9 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to functions/programs of the City as follows:

**Governmental activities:**

General government	\$ 174,820
Security of persons and property	286,480
Leisure time activities	281,903
Community environment	822
Transporation	<u>1,628,786</u>
Total depreciation expense	2,372,811
Accumulated depreciation on capital assets contributed from business-type activities	<u>40,555</u>
Total increase in accumulated depreciation	<u><u>\$ 2,413,366</u></u>

**B. Business-type activities**

Business-type activities capital asset activity for the year ended December 31, 2016, was as follows:

	Balance 12/31/15	Additions	Disposals	Balance 12/31/16
<b><u>Business-type activities:</u></b>				
<i>Capital assets, not being depreciated:</i>				
Construction in progress	\$ 1,279,923	\$ 601,183	\$ (929,564)	\$ 951,542
Total capital assets, not being depreciated	<u>1,279,923</u>	<u>601,183</u>	<u>(929,564)</u>	<u>951,542</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	479,455	90,000	(114,455)	455,000
Equipment	112,371	15,000	-	127,371
Vehicles	362,719	264,260	-	626,979
Infrastructure	<u>13,387,496</u>	<u>1,164,903</u>	<u>(343,887)</u>	<u>14,208,512</u>
Total capital assets being depreciated	<u>14,342,041</u>	<u>1,534,163</u>	<u>(458,342)</u>	<u>15,417,862</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(14,848)	(20,500)	5,723	(29,625)
Equipment	(40,889)	(12,422)	-	(53,311)
Vehicles	(328,116)	(31,201)	-	(359,317)
Infrastructure	<u>(4,475,424)</u>	<u>(273,292)</u>	<u>41,266</u>	<u>(4,707,450)</u>
Total accumulated depreciation	<u>(4,859,277)</u>	<u>(337,415)</u>	<u>46,989</u>	<u>(5,149,703)</u>
Total capital assets being depreciated, net	<u>9,482,764</u>	<u>1,196,748</u>	<u>(411,353)</u>	<u>10,268,159</u>
Business-type activities capital assets, net	<u><u>\$ 10,762,687</u></u>	<u><u>\$ 1,797,931</u></u>	<u><u>\$ (1,340,917)</u></u>	<u><u>\$ 11,219,701</u></u>

**CITY OF BEXLEY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 9 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to the City's enterprise funds as follows:

**Business-type activities:**

Water	\$ 185,768
Sewer	131,116
Refuse	<u>19,821</u>
Total depreciation expense	336,705
Accumulated depreciation on capital assets contributed from Water to Sewer operations	<u>710</u>
Increase in accumulated depreciation	<u><u>\$ 337,415</u></u>

**NOTE 10 - CAPITAL LEASE OBLIGATION**

During 2015, the City entered into capital lease agreements for the acquisition of an auto scrubber. This lease meets the criteria of a capital lease which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term.

Capital lease payments have been reclassified and are reflected as debt service expenditures in the statement of revenues, expenditures and changes in fund balances - governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis. Capital assets acquired by the leases have been capitalized in the amount of \$6,199, which represents the present value of the future minimum lease payments at the time of acquisition. Accumulated depreciation as of December 31, 2016 was \$2,066, leaving a current book value of \$4,133.

A corresponding liability was recorded on the statement of net position. In 2016, principal payments of \$1,966 are reflected as debt service principal retirement in the general fund. The principal payments are reported as a reduction to the long-term liabilities reported on the statement of net position.

The following is a schedule of the future minimum lease payments required under the capital lease obligation and the present value of the minimum lease payments as of December 31, 2016:

<u>Year Ending</u> <u>December 31,</u>	<u>Auto Scrubber</u>
2017	<u>\$ 2,168</u>
Total minimum lease payments	2,168
Less: amount representing interest	<u>(103)</u>
Present value of future minimum lease payments	<u><u>\$ 2,065</u></u>

**CITY OF BEXLEY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 11 - LONG-TERM OBLIGATIONS**

Bonded debt and other long-term obligations payable activity for the year ended December 31, 2016, was as follows:

<u>Business-Type Activities</u>		<u>Balance 12/31/15</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance 12/31/16</u>	<u>Due Within One Year</u>
<b>General Obligation Bonds:</b>						
Series 2008 Various Purpose Refunding Bonds, \$1,017,500	3.0%-4.0%	\$ 360,800	\$ -	\$ (45,100)	\$ 315,700	\$ 49,500
Series 2010 General Obligation Bonds, \$1,168,750	2.0%-4.0%	940,100	-	(48,450)	891,650	51,000
Series 2015 Various Purpose Refunding Bonds, \$467,100	2.0%-4.0%	<u>467,100</u>	<u>-</u>	<u>(1,800)</u>	<u>465,300</u>	<u>1,800</u>
<b>Total General Obligation Bonds</b>		<u>1,768,000</u>	<u>-</u>	<u>(95,350)</u>	<u>1,672,650</u>	<u>102,300</u>
<b>Ohio Public Works Commission (OPWC) Loans:</b>						
2005 Main Street Sewer Project, \$474,500	0.00%	237,250	-	(23,725)	213,525	23,725
2009 Sheridan/Francis Avenue Water Project, \$249,022	0.00%	494,091	-	(295,796) <sup>(1)</sup>	198,295	9,223
2009 Sheridan/Francis Avenue Sewer Project, \$5,929	0.00%	-	4,941 <sup>(1)</sup>	(220)	4,721	220
2012 College and South Cassady Water Project, \$817,142	0.00%	758,774	-	(29,184)	729,590	29,184
2013 East Main Water Project, \$108,436	0.00%	108,436	-	(5,422)	103,014	5,422
2013 East Main Sewer Project, \$33,365	0.00%	33,365	-	(1,668)	31,697	1,668
2014 Northeast Quadrant Water Project, \$829,967	0.00%	765,037	64,930	-	829,967	30,739
2014 Northeast Quadrant Sewer Project, \$99,597	0.00%	91,805	7,792	-	99,597	3,689
2016 East Broad Street Water Project, \$1,255,000	0.00%	<u>-</u>	<u>354,041</u>	<u>-</u>	<u>354,041</u>	<u>-</u>
<b>Total OPWC Loans</b>		<u>2,488,758</u>	<u>431,704</u>	<u>(356,015)</u>	<u>2,564,447</u>	<u>103,870</u>
Net Pension Liability		397,960	-	131,878	529,838	-
Compensated Absences		<u>33,919</u>	<u>-</u>	<u>(7,964)</u>	<u>25,955</u>	<u>2,190</u>
<b>Total Business-Type Activities</b>		<u>\$ 4,688,637</u>	<u>\$ 431,704</u>	<u>\$ (327,451)</u>	<u>\$ 4,792,890</u>	<u>\$ 208,360</u>

**CITY OF BEXLEY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

		Balance 12/31/15	Increase	Decrease	Balance 12/31/16	Due Within One Year
<u>Governmental Activities</u>						
<u>General Obligation Bonds</u>						
Series 2008 Various Purpose Refunding and Improvement Bonds, \$7,912,500	3.0-4.0%	\$ 2,669,200	\$ -	\$ (504,900)	\$ 2,164,300	\$ 550,500
Premium on Refunding Bonds		36,928	-	(3,077)	33,851	-
Series 2009 Capital Facilities Bonds, \$7,400,000	2.5-5.0%	2,085,000	-	(315,000)	1,770,000	330,000
Premium on Bonds		143,508	-	(11,039)	132,469	-
Series 2010 General Obligation Bonds, \$5,706,250	2.0-4.0%	4,589,900	-	(236,550)	4,353,350	249,000
Premium on Bonds		30,568	-	(2,183)	28,385	-
Series 2013 Capital Facilities Bonds, \$1,400,000	2.90%	1,150,000	-	(130,000)	1,020,000	135,000
Series 2014 Various Purpose Construction Bonds, \$2,625,000	1.5-4.0%	2,525,000	-	(100,000)	2,425,000	100,000
Premium on Bonds		62,621	-	(3,310)	59,311	-
Series 2015 Various Purpose Refunding Bonds, \$4,722,900	2.0-4.0%	4,722,900	-	(18,200)	4,704,700	18,200
Premium on Refunding Bonds		679,257	-	(52,251)	627,006	-
Total G.O. Bonds		<u>18,694,882</u>	<u>-</u>	<u>(1,376,510)</u>	<u>17,318,372</u>	<u>1,382,700</u>
<u>Revenue Bonds</u>						
Series 2013 Nontax Revenue Bonds, \$1,150,000	4.50%	<u>1,080,000</u>	<u>-</u>	<u>(40,000)</u>	<u>1,040,000</u>	<u>40,000</u>
<u>Ohio Public Works Commission (OPWC) Loans:</u>						
2006 North Cassady Avenue Reconstruction, \$1,468,415	0.00%	917,759	-	(73,421)	844,338	73,421
2008 Maryland Avenue Reconstruction, \$672,734	0.00%	426,066	-	(44,849)	381,217	44,849
2009 Sheridan/Francis Avenue Reconstruction, \$337,958	0.00%	-	281,632 <sup>(1)</sup>	(12,517)	269,115	12,517
2012 College and South Cassady Improvements, \$1,906,666	0.00%	1,770,476	-	(68,095)	1,702,381	68,095
2012 East Main Improvements, \$275,262	0.00%	275,262	-	(13,763)	261,499	13,763
2014 Northeast Quadrant Improvements, \$730,368	0.00%	673,231	57,137	-	730,368	27,051
Total OPWC Loans		<u>4,062,794</u>	<u>338,769</u>	<u>(212,645)</u>	<u>4,188,918</u>	<u>239,696</u>
Capital Lease Obligation		4,031	-	(1,966)	2,065	2,065
Net Pension Liability		8,511,437	3,189,659	-	11,701,096	-
Compensated Absences		387,724	-	(70,716)	317,008	26,746
Total Governmental Activities		<u>\$ 32,740,868</u>	<u>\$ 3,528,428</u>	<u>\$ (1,701,837)</u>	<u>\$ 34,567,459</u>	<u>\$ 1,691,207</u>

**CITY OF BEXLEY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

During 2016, the City engineer re-estimated the portion of the Sheridan/Francis Avenue Reconstruction OPWC loan that was attributable to street improvements, water improvements and sewer improvements. Based upon the revised estimate, the street improvements, water improvements and sewer improvements were determined to be 57 percent, 42 percent, and 1 percent, respectively, of the project. Previously, the City engineer estimated that the entire loan related to water improvements. Based upon the revised estimate, the City is allocating the appropriate portion of the Sheridan/Francis Avenue Reconstruction OPWC loan to the respective business-type activities and governmental activities. The City has also allocated the appropriate portion of the capital assets acquired by the loan to the respective business-type and governmental activities. The schedule below reconciles the increase/decrease in the OPWC loan payable as presented in the schedules above to actual OPWC loan proceeds received in 2016 for the project and actual principal payments made in 2016 on the loan:

<u>Sheridan/Francis Avenue Reconstruction OPWC loan</u>	Business-type Activities	Governmental Activities
Increase in loan balance	\$ 4,941	\$ 281,632
Less: Portion of increase due to reassignment of loan balance to appropriate activity	(4,941)	(281,632)
Loan proceeds received in 2016	\$ -	\$ -
Decrease in loan balance	\$ 295,796	
Less: Portion of decrease due to reassignment of loan balance to appropriate activity	(286,573)	
Loan principal payments made in 2016	\$ 9,223	

**Legal Debt Margin**

The City's overall legal debt margin was \$34,693,420, with an unvoted debt margin of \$27,422,270 at December 31, 2016.



**CITY OF BEXLEY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

**Future Debt Service Requirements**

As of December 31, 2016, the 2016 East Broad Street Improvements OPWC loan is not closed and not all monies available have been borrowed (the City had drawn \$354,041 of the \$1,255,000 permissible borrowings). As such, no amortization schedule is available, therefore, this loan is not included in the schedule below. Annual debt service requirements to maturity for business-type long-term obligations are:

Year Ending December 31,	Business-type Activities					
	Water General Obligation Bonds		Sewer General Obligation Bonds		Sewer OPWC Loans	Water OPWC Loans
	Principal	Interest	Principal	Interest	Principal	Principal
2017	\$ 55,700	\$ 35,797	\$ 46,600	\$ 33,170	\$ 29,302	\$ 74,568
2018	57,300	33,828	45,600	28,788	29,302	74,568
2019	59,300	31,823	48,600	24,556	29,301	74,568
2020	61,200	29,973	50,600	22,389	29,302	74,568
2021	63,000	28,004	51,600	20,089	29,302	74,568
2022 - 2026	359,650	104,591	344,400	61,549	122,784	372,840
2027 - 2031	315,900	31,510	113,200	6,192	27,884	372,840
2032 - 2036	-	-	-	-	26,216	367,410
2037 - 2041	-	-	-	-	18,771	313,455
2042 - 2043	-	-	-	-	7,376	61,481
Totals	<u>\$ 972,050</u>	<u>\$ 295,526</u>	<u>\$ 700,600</u>	<u>\$ 196,733</u>	<u>\$ 349,540</u>	<u>\$ 1,860,866</u>

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

Year Ending December 31,	Governmental Activities				
	General Obligation Bonds		Revenue Bonds		OPWC Loans
	Principal	Interest	Principal	Interest	Principal
2017	\$ 1,382,700	\$ 575,741	\$ 40,000	\$ 46,800	\$ 239,696
2018	1,402,100	533,264	45,000	45,000	239,696
2019	1,132,100	490,087	45,000	42,975	239,695
2020	1,163,200	453,167	50,000	40,950	239,695
2021	1,200,400	414,664	50,000	38,700	239,696
2022 - 2026	6,095,950	1,469,804	810,000	70,425	1,131,205
2027 - 2031	3,530,900	404,698	-	-	717,261
2032 - 2036	530,000	37,625	-	-	593,369
2037 - 2041	-	-	-	-	494,505
2042 - 2043	-	-	-	-	54,100
Totals	<u>\$ 16,437,350</u>	<u>\$ 4,379,050</u>	<u>\$ 1,040,000</u>	<u>\$ 284,850</u>	<u>\$ 4,188,918</u>

## CITY OF BEXLEY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

#### **NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

On April 30, 2008, the City issued \$8,930,000 in Series 2008 Various Purpose Refunding Bonds and Capital Improvement Bonds. The refunding portion of the issue amounted to \$7,600,000 and was used to advance refund the Series 1998 Various Purpose Capital Improvement Bonds, the Main Street Storm Sewer Bond Anticipation Note and the Swimming Pool Bond Anticipation Note. Of this amount, \$1,017,500 was an obligation of the business-type activities and \$6,582,500 was an obligation of the governmental activities. The capital improvement portion of the bond issue amounted to \$1,330,000 and was used to pay the costs of improving and rehabilitating the Jeffrey Mansion. This entire amount is an obligation of the governmental activities. The bonds have interest ranging from 3.0 percent to 4.0 percent. The bonds are serial bonds and were issued for a 19 year period with final maturity in December 2027. Principal and interest is paid from the bond retirement fund and the water and sewer enterprise funds.

In 2015, the City advance refunded a portion of the Series 2008 Various Purpose Refunding Bonds and Capital Improvement Bonds with the issuance of the Series 2015 Various Purpose Refunding Bonds. The portion of the bonds refunded were as follows: (1) \$1,569,900 of the governmental activities portion of the Series 2008 Various Purpose Refunding Bonds and Capital Improvement Bonds and (2) \$320,100 of the business-type activities portion of the Series 2008 Various Purpose Refunding Bonds. At December 31, 2016, the remaining balance (non-refunded portion) of the governmental activities and business-type activities portions of the Series 2008 Various Purpose Refunding Bonds and Capital Improvement Bonds were \$2,164,300 and \$315,700, respectively. The final maturity date of the remaining bonds is December 1, 2022.

On April 7, 2009, the City issued \$7,400,000 in Series 2009 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 fund. During 2015, the City advance refunded \$3,220,000 of the Series 2009 Capital Facilities bonds with the issuance of the Series 2015 Various Purpose Refunding Bonds. At December 31, 2016, the remaining balance (non-refunded portion) of the Series 2009 Capital facilities bonds was \$1,770,000. The final maturity date of the remaining bonds is December 1, 2021. Principal and interest payments are paid from the bond retirement fund.

On June 24, 2010, the City issued \$6,875,000 in Series 2010 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 bonds bear interest rates ranging between 2.0 percent and 4.0 percent and maturity on December 1, 2030. Of this amount, \$1,168,750 was an obligation of the business-type activities and \$5,706,250 was an obligation of the governmental activities. Principal and interest payments related to the governmental activities portion are paid from the bond retirement fund. Principal and interest payments related to the business-type activities portion are paid from the water enterprise fund.

On June 19, 2013, the City issued \$1,400,000 in Series 2013 Capital Facilities Bonds for the purpose of paying the costs of improving Main Street between certain termini by sidewalk, curbing, and pavement removal, constructing concrete and brick sidewalks and medians, water, storm water and sanitary sewer improvements, tree pits, frames and grates, new curbing and pavement, providing street lighting, signage and overhead power service line relocation, tree planting and other landscaping, and seating, trash receptacles, bike racks and other streetscape amenities, together with all necessary appurtenances thereto. The bonds bear an interest rate of 2.9% and mature December 1, 2023. Principal and interest payments are paid from the bond retirement fund.

**CITY OF BEXLEY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

On October 18, 2013, the City issued \$1,150,000 in Taxable Special Obligation Nontax Revenue Bonds, Series 2013 for the purpose of paying the costs of acquiring approximately one acre of real property and the improvements located thereupon which real property is generally located at the intersection of East Main Street and College Avenue, all in support of economic development and creating or preserving jobs and employment opportunities and improving the economic welfare of the people of the City. The bonds bear an interest rate of 4.5 percent. Principal and interest payments are made from the economic development bond service fund (a nonmajor governmental fund). The Series 2013 Nontax Revenue Bonds are payable solely from non-tax revenues and are payable through December 1, 2023. The 2016 principal and interest payments on the bonds required 6.33 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,324,850. For 2016, principal and interest paid and net revenues were \$88,605 and \$1,399,392, respectively.

On May 22, 2014, the City issued \$2,625,000 in Series 2014 Various Purpose Construction Bonds to finance improvements and renovations to the new city hall facility (\$790,000) and for the constructing a new service garage (\$1,835,000). The bonds bear interest rates ranging from 1.50 percent to 4.00 percent and mature on December 1, 2034. Principal and interest payments are made from the bond retirement fund.

On May 19, 2015, the City issued \$5,190,000 in general obligation bonds for the purpose of advance refunding a portion of the Series 2008 Various Purpose Refunding Bonds and Capital Improvement Bonds and a portion of the Series 2009 Capital Improvement Bonds. Of this amount, \$467,100 is reported in the business-type activities and \$4,722,900 is reported in the governmental activities. The bonds are serial bonds and were issued for a 14 year period with final maturity in December 1, 2028. Principal and interest related to the governmental activities portion is paid from the bond retirement fund. Principal and interest related to the business-type activities portion is paid from the water and sewer enterprise funds.

As part of the advance refunding, the City deposited \$5,916,901 into an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The refunded bonds were not included in the City's outstanding debt since the City has satisfied its obligations through the refunding (in-substance defeased). The assets held in trust as a result of the refunding are not included in the financial statements. The balance of the refunded bonds was \$5,566,000 at December 31, 2016.

The reacquisition price exceeded the net carrying amount of the old debt by \$806,901. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

**Ohio Public Works Commission (OPWC) Loans**

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

In 2006, the City received 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 street maintenance and repair fund (a nonmajor governmental fund) with final maturity in 2028.

**CITY OF BEXLEY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

In 2008, the City received 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 fund with final maturity in 2025.

In 2009, the City received loan proceeds from OPWC for the reconstruction of Sheridan/Francis Avenue. This is a zero percent interest general obligation loan. Principal payments are due semi-annually and will be 57 percent from the bond retirement fund, 42 percent from the water enterprise fund, and 1 percent from the sewer enterprise fund. The loan has a final maturity in 2038.

In 2012 - 2013, the City received loan proceeds from OPWC for College Avenue and South Cassady Avenue street improvements and water projects. This is a zero percent interest general obligation loan. Principal payments are due semi-annually and will be 70 percent from the bond retirement fund and 30 percent from the water enterprise fund. The loan has a final maturity in 2041.

In 2012 - 2015, the City received loan proceeds from OPWC for East Main street improvements, water projects, and sewer projects. This is a zero percent interest general obligation loan. Principal payments are due semi-annually and will be 66 percent from the bond retirement fund, 26 percent from the water enterprise fund, and 8 percent from the sewer enterprise fund. The loan has a final maturity in 2035.

In 2014 - 2016, the City received loan proceeds from OPWC for Northeast Quadrant street improvements, water projects and sewer projects. This is a zero percent interest general obligation loan. Principal payments are due semi-annually and will be 44 percent from the bond retirement fund, 50 percent from the water enterprise fund, and 6 percent from the sewer enterprise fund. The loan has a final maturity in 2043.

In 2016, the City received loan proceeds from OPWC for East Broad Street Water Improvement Project. This is a zero percent interest general obligation loan. When completed, principal payments will be due semi-annually and paid from the water enterprise fund. The City may borrow up to \$1,255,000 and at December 31, 2016, the City had outstanding borrowings of \$354,041. At December 31, 2016, the loan remains open and final loan amount has not been determined as the City has \$900,959 remaining to be drawn on the loan. No principal payments were made in 2016.

**Capital Lease Obligation**

The City's capital lease obligations are described in Note 10.

**Net Pension Liability**

The City's net pension liability is described in Note 13. The City pays obligations related to employee compensation from the fund benefitting from their service.

**Compensated Absences**

Compensated absences will be paid from the general fund, street maintenance and repair fund (a nonmajor governmental fund), and water and sewer enterprise funds. See Note 12 for detail on compensated absences.

## CITY OF BEXLEY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

#### NOTE 12 - EMPLOYEE BENEFITS

##### **Compensated Absences**

Vacation leave is earned at rates which vary depending upon length of service. For 2016, all employees may carry over 80 hours of vacation leave per year. City employees are paid for earned, unused vacation leave at the time of termination of employment.

Sick leave is earned at rates which vary depending upon length of service and can be accumulated up to a limit of 2,100 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 2016, the City provided its employees group health and prescription drug insurance through Medical Mutual. Life, dental, and vision insurance is provided through Standard Insurance, 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 - DEFINED BENEFIT PENSION PLANS

##### ***Net Pension Liability/Asset***

The net pension liability/asset reported on the statement of net position represents a liability or asset to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability/asset represents the City's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the City's obligation for this liability to annually required payments. The City cannot control benefit terms or the manner in which pensions are financed; however, the City does receive the benefit of employees' services in exchange for compensation including pension.

**CITY OF BEXLEY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

GASB 68 assumes any net pension liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits or overfunded benefits is presented as a long-term *net pension liability* or *net pension asset*, respectively, on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *due to other governments* on both the accrual and modified accrual bases of accounting.

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description - City employees, other than full-time police officers, participate 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 and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. City employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension Plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

**CITY OF BEXLEY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the Traditional Pension Plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

<b>Group A</b> Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	<b>Group B</b> 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	<b>Group C</b> Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.0% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3% COLA adjustment on the defined benefit portion of their benefit.

**CITY OF BEXLEY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
<b>2016 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
 <b>2016 Actual Contribution Rates</b>	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0 %
Total Employer	14.0 %
 Employee	 10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$463,015 for 2016. Of this amount, \$36,792 is reported as due to other governments.

***Plan Description – Ohio Police & Fire Pension Fund (OP&F)***

Plan Description - City full-time police officers participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension 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 and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.



**CITY OF BEXLEY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit.

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

**CITY OF BEXLEY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police
<b>2016 Statutory Maximum Contribution Rates</b>	
Employer	19.50 %
Employee	12.25 %
 <b>2016 Actual Contribution Rates</b>	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	0.50 %
 Total Employer	 19.50 %
 Employee	 12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$501,201 for 2016. Of this amount \$22,386 is reported as due to other governments.

In addition to current contributions, the City pays installments on a specific liability of the City incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. The City paid off the liability in 2015.

***Pension Liabilities/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

The net pension liability and net pension asset for the OPERS Traditional Pension Plan and Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2015, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2015, and was determined by rolling forward the total pension liability as of January 1, 2015, to December 31, 2015. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

**CITY OF BEXLEY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Following is information related to the proportionate share and pension expense:

	OPERS	OP&F	Total
Proportion of the net pension liability prior measurement date	0.02552300%	0.11255920%	
Proportion of the net pension liability current measurement date	<u>0.02578800%</u>	<u>0.12069100%</u>	
Change in proportionate share	<u>0.00026500%</u>	<u>0.00813180%</u>	
Proportion of the net pension asset prior measurement date	0.00000000%		
Proportion of the net pension asset current measurement date	<u>0.03762200%</u>		
Change in proportionate share	<u>0.03762200%</u>		
Proportionate share of the net pension liability	\$ 4,466,808	\$ 7,764,126	\$ 12,230,934
Proportionate share of the net pension asset	144	-	144
Pension expense	673,502	1,119,795	1,793,297

**CITY OF BEXLEY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

At December 31, 2016, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 995	\$ -	\$ 995
Net difference between projected and actual earnings on pension plan investments	1,313,192	1,263,703	2,576,895
Changes in employer's proportionate percentage and difference between employer contributions and proportionate share of contributions	33,569	383,072	416,641
City contributions subsequent to the measurement date	<u>463,015</u>	<u>501,201</u>	<u>964,216</u>
Total deferred outflows of resources	<u>\$ 1,810,771</u>	<u>\$ 2,147,976</u>	<u>\$ 3,958,747</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	86,308	21,801	108,109
Changes in employer's proportionate percentage and difference between employer contributions and proportionate share of contributions	<u>-</u>	<u>2,271</u>	<u>2,271</u>
Total deferred inflows of resources	<u>\$ 86,308</u>	<u>\$ 24,072</u>	<u>\$ 110,380</u>

\$964,216 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2017.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Year Ending December 31:			
2017	\$ 310,013	\$ 401,620	\$ 711,633
2018	318,044	401,620	719,664
2019	335,592	401,620	737,212
2020	297,296	335,008	632,304
2021	123	69,609	69,732
Thereafter	<u>380</u>	<u>13,226</u>	<u>13,606</u>
Total	<u>\$ 1,261,448</u>	<u>\$ 1,622,703</u>	<u>\$ 2,884,151</u>

**CITY OF BEXLEY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

*Actuarial Assumptions - OPERS*

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability/asset in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage inflation	3.75 percent
Future salary increases, including inflation COLA or ad hoc COLA	4.25 to 10.05 percent including wage inflation Pre 1/7/2013 retirees: 3 percent, simple Post 1/7/2013 retirees: 3 percent, simple through 2018, then 2.80% simple
Investment rate of return	8 percent
Actuarial cost method	Individual entry age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 401 (h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.40 percent for 2015.

**CITY OF BEXLEY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	23.00 %	2.31 %
Domestic equities	20.70	5.84
Real estate	10.00	4.25
Private equity	10.00	9.25
International equities	18.30	7.40
Other investments	18.00	4.59
<b>Total</b>	<b>100.00 %</b>	<b>5.27 %</b>

**Discount Rate** - The discount rate used to measure the total pension liability/asset was 8 percent for both the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate** - The following table presents the City's proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 8 percent, as well as what the City's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 7,116,714	\$ 4,466,808	\$ 2,231,694
Member-Directed Plan	376	(144)	(376)

**CITY OF BEXLEY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

*Changes Between Measurement Date and Report Date* - In October 2016, the OPERS Board of Trustees adopted certain assumption changes which impacted their annual actuarial valuation prepared as of December 31, 2016. The most significant changes are a reduction in the expected investment return to 7.50% from 8.00%, the expected long-term average wage inflation was reduced to 3.25% from 3.75%, the expected long-term average price inflation was reduced to 2.50% from 3.00% and a change to various demographic assumptions. Although the exact amount of these changes is not known, the impact to the City's net pension liability is expected to be significant.

*Actuarial Assumptions – OP&F*

OP&F's total pension liability as of December 31, 2015 is based on the results of an actuarial valuation date of January 1, 2015, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2015, are presented below:

Valuation date	January 1, 2015
Actuarial cost method	Entry age normal
Investment rate of return	8.25 percent
Projected salary increases	4.25 percent to 11 percent
Payroll increases	3.75 percent
Inflation assumptions	3.25 percent
Cost of living adjustments	2.60 and 3.00 percent simple

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed for the five-year period ended December 31, 2011. The recommended assumption changes based on this experience study were adopted by OP&F's Board and were effective beginning with the January 1, 2012 actuarial valuation.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

**CITY OF BEXLEY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2015 are summarized below:

Asset Class	Target Allocation	10 Year Expected Real Rate of Return **	30 Year Expected Real Rate of Return **
Cash and Cash Equivalents	- %		
Domestic Equity	16.00	6.50 %	7.80 %
Non-US Equity	16.00	6.70	8.00
Core Fixed Income *	20.00	3.50	5.35
Global Inflation			
Protected Securities *	20.00	3.50	4.73
High Yield	15.00	6.35	7.21
Real Estate	12.00	5.80	7.43
Private Markets	8.00	9.50	10.73
Timber	5.00	6.55	7.35
Master Limited Partnerships	8.00	9.65	10.75
Total	<u>120.00 %</u>		

\* levered 2x

\*\* numbers include inflation

OP&F's Board of Trustees has incorporated the "risk parity" concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

**Discount Rate** - The total pension liability was calculated using the discount rate of 8.25 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.25 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25 percent), or one percentage point higher (9.25 percent) than the current rate.



**CITY OF BEXLEY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

	1% Decrease (7.25%)	Current Discount Rate (8.25%)	1% Increase (9.25%)
City's proportionate share of the net pension liability	\$ 10,239,856	\$ 7,764,126	\$ 5,666,959

**NOTE 14 - POSTRETIREMENT BENEFIT PLANS**

**A. Ohio Public Employees Retirement System**

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

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB 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 healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2016, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan and Combined Plan for 2016 was 2.00%.

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 healthcare plan.

## CITY OF BEXLEY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

#### NOTE 14 - POSTRETIREMENT BENEFIT PLANS - (Continued)

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2016, 2015, and 2014 were \$82,906, \$67,123, and \$62,584, respectively; 93.26% has been contributed for 2016 and 100% has been contributed for 2015 and 2014. The remaining 2016 post-employment health care benefits liability has been reported as due to other governments on the basic financial statements.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.00% of the employer contributions toward the health care fund after the end of the transition period.

#### **B. Ohio Police and Fire Pension Fund**

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

OP&F provides access to post-employment health care coverage to 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 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 statements and required supplementary information for the plan. That report may be obtained by writing to the OP&F, 140 East Town Street, Columbus, Ohio 43215-5164 or by visiting the website at [www.op-f.org](http://www.op-f.org).

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, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts, one account is for health care benefits under an Internal Revenue Code Section 115 trust and the other account is for Medicare Part B reimbursements administered as an Internal Revenue Code Section 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.

**CITY OF BEXLEY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**NOTE 14 - POSTRETIREMENT BENEFIT PLANS - (Continued)**

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was .5% of covered payroll from January 1, 2016 thru December 31, 2016. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the 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 officers for the years ended December 31, 2016, 2015, and 2014 were \$13,189, \$15,166, and \$13,299, respectively; 95.65% has been contributed for police for 2016 and 100% has been contributed for police for 2015 and 2014. The remaining 2016 post-employment health care benefits liability has been reported as due to other governments on the basic financial statements.

**NOTE 15 - 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.

**NOTE 16 - CONTINGENCIES**

**A. Litigation**

The City is not party to any legal proceedings.

**B. Federal and State Grants**

For the period January 1, 2016, to December 31, 2016, 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 not have a material impact on the financial statements.

**CITY OF BEXLEY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 17 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund and roads and sidewalks fund are presented 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 and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for all governmental funds for which a budgetary basis statement is presented:

**Net Change in Fund Balance**

	General	Roads and Sidewalks
Budget basis	\$ (773,199)	\$ (1,063,938)
Net adjustment for revenue accruals	(205,652)	-
Net adjustment for expenditure accruals	(649,022)	(81,907)
Net adjustment for other sources/uses	592,325	-
Funds budgeted elsewhere	303,663	-
Adjustment for encumbrances	633,568	574,290
GAAP basis	\$ (98,317)	\$ (571,555)

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the recreation fund, swimming pool fund, Bexley meadow music association fund, community events fund, Bexley video fund, Maryanna Holbrook scholarship fund, budget stability fund, unclaimed monies fund, winter medley fund, Bexley banner fund, dodge ball fund, police officer equipment fund, main event fund, and the health insurance fund.

**CITY OF BEXLEY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**NOTE 18 - OTHER COMMITMENTS**

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the City's commitments for encumbrances (less those included in payables) in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 186,622
Roads and sidewalks	538,055
Nonmajor governmental	<u>496,571</u>
Total	<u>\$ 1,221,248</u>

THIS SPACE INTENTIONALLY LEFT BLANK

**CITY OF BEXLEY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 19 - FUND BALANCE**

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

Fund balance	General	Roads and Sidewalks	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Materials and supplies inventory	\$ 6,092	\$ -	\$ -	\$ 30,677	\$ 36,769
Unclaimed monies	11,491	-	-	-	11,491
Total nonspendable	<u>17,583</u>	<u>-</u>	<u>-</u>	<u>30,677</u>	<u>48,260</u>
Restricted:					
Police programs	-	-	-	22,225	22,225
Police pension	-	-	-	34,248	34,248
Streets and transportation	-	268,410	-	542,367	810,777
Capital improvements	-	-	-	10,696	10,696
Other purposes	-	-	-	19,882	19,882
Total restricted	<u>-</u>	<u>268,410</u>	<u>-</u>	<u>629,418</u>	<u>897,828</u>
Committed:					
Community environment	-	-	-	26,686	26,686
Leisure time activity	-	-	-	1,208	1,208
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,894</u>	<u>27,894</u>
Assigned:					
Debt service	-	-	344,748	65,195	409,943
Capital improvements	-	-	-	1,306,306	1,306,306
General government	157,899	-	-	-	157,899
Security of persons and property	27,636	-	-	-	27,636
Community environment	1,563	-	-	-	1,563
Leisure time activity	914,155	-	-	-	914,155
Other purposes	12,775	-	-	-	12,775
Subsequent year appropriations	192,747	-	-	-	192,747
Total assigned	<u>1,306,775</u>	<u>-</u>	<u>344,748</u>	<u>1,371,501</u>	<u>3,023,024</u>
Unassigned	<u>4,074,582</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,074,582</u>
Total fund balances	<u>\$ 5,398,940</u>	<u>\$ 268,410</u>	<u>\$ 344,748</u>	<u>\$ 2,059,490</u>	<u>\$ 8,071,588</u>

## CITY OF BEXLEY, OHIO

### NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

#### **NOTE 20 - BEXLEY COMMUNITY IMPROVEMENT CORPORATION**

The Bexley Community Improvement Corporation (the "CIC") was formed pursuant to Ordinance 52-12 passed October 9, 2012 and incorporated as a not-for-profit corporation under Chapters 1724 of the Ohio Revised Code for the purpose to advance, encourage, and promote industrial, economic, commercial and civic development of the City of Bexley (the "City"). The CIC has been designated as the City's agent for industrial and commercial distributions and research development.

The Board of Directors (the "Board") is to be comprised of fifteen members. Six of the Board members are elected or appointed officials of the City of Bexley. All Board members are appointed by the Mayor of the City of Bexley with approval of Bexley City Council.

In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14, as amended by GASB Statement No. 39, "The Financial Reporting Entity," and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus," the City's primary government and basic financial statements include component units which are defined as legally separate organizations for which the City is financially accountable. Financial accountability is defined as the appointment of a voting majority of the organization's board and either 1) the City's ability to impose its will over the organization, or 2) the possibility that the organization will provide a financial benefit or impose a financial burden to the City. The CIC is a legally separate entity and is reported by the City as a discretely presented component unit in the City's basic financial statements. The CIC does not have any component units and does not include any other organizations in its presentation. The CIC's management believes these basic financial statements present all activities for which the CIC is financially accountable.

#### **Summary of Significant Accounting Policies**

The basic financial statements of the CIC have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The CIC's significant accounting policies are described below.

#### **A. Basis of Accounting**

The basic financial statements of the CIC are prepared using the accrual basis of accounting in conformity with GAAP.

#### **B. Basis of Presentation**

The CIC's basic financial statements consist of a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows.

The CIC distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the CIC's principal ongoing operation. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

**CITY OF BEXLEY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**NOTE 20 - BEXLEY COMMUNITY IMPROVEMENT CORPORATION - (Continued)**

**C. Federal Income Tax**

The CIC is exempt from federal income tax under Section 501 (c) (3) of the Internal Revenue Code.

**D. Cash and Cash Equivalents**

For purposes of the statement of cash flows, all cash in the CIC's checking account are considered to be cash and cash equivalents. All monies received by the CIC are deposited in demand deposit accounts.

**E. Accrued Liabilities**

The CIC recognizes expenses due, but unpaid as of December 31, 2016.

**F. Net Position**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on the use of resources either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The CIC applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**G. Estimates**

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

**H. Capital Assets**

Capital assets are capitalized at cost 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.

All reported capital assets, except for land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings	40 Years
Leasehold improvements	5 Years



**CITY OF BEXLEY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**NOTE 20 - BEXLEY COMMUNITY IMPROVEMENT CORPORATION - (Continued)**

**I. Contributions of Capital**

Capital contributions on the basic financial statements arise from contributed capital assets from the City of Bexley. The CIC recognized \$1,667,912 in capital contributions during 2016.

**Deposits**

At December 31, 2016, the carrying amount of the CIC's deposits was \$333,762. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of December 31, 2016, \$250,000 of the CIC's bank balance of \$333,952 was covered by the Federal Deposit Insurance Corporation and \$83,952 was uninsured. There are no significant statutory restrictions regarding the deposits and investments of funds held by the not-for-profit corporation.

**Litigation**

The CIC is involved in no material litigation as either plaintiff or defendant.

THIS SPACE INTENTIONALLY LEFT BLANK

**CITY OF BEXLEY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016

**NOTE 20 - BEXLEY COMMUNITY IMPROVEMENT CORPORATION - (Continued)**

**Capital Assets**

Capital asset activity for the year ended December 31, 2016, was as follows:

	Balance			Balance
	1/1/16	Additions	Disposals	12/31/16
<i>Capital assets, not being depreciated:</i>				
Land	\$ 799,300	\$ 809,501	\$ -	\$ 1,608,801
Total capital assets, not being depreciated	<u>799,300</u>	<u>809,501</u>	<u>-</u>	<u>1,608,801</u>
<i>Capital assets being depreciated:</i>				
Land improvements	-	858,411	-	858,411
Buildings	-	201,359	-	201,359
Total capital assets being depreciated	<u>-</u>	<u>1,059,770</u>	<u>-</u>	<u>1,059,770</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	-	(52,025)	-	(52,025)
Buildings and improvements	-	(20,136)	-	(20,136)
Total accumulated depreciation	<u>-</u>	<u>(72,161)</u>	<u>-</u>	<u>(72,161)</u>
Net capital assets	<u>\$ 799,300</u>	<u>\$1,797,110</u>	<u>\$ -</u>	<u>\$ 2,596,410</u>

During 2016, the City of Bexley donated the Bexley Square land and building to the CIC.

**Development Agreement**

The CIC has entered into an Economic Development Agreement with the City, which, among other things, the City may convey lands and interests in lands owned by the City and determined by City Council from time-to-time not to be required by the City for its purposes to the CIC and the CIC may acquire land and interests in land from others and conveyance of such land or interests in land will promote the welfare of the people of the political subdivision, stabilize the economy, provide employment, assist in the development of industrial, commercial, distribution, and research activities to the benefit of the people of the City, or provide additional opportunities for their gainful employment.

**Ground Lease**

On October 11, 2013, the CIC entered into a ground lease with Continental Bexley GE, LLC for the land owned by the CIC. The ground lease was established for the purposes of developing the site for commercial purposes, including operation of a grocery by Giant Eagle. The ground lease has a 50 year term. Payments received under the ground lease have been recorded as operating revenue on the CIC's financial statements.

**CITY OF BEXLEY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

**NOTE 20 - BEXLEY COMMUNITY IMPROVEMENT CORPORATION - (Continued)**

**Risk Management**

The CIC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to contracted personnel; and natural disasters. For 2016, the CIC was covered under the City of Bexley's property and casualty insurance policy. Settled claims have not exceeded commercial coverage since inception of the CIC.

**Related Party Transactions**

During 2016, the CIC made \$16,667 in payments to the City of Bexley. These payments have been recorded as an operating expense on the CIC's financial statements.

During 2016, the CIC received \$130,000 in contributions from the City of Bexley that are restricted for future land assembly in the Ferndale/Mayfield Area. In addition, the City of Bexley contributed \$124,361 to the CIC related to the operations of the Bexley Square. These amounts have been reported as contributions and donations revenue on the CIC's financial statements.

**Mortgage Note Payable**

On September 27, 2016, the CIC entered into a one year mortgage note with First Financial Bank, which is used as a line of credit to support the operations of Bexley Square. The CIC can make draws on the line of credit with maximum borrowing of \$725,000. At December 31, 2016, the CIC has drawn \$67,036 of the available borrowings. The CIC makes monthly interest payments based upon the amount drawn. The mortgage note matures September 26, 2017.

**THIS PAGE IS INTENTIONALLY LEFT BLANK**

**REQUIRED SUPPLEMENTARY INFORMATION**

**CITY OF BEXLEY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY/NET PENSION ASSET  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST THREE YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>Traditional Plan:</i>			
City's proportion of the net pension liability	0.025788%	0.025523%	0.025523%
City's proportionate share of the net pension liability	\$ 4,466,808	\$ 3,078,360	\$ 3,008,828
City's covered-employee payroll	\$ 3,356,175	\$ 3,540,033	\$ 2,946,231
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	133.09%	86.96%	102.12%
Plan fiduciary net position as a percentage of the total pension liability	81.08%	86.45%	86.36%
<i>Member Directed Plan:</i>			
City's proportion of the net pension asset	0.037622%	n/a	n/a
City's proportionate share of the net pension asset	\$ 144	n/a	n/a
City's covered-employee payroll	\$ 209,525	n/a	n/a
City's proportionate share of the net pension asset as a percentage of its covered-employee payroll	0.07%	n/a	n/a
Plan fiduciary net position as a percentage of the total pension asset	103.91%	n/a	n/a

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF BEXLEY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST THREE YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability	0.12069100%	0.11255920%	0.11255920%
City's proportionate share of the net pension liability	\$ 7,764,126	\$ 5,831,036	\$ 5,481,986
City's covered-employee payroll	\$ 2,953,284	\$ 2,459,305	\$ 2,723,948
City's proportionate share of the net pension liability as a percentage of its covered-employee payroll	262.90%	237.10%	201.25%
Plan fiduciary net position as a percentage of the total pension liability	66.77%	72.20%	73.00%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF BEXLEY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY CONTRIBUTIONS  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 444,327	\$ 402,741	\$ 424,804	\$ 383,010
Contributions in relation to the contractually required contribution	<u>(444,327)</u>	<u>(402,741)</u>	<u>(424,804)</u>	<u>(383,010)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 3,702,725	\$ 3,356,175	\$ 3,540,033	\$ 2,946,231
Contributions as a percentage of covered-employee payroll	12.00%	12.00%	12.00%	13.00%
 <i>Member Directed Plan:</i>				
Contractually required contribution	\$ 18,688	\$ 25,143		
Contributions in relation to the contractually required contribution	<u>(18,688)</u>	<u>(25,143)</u>		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>		
City's covered-employee payroll	\$ 155,733	\$ 209,525		
Contributions as a percentage of covered-employee payroll	12.00%	12.00%		

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 300,381	\$ 319,081	\$ 311,374	\$ 253,346	\$ 217,465	\$ 257,654
<u>(300,381)</u>	<u>(319,081)</u>	<u>(311,374)</u>	<u>(253,346)</u>	<u>(217,465)</u>	<u>(257,654)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,003,810	\$ 3,190,810	\$ 3,490,740	\$ 3,116,187	\$ 3,106,643	\$ 3,085,677
10.00%	10.00%	8.92%	8.13%	7.00%	8.35%

**CITY OF BEXLEY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY CONTRIBUTIONS  
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TEN YEARS

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<i>Police:</i>				
Contractually required contribution	\$ 501,201	\$ 561,124	\$ 467,268	\$ 432,563
Contributions in relation to the contractually required contribution	<u>(501,201)</u>	<u>(561,124)</u>	<u>(467,268)</u>	<u>(432,563)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 2,637,900	\$ 2,953,284	\$ 2,459,305	\$ 2,723,948
Contributions as a percentage of covered-employee payroll	19.00%	19.00%	19.00%	15.88%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 227,724	\$ 299,827	\$ 306,985	\$ 316,167	\$ 276,930	\$ 303,231
<u>(227,724)</u>	<u>(299,827)</u>	<u>(306,985)</u>	<u>(316,167)</u>	<u>(276,930)</u>	<u>(303,231)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,786,071	\$ 2,351,584	\$ 2,407,725	\$ 2,479,741	\$ 2,172,000	\$ 2,378,282
12.75%	12.75%	12.75%	12.75%	12.75%	12.75%

**CITY OF BEXLEY, OHIO**

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2016

*OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for 2014-2016.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. See the notes to the basic financial statements for the methods and assumptions in this calculation.

*OHIO POLICE AND FIRE (OP&F) PENSION FUND*

*Changes in benefit terms* : There were no changes in benefit terms from the amounts reported for 2014-2016.

*Changes in assumptions* : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. See the notes to the basic financial statements for the methods and assumptions in this calculation.



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Required by *Government Auditing Standards***

City of Bexley  
Franklin County  
2242 E. Main Street  
Bexley, Ohio 43209

To the Members of Council and Mayor:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bexley, Franklin County, Ohio, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the City of Bexley's basic financial statements and have issued our report thereon dated July 24, 2017.

***Internal Control Over Financial Reporting***

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

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

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

Members of Council and Mayor  
City of Bexley

***Compliance and Other Matters***

As part of reasonably assuring whether the City of Bexley's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2016-001 through 2016-003.

***City of Bexley's Response to Findings***

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

***Purpose of this Report***

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



Julian & Grube, Inc.  
July 24, 2017

**CITY OF BEXLEY  
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2016**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2016-001

Noncompliance

Ohio Revised Code Section 5705.36 in part, requires subdivisions to request increased or reduced amended certificates of estimated resources upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the last certified amended certificate.

The City did not request timely amended certificates throughout the year upon notice of increased or decreased resources.

The City is not properly certifying its most current estimated resources to the appropriate authorities and thus causing appropriations to exceed estimated resources, throughout the year and at year-end.

We recommend that the City review its available resources versus its appropriations throughout the year and file amended certificates when necessary. This will facilitate the City's appropriation process.

*Client Response:* The City requested and received eight amended certificates throughout 2016. With the exception of one minor fund, the Bexley Celebrations Association Fund for which appropriations exceeded resources by \$2,900 on the seventh amended certificate, all funds were certified to have sufficient resources for the level of appropriations in each fund.

Finding Number	2016-002
----------------	----------

Noncompliance

Ohio Revised Code Section 5705.39 requires that a subdivision's total appropriations from each fund should not exceed total estimated resources.

The City had total appropriations exceeding total estimated resources in the following fund at December 31, 2016:

Governmental Fund	Appropriations	Estimated Resources	Excess
Roads and Sidewalks	\$ 1,359,275	\$ 933,998	\$ 425,277

With appropriations exceeding estimated resources, the City may spend more funds than in the Treasury or in process of collection and cause fund deficits.

We recommend the City comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 and continually monitor appropriations versus estimated resources records. If it is determined that estimated resources will be different than initially anticipated, the City should amend its estimate and also amend the appropriations as necessary; however, appropriations should not exceed estimated resources.

**CITY OF BEXLEY  
FRANKLIN COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND RESPONSES  
DECEMBER 31, 2016**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)	
Finding Number	2016-002 - (Continued)

*Client Response:* Because this citation does not reflect the \$426,403 reduction to prior year encumbrances during 2016, the resources of \$933,998 reflected in the citation does not match the final amended certificate from the County which reflected resources of \$1,360,401 and a positive balance of \$1,126. The City has modified reporting with the County to reflect reductions to prior year encumbrances as current year resources to correct this inconsistency.

Finding Number	2016-003
----------------	----------

Noncompliance

Ohio Revised 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 appropriations in excess of actual resources, which consists of actual revenues and beginning unencumbered fund balance, in the following fund at December 31, 2016:

Governmental Fund	Appropriations	Actual Resources	Excess
Roads and Sidewalks Fund	\$ 1,359,275	\$ 806,420	\$ 552,855

By appropriating more funds than actual resources, the City is at risk of spending more money than is available; this may result in negative fund balances.

We recommend the City monitor estimated resources in comparison with actual resources and appropriations, and if necessary, obtain a decreased amended certificate and amend appropriations accordingly. Further guidance may be found in Auditor of State bulletin 97-010.

*Client Response:* When taking into account the reduction to prior year encumbrances during 2016, the actual resources were \$1,232,833. (\$389,287 adjusted beginning unencumbered balance plus 2016 revenue of \$843,546). While the appropriations - \$1,359,275 - exceeded this amount by \$126,441, the actual cash balance at the beginning of 2016 was \$966,000. Revenue received during 2016 was \$843,536. Expenditures during 2016 were \$1,333,185 resulting in an ending cash balance of \$477,351.





# 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  
OCTOBER 12, 2017