



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CITY OF BEXLEY
FRANKLIN COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying general-purpose financial statements of the City of Bexley, Franklin County, Ohio (the City) as of and for the year ended December 31, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the City as of December 31, 1999, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 27, 2001 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

JIM PETRO
Auditor of State

July 27, 2001

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CITY OF BEXLEY, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1999

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
ASSETS AND OTHER DEBITS									
ASSETS:									
Equity in pooled cash, cash equivalents and investments	\$1,166,878	\$290,739	\$244,081	\$1,146,610	\$1,294,276	\$20,358			\$4,162,942
Investments						59,208			59,208
Cash with fiscal agents	11,759								11,759
Cash in segregated accounts	1,390								1,390
Receivables (net of allowances for uncollectibles):									
Taxes	1,275,907	279,120							1,555,027
Accounts					553,948				553,948
Accrued interest	35,809								35,809
Due from other funds		8,359							8,359
Due from other governments	597,494	52,455							649,949
Materials and supplies inventory	10,509	18,909			11,165				40,583
Deferred bond issuance costs					13,015				13,015
Property, plant and equipment (net of accumulated depreciation where applicable)					3,998		\$3,617,125		3,621,123
Restricted assets:									
Equity in pooled cash and cash equivalents	1,000,000								1,000,000
OTHER DEBITS:									
Amount available in debt service fund								\$244,081	244,081
Amount to be provided for retirement of general long-term obligations								4,385,073	4,385,073
Total assets and other debits	\$4,099,746	\$649,582	\$244,081	\$1,146,610	\$1,876,402	\$79,566	\$3,617,125	\$4,629,154	\$16,342,266

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THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

CITY OF BEXLEY, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
DECEMBER 31, 1999

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
LIABILITIES, EQUITY AND OTHER CREDITS									
LIABILITIES:									
Accounts payable.	\$79,531	\$15,178		\$84,403	\$79,115	\$20,318			\$278,545
Contracts payable.	21,302								21,302
Accrued wages and benefits	160,010	9,668			5,959				175,637
Compensated absences payable	9,270	13,610			34,687			\$359,696	417,263
Pension obligation payable.	74,269	84,313			23,021				181,603
Deferred revenue	593,041	279,120							872,161
Due to other funds	8,359								8,359
Due to other governments					628,327				628,327
Undistributed monies.						64,838			64,838
Obligation under capital lease								79,458	79,458
Claims and judgements payable					325,000				325,000
General obligation bonds payable					1,000,000			4,190,000	5,190,000
Total liabilities.	945,782	401,889		84,403	2,096,109	85,156		4,629,154	8,242,493
EQUITY AND OTHER CREDITS:									
Investment in general fixed assets							3,617,125		3,617,125
Accumulated deficit					(219,707)				(219,707)
Fund balances:									
Reserved for encumbrances.	70,130	144		132,196					202,470
Reserved for materials and supplies inventory	10,509	18,909							29,418
Reserved for debt service			\$244,081						244,081
Reserved for budget stabilization	1,000,000								1,000,000
Unreserved-undesignated	2,073,325	228,640		930,011		(5,590)			3,226,386
Total equity and other credits	3,153,964	247,693	244,081	1,062,207	(219,707)	(5,590)	3,617,125		8,099,773
Total liabilities, equity and other credits	\$4,099,746	\$649,582	\$244,081	\$1,146,610	\$1,876,402	\$79,566	\$3,617,125	\$4,629,154	\$16,342,266

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

CITY OF BEXLEY, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
Municipal income tax	\$3,867,645		\$443,226	\$221,613		\$4,532,484
Property and other taxes	353,875	\$208,446				562,321
Charges for services	74,118	436,282				510,400
Licenses, permits and fees	154,470	867				155,337
Fines and forfeitures	131,562					131,562
Special assessments				4,640		4,640
Intergovernmental	2,221,347	347,409		44,560		2,613,316
Investment income	320,749	8,359				329,108
Other	100			32,590	8,095	40,785
Total revenue	7,123,866	1,001,363	443,226	303,403	8,095	8,879,953
Expenditures:						
Current Operations:						
General government	2,440,641	707				2,441,348
Security of persons and property	3,157,495	338,946				3,496,441
Public health and welfare	70,599					70,599
Transportation		469,540				469,540
Community environment	9,162				20,728	29,890
Leisure time activity	459,577	644,635			2,555	1,106,767
Capital outlay	53,450			1,420,006		1,473,456
Other			226			226
Debt service:						
Principal retirement	49,603	3,729	170,000			223,332
Interest and fiscal charges	5,417	1,200	214,891			221,508
Total expenditures	6,245,944	1,458,757	385,117	1,420,006	23,283	9,533,107
Excess (deficiency) of revenues over (under) expenditures	877,922	(457,394)	58,109	(1,116,603)	(15,188)	(653,154)
Other financing sources (uses):						
Proceeds from sale of fixed assets	5,222					5,222
Proceeds of capital lease	53,450					53,450
Operating transfers in		420,000	31,400			451,400
Operating transfers out	(420,000)		(135,295)			(555,295)
Total other financing sources (uses)	(361,328)	420,000	(103,895)			(45,223)
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	516,594	(37,394)	(45,786)	(1,116,603)	(15,188)	(698,377)
Fund balances, January 1	2,633,032	274,361	289,867	2,178,810	9,598	5,385,668
Increase in reserve for inventory	4,338	10,726				15,064
Fund balances (Deficit), December 31	\$3,153,964	\$247,693	\$244,081	\$1,062,207	(\$5,590)	\$4,702,355

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

CITY OF BEXLEY, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Income taxes	\$4,123,705	\$3,849,884	(\$273,821)			
Property and other taxes	448,848	527,889	79,041	221,375	240,900	19,525
Charges for services	57,914	74,118	16,204	435,686	431,867	(3,819)
Licenses, permits and fees	131,341	154,470	23,129	600	867	267
Fines and forfeitures	110,851	130,372	19,521	800	4,370	3,570
Intergovernmental	1,498,374	1,756,230	257,856	375,085	353,966	(21,119)
Special assessments						
Investment income	268,196	315,426	47,230			
Other	85	100	15	500	45	(455)
Total revenues	6,639,314	6,808,489	169,175	1,034,046	1,032,015	(2,031)
Expenditures:						
Current:						
General government	2,808,514	2,499,028	309,486	543	707	(164)
Security of persons and property	3,303,842	3,203,995	99,847	322,700	320,975	1,725
Public health and welfare	90,688	71,931	18,757			
Transportation				521,134	457,311	63,823
Community environment	10,100	8,735	1,365			
Leisure time activity	511,984	450,457	61,527	698,375	643,794	54,581
Capital outlay						
Other						
Debt service:						
Principal retirement						
Interest and fiscal charges						
Total expenditures	6,725,128	6,234,146	490,982	1,542,752	1,422,787	119,965
Excess (deficiency) of revenues over (under) expenditures	(85,814)	574,343	660,157	(508,706)	(390,772)	117,934
Other financing sources (uses):						
Proceeds from sale of fixed assets	4,440	5,222	782			
Operating transfers in	0	0	0	415,497	420,000	4,503
Operating transfers (out)	(420,000)	(420,000)	0			
Total other financing sources (uses)	(415,560)	(414,778)	782	415,497	420,000	4,503
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	(501,374)	159,565	660,939	(93,209)	29,228	122,437
Fund balances, January 1	1,893,960	1,893,960	0	230,302	230,302	0
Prior year encumbrances appropriated	27,094	27,094	0	31,065	31,065	0
Fund balances, December 31	\$1,419,680	\$2,080,619	\$660,939	\$168,158	\$290,595	\$122,437

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

continued

CITY OF BEXLEY, OHIO
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN ACCUMULATED DEFICIT
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999

	Proprietary Fund Type
	Enterprise
Operating revenues:	
Charges for services	\$3,330,840
Other operating revenues.	10,777
	3,341,617
Total operating revenues	
Operating expenses:	
Personal services	482,353
Contract services	2,907,888
Materials and supplies	128,203
Depreciation and amortization	1,297
Other operating expense	16,354
	3,536,095
Total operating expenses	
Operating loss	(194,478)
Nonoperating revenues (expenses):	
Interest expense and fiscal charges	(31,960)
Other nonoperating revenue	1,827
	(30,133)
Total nonoperating expenses	
Net loss before operating transfers	(224,611)
Operating transfers in.	135,295
Operating transfers out	(31,400)
	(120,716)
Net loss	
Accumulated Deficit, January 1 (Restated)	(98,991)
Accumulated Deficit, December 31.	(\$219,707)

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

CITY OF BEXLEY, OHIO
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999

	Proprietary Fund Type
	Enterprise
Cash flows from operating activities:	
Cash received from customers	\$3,255,680
Cash received from other operations.	10,777
Cash payments for personal services.	(454,757)
Cash payments for contract services	(2,709,161)
Cash payments for materials and supplies	(118,442)
Cash payments for other expenses	(16,354)
Net cash used in operating activities.	(32,257)
Cash flows from noncapital financing activities:	
Other nonoperating revenues.	1,827
Transfers in from other funds	135,295
Transfers out to other funds	(31,400)
Net cash provided by noncapital financing activities.	105,722
Cash flows from capital and related financing activities:	
Proceeds from issuance of long-term debt	1,000,000
Bond issuance costs.	(13,700)
Principal retirement	(100,000)
Interest paid.	(35,295)
Net cash provided by capital and related financing activities	851,005
Net increase in cash and cash equivalents	924,470
Cash and cash equivalents at January 1	369,806
Cash and cash equivalents at December 31	\$1,294,276
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	(\$194,478)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization	1,297
Changes in assets and liabilities:	
Increase in materials and supplies inventory	(6,925)
Increase in accounts receivable	(75,160)
Increase in accounts payable	76,965
Increase in pension obligation payable	21,260
Increase in accrued wages and benefits.	3,309
Increase in compensated absences payable.	3,027
Increase in due to other governments.	238,448
Decrease in claims and judgements payable	(100,000)
Net cash used in operating activities	(\$32,257)

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

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CITY OF BEXLEY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 1 - THE 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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Bexley have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government 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

For financial reporting purposes, the reporting entity is defined to include the primary government, component units and other organizations that are included to insure that the financial statements are not misleading consistent with Governmental Accounting Standards Board Statement No. 14, The Financial Reporting Entity. Based on application of the criteria set forth in GASB Statement No. 14, the City evaluated potential component units (PCU) for inclusion based on financial accountability, the nature and significance of their relationship to the City, and whether exclusion would cause the general purpose financial statements to be misleading or incomplete. Among the factors considered were whether the City holds the PCU's corporate powers, appoints a voting majority of the PCU's board, is able to impose its will on the PCU, or whether a financial benefit/burden relationship exists between the City and the PCU.

The primary government of the City consists of all funds, agencies, departments and offices that are not legally separate from the City. The primary government includes the City departments and agencies that provide the following services: police protection, refuse collection, street maintenance and repairs, building inspection, parks and recreation and water and sewer utilities. The preceding financial statements include all funds and account groups of the City (the primary government). The City has no component units, but is a member of three insurance purchasing pools, described in Note 17.

B. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the City are maintained on the basis of funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity or retained earnings, as appropriate; and revenues, and expenditures or expenses, as appropriate.

The City uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain City functions or activities.

CITY OF BEXLEY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1999

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

B. BASIS OF PRESENTATION - FUND ACCOUNTING (Continued)

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the City are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

GOVERNMENTAL FUNDS:

Governmental funds are those through which most governmental functions typically are financed. The acquisition, use and balance of the City's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the City's governmental fund types.

General Fund - The general fund is used to account for all activities of the City not required to be included in another fund.

Special Revenue Funds - The special revenue funds are used to account for proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Funds - The debt service funds are used to account for the accumulation of financial resources for, and the payment of, general obligation long-term debt principal, interest and related costs.

Capital Projects Funds - The capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by the proprietary funds).

PROPRIETARY FUNDS:

Enterprise Funds - The enterprise funds are used to account for operations financed and operated in a manner similar to private business enterprises. The intent of the City is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

CITY OF BEXLEY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1999

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

B. BASIS OF PRESENTATION - FUND ACCOUNTING (Continued)

FIDUCIARY FUNDS:

Trust and Agency Funds - These funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include expendable trust funds and Agency funds. Agency Funds have no measurement focus (i.e., assets equal liabilities), and are presented on a budgetary basis, with note disclosure, if applicable, regarding items which, in other funds, would be subject to accrual.

ACCOUNT GROUPS:

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Asset Account Group - The general fixed assets account group is used to account for all general fixed assets of the City, other than those fixed assets accounted for in the proprietary funds.

General Long-Term Obligations Account Group - The General Long-Term Obligations Account Group is used to account for all long-term obligations of the City, except those accounted for in the proprietary funds.

C. BASIS OF ACCOUNTING

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

CITY OF BEXLEY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1999

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

C. BASIS OF ACCOUNTING (Continued)

The modified accrual basis of accounting is utilized for reporting purposes by the governmental and expendable trust funds. Under this method of accounting, the City recognizes revenue and other financing sources when they become both measurable and available (i.e., collectible within the current period or within 60 days thereafter) to finance current City operations. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

Revenues considered susceptible to accrual at the end of the year include income taxes, interest on investments, and state-levied locally shared taxes (including motor vehicle license fees, gasoline taxes, and local government assistance). Other revenues, including licenses, permits, certain charges for services, and miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Delinquent special assessments and property taxes as well as special assessment installments not due in the current year are recorded as deferred revenue because they do not meet the availability criteria. Property taxes measurable as of December 31, 1999 but not intended to finance 1999 activities have also been recorded as deferred revenue. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund. Revenues are recognized when they are earned and expenses are recognized when they are incurred. Unbilled service charges receivable are recognized as revenue at year-end.

D. BUDGETS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. 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 certificate of estimated resources and the appropriations ordinance are subject to amendment throughout the year with the legal restriction that the appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

TAX BUDGET

During the first Council meeting in July, the City Auditor presents the annual operating budget for the following fiscal year to City Council for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

CITY OF BEXLEY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1999

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

ESTIMATED RESOURCES

The County Budget Commission determines if the budget justifies the need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the City by September 1. As part of this certification the City receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about January 1, the certificate of estimated resources is amended to include unencumbered cash balances at December 31 of the preceding year. The certificate may be further amended during the year if the City Auditor determines, and the Budget Commission agrees, that an estimate needs to be either increased or decreased.

APPROPRIATIONS

A temporary appropriation ordinance to control expenditures may be passed on or about January 1 of each year for the period January 1 to March 31. An annual appropriation ordinance must be passed by April 1 of each year for the period January 1 to December 31. The appropriation ordinance fixes spending authority at the fund, department, and object level. The appropriation ordinance may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year by an ordinance of Council.

LAPSING OF APPROPRIATIONS

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. Encumbrances are carried forward and are not reappropriated as part of the subsequent year appropriations.

ENCUMBRANCES

As part of formal budgetary control, purchases orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis (Exhibit 3) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis (Exhibit 1) encumbrances outstanding at year-end for governmental funds are reported as reservations of fund balances for subsequent-year expenditures.

Note 15 provides a reconciliation of the budgetary-basis and GAAP-basis of accounting.

CITY OF BEXLEY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1999

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

E. 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. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" and "investments" on the combined balance sheet.

During fiscal year 1999, investments were limited to STAR Ohio, U.S. Treasury notes, a repurchase agreement, certificates of deposit and a money market mutual fund.

STAR 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 does not operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for December 31, 1999.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as non-negotiable certificates of deposit, repurchase agreements, and money market mutual funds are reported at cost.

Following Ohio statutes and other legal provisions, the City Council has specified the funds to receive an allocation of interest earnings. The General fund was credited with more interest revenue than would have been received based upon its share of the City's internal investment pool during 1999, as follows:

	<u>Interest Actually Received</u>	<u>Interest Based Upon Share of Cash Fund Balance</u>	<u>Interest Assigned by Other Funds</u>
General	\$320,749	\$132,462	\$188,287

For purpose of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the County are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments, to the extent that the investment was purchased from a specific fund.

The City has segregated bank accounts for monies held separate from the City's central bank account. These interest bearing depository accounts are presented on the combined balance sheet as "cash with fiscal and escrow agents" or "cash in segregated accounts" since they are not required to be deposited into the City treasury.

CITY OF BEXLEY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1999

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

E. CASH AND CASH EQUIVALENTS (Continued)

The change in fair value of applicable investments during fiscal year 1999 per GASB Statement No. 31 is as follows:

Fair Value at December 31, 1999	\$ 2,556,860
Proceeds of investments sold and matured in fiscal year 1999	2,309,884
Cost of investments purchased in fiscal year 1999	(1,315,000)
Fair value at December 31, 1998	<u>(3,588,557)</u>
Change in fair value of investments during fiscal year 1999.	<u>\$ (36,813)</u>

An analysis of the Treasurer's investment account at year end is provided in Note 4.

F. INVENTORY

Inventories are valued at cost using the first in, first out method. The costs of inventory items are recognized as expenditures in governmental funds when purchased and as expenses in the proprietary funds when used. The total of inventories at year-end is reported as a reservation of fund balance in the governmental funds because it does not represent available, spendable resources.

G. FIXED ASSETS

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the General Fixed Assets Account Group. No depreciation is recognized for assets in the General Fixed Assets Account Group. The City has not included infrastructure in the General Fixed Assets Account Group. The City has established a capitalization threshold of \$500 for general fixed assets.

Property, plant and equipment acquired by the proprietary funds are stated at cost or estimated historical cost, including interest capitalized during construction and engineering fees where applicable. Contributed fixed assets are recorded at fair market value at the date received and the depreciation is charged to contributed capital. Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives (Years)</u>
Machinery, equipment, furniture and fixtures	5 - 20
Buildings	40 - 60
Improvements other than buildings	20 - 50

The City's fixed assets are described in Note 8.

CITY OF BEXLEY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1999

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

H. ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, and special termination benefits are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable available financial resources. Bonds, long-term loans, and special assessment bonds are recognized as a liability of the general long-term obligations account group until due or until resources have been accumulated in the fund for payment early in the following year.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the proprietary fund.

I. COMPENSATED ABSENCES

The liability for compensated absences is based on the provisions of Governmental Accounting Standards Board Statement No. 16, Accounting for 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 employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments as well as the sick leave accumulated by those employees expected to become eligible to receive termination benefits in the future.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by city ordinance and/or policy, plus applicable additional salary related payments.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

J. FUND EQUITY

Reservations of fund balances are established to identify the existence of assets that, because of their non-monetary nature or lack of liquidity, represent financial resources not available for current appropriations or expenditure, including amounts that are legally segregated for a specific future use. As a result, encumbrances, inventories, budget stabilization, and available debt service equity are recorded as reservations of fund balance.

CITY OF BEXLEY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1999

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

K. INTERFUND TRANSACTIONS

During the course of normal operations, the City has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers.
2. Reimbursements from one fund to another (quasi-external transactions) are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/ expenses in the reimbursed fund. Amounts outstanding at year-end are reported on the combined balance sheet as due to/from other funds.
3. Short-term interfund loans and accrued interfund reimbursements and accrued operating transfers are reflected as interfund loans receivable or payable on the combined balance sheet.
4. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources.
5. Non recurring and non-routine permanent transfers of equity are reported as residual equity transfers.

An analysis of interfund transactions is presented in Note 5.

L. BOND DISCOUNTS, PREMIUMS AND ISSUANCE COSTS

When the proceeds from general obligation bonded debt are placed in a governmental type fund, any bond issuance costs are shown as capital outlay expenditures. Any premium or discount is included in "Other Financing Sources - Bond Proceeds" on the Statement of Revenues, Expenditures and Changes in Fund Balance. The long-term debt that appears in the General Long-Term Obligations Account Group is reported at the bond's face value.

When the proceeds from general obligation bonded debt are placed in a proprietary type fund, and the debt will be serviced from revenues generated by that fund, then any material issuance costs will be reported as a deferred charge and amortized over the life of the bond using the effective-interest method. Any material discounts or premiums are shown as additions to or deductions from the amount of the bond liability, are amortized using the effective-interest method, and are reflected as interest income or expense in the Statement of Revenues, Expenses, and Changes in Retained Earnings.

CITY OF BEXLEY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1999

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

M. STATEMENT OF CASH FLOWS

In September 1989, the Government Accounting Standards Board (GASB) issued Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting. The City has presented, in Exhibit 5, a statement of cash flows for its enterprise funds. For purposes of the statement of cash flows, the City considers cash equivalents to include all short term investments (maturity of 90 days or less from date of purchase).

N. RESTRICTED ASSETS

Restricted assets in the general fund represent cash and cash equivalents used to establish a budget stabilization reserve. The reserve for budget stabilization was established by City Council and may be reduced or eliminated at any time by the City's taxing authority. A fund balance reserve has also been established.

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. FINANCIAL REPORTING FOR PROPRIETARY AND SIMILAR FUND TYPES

The City's financial statements have been prepared in accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting. This Statement is effective for financial statements beginning after December 15, 1993. The City accounts for its proprietary activities in accordance with all applicable GASB pronouncements, as well as pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Q. MEMORANDUM ONLY - TOTAL COLUMNS

The "total" columns on the general purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in aggregation of this data.

CITY OF BEXLEY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. LEGAL COMPLIANCE

The following fund accounts had expenditures plus encumbrances in excess of appropriations contrary to Section 5705.41, Ohio Revised Code:

<u>Fund Type/Fund/Account</u>	<u>Excess</u>
<u>Special Revenue Funds</u>	
Building Standards Fee	
General Government	\$164
<u>Expendable Trust Fund</u>	
Friends of Jeffrey Park	
Leisure Time Activities	4

B. DEFICIT FUND BALANCES/RETAINED EARNINGS

The following funds had deficit fund balances/retained earnings as of December 31, 1999:

<u>Special Revenue Funds</u>	
Police Pension	\$ (24,536)
<u>Expendable Trust Funds</u>	
Bexley Beautification	(19,945)
<u>Enterprise Funds</u>	
Water	(104,729)
Sewer	(157,450)

These fund deficits resulted from adjustments for accrued liabilities. The general fund is liable for any deficit and provides operating transfers when cash is required, not when accruals occur.

C. PRIOR PERIOD ADJUSTMENTS

During fiscal year 1998, the City of Bexley and the City of Columbus came to a settlement regarding a dispute over water and sewer charges for the period January 3, 1995 to July 1, 1996. The settlement provides for the City of Bexley to repay the City of Columbus \$500,000 payable in quarterly installments of \$25,000. The payments began in June 1998. A restatement of beginning Enterprise fund type retained earnings is necessary to properly reflect the liability.

	<u>Retained Earnings as Previously Reported December 31, 1998</u>	<u>Effect of Restatement</u>	<u>Restated Retained Earnings January 1, 1999</u>
Enterprise Funds	\$326,009	\$(425,000)	\$(98,991)

CITY OF BEXLEY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

C. PRIOR PERIOD ADJUSTMENTS (Continued)

During fiscal year 1999, the City of Bexley made a correction between the general fund and the police pension fund for tax revenues incorrectly posted to the general fund for the February 1998 and August 1998 real estate tax settlement. A restatement of the beginning fund balance is necessary to properly reflect this reallocation. Additionally, a restatement to the beginning fund balance on the budget versus actual statements is necessary to properly reflect this reallocation.

Operating Statement Effect

	Fund Balance as Previously Reported <u>December 31, 1998</u>	Effect of <u>Restatement</u>	Restated Balance <u>January 1, 1999</u>
General Fund	\$2,665,486	(\$32,454)	\$2,633,032
Special Revenue Funds	\$241,907	\$32,454	\$274,361
Budget versus Actual Effect:			
General Fund	\$1,926,414	(\$32,454)	\$1,893,960
Special Revenue Funds	\$197,848	\$32,454	\$230,302

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS

A. LEGAL REQUIREMENTS

Moneys held by the City are classified by State statute into two categories. Active moneys are public moneys determined to be necessary to meet current demand upon the City treasury. Active moneys 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.

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 Finance Director by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

Moneys held by the City which are not considered active are classified as inactive. Inactive moneys may be deposited or invested in the following securities:

CITY OF BEXLEY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

A. LEGAL REQUIREMENTS (Continued)

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 division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
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;
3. Obligations of the City.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. 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. 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 Finance Director or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, Deposits With Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements.

CITY OF BEXLEY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

B. DEPOSITS

At year-end, the carrying amount of the City's deposits was \$263,005 and the bank balance was \$1,084,035. Both amounts include non-negotiable certificates of deposit, the amount of deposits held with fiscal agents, and deposits in segregated accounts. Of the bank balance:

1. \$184,035 was covered by federal depository insurance; and
2. \$900,000 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

C. INVESTMENTS

The City's investments are required to be categorized to give an indication of the level of risk assumed by the City at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the City's name. Money market mutual funds and STAR Ohio are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	<u>Category 2</u>	<u>Category 3</u>	<u>Fair Value</u>
U.S. Treasury Bills and Notes	\$1,310,185		\$1,310,185
U. S. Government Agency Securities	1,246,675		1,246,675
Repurchase Agreements		\$1,005,000	1,005,000
Investments not Subject to Categorization:			
Money Market Mutual Funds			946
Investment in State Treasurer's Investment Pool	_____	_____	<u>1,409,488</u>
Total Investments	<u>\$2,556,860</u>	<u>\$1,005,000</u>	<u>\$4,972,294</u>

The classification of cash and cash equivalents on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting.

A reconciliation between the classifications of pooled cash and cash equivalents and investments on the combined balance sheet and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

CITY OF BEXLEY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

	<u>Cash and Cash Equivalents/ Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 5,162,942	\$ 59,208
Combined Balance Sheet Reclassifications:		
Investments of the Cash		
Management Pool:		
Repurchase Agreement	(1,005,000)	1,005,000
U.S. Treasury Notes	(1,250,977)	1,250,977
State Treasurer's Investment Pool	(1,409,488)	1,409,488
Money Market Mutual Funds	(946)	946
U. S. Government Securities	<u>(1,246,675)</u>	<u>1,246,675</u>
Total GASB Statement No. 3 Investments		<u>\$4,972,294</u>
Undeposited Interest	11,759	
Cash in Segregated Accounts	<u>1,390</u>	
 GASB Statement No. 3	 <u>\$ 263,005</u>	

NOTE 5 - INTERFUND TRANSACTIONS

A. The following is a summarized reconciliation of the City's operating transfers for 1999:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers (Out)</u>
General Fund		\$(420,000)
Special Revenue Funds	\$420,000	
Debt Service Funds	31,400	(135,295)
Enterprise Funds	<u>135,295</u>	<u>(31,400)</u>
Totals	<u>\$586,695</u>	<u>\$(586,695)</u>

B. Interfund balances at December 31, 1999 which result from quasi-external transactions consist of the following individual fund receivables and payables:

	<u>Due from Other Funds</u>	<u>Due (to) Other Funds</u>
General Fund		\$(8,359)
<u>Special Revenue Funds</u>		
Street Fund	\$3,916	
State Highway	<u>4,443</u>	_____
Total Due from/Due to Other Funds	<u>\$8,359</u>	<u>\$(8,359)</u>

CITY OF BEXLEY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 6 - TAXES

A. PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible personal property located in the City. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of the 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 revalued every six years. Real property taxes are payable annually or semi-annually. If paid annually, the payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30 with the remainder payable by September 20.

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 year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Bexley. The County Auditor periodically remits to the City its portion of the taxes collected.

The full tax rate for all City operations for the year ended December 31, 1999 was \$5.35 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 1999 property tax receipts were based are as follows:

Real Property	\$312,943,950
Public Utility	6,943,960
Tangible Personal Property	<u>3,123,522</u>
Total Valuation	<u>\$323,011,432</u>

B. INCOME TAXES

The City levies a municipal income tax of two percent on all salaries, wages, commissions and other compensation, and net profits earned within the City as well as incomes of residents earned outside of the City. In the latter case the City allows a credit of 80 percent of the tax paid to another municipality to a maximum of the total amount assessed.

Tax receipts are collected and distributed to the City by both the City of Columbus and the Regional Income Tax Authority.

CITY OF BEXLEY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 6 - TAXES - (Continued)

B. INCOME TAXES (Continued)

Income tax proceeds are distributed to the General fund, Debt Service fund, and Capital Projects funds, and totaled \$4,532,484 for 1999.

NOTE 7 - RECEIVABLES

Receivables at December 31, 1999 primarily consisted of taxes, accounts (billings for user charged services) and intergovernmental receivables. All receivables are considered fully collectible.

A summary of principal receivables follows:

	<u>Amount</u>
<u>General Fund</u>	
Real and Other Taxes	\$1,275,907
Due From Other Governments	597,494
 <u>Special Revenue Funds</u>	
Real and Other Taxes	279,120
Due From Other Governments	52,455
 <u>Enterprise Funds</u>	
Accounts	553,948

NOTE 8 - FIXED ASSETS

A. A summary by class of the changes in general fixed assets during the fiscal year is as follows:

	<u>Balance</u> <u>12/31/98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/99</u>
Land	\$ 92,500			\$ 92,500
Land Improvements	528,352			528,352
Buildings	1,326,624			1,326,624
Machinery & Equipment	727,505	\$ 2,693		730,198
Vehicles	<u>930,492</u>	<u>43,455</u>	<u>\$(34,496)</u>	<u>939,451</u>
Total General Fixed Assets	<u>\$3,605,473</u>	<u>\$46,148</u>	<u>\$(34,496)</u>	<u>\$3,617,125</u>

CITY OF BEXLEY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 8 - FIXED ASSETS - (Continued)

B. A summary of the proprietary fund property, plant, and equipment at December 31, 1999 is as follows:

	<u>Balance 12/31/99</u>
Vehicles	\$ 20,137
Machinery and Equipment	<u>7,622</u>
Total Gross Assets	27,759
Less: Accumulated Depreciation	<u>(23,761)</u>
 Total Net Assets	 <u><u>\$ 3,998</u></u>

NOTE 9 - LONG TERM OBLIGATIONS

A. Changes in long-term obligations of the City during 1999 were as follows:

	<u>Outstanding 12/31/98</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Outstanding 12/31/99</u>
General Long-term Obligations				
Jeffrey Mansion Renovation				
Bond (Unvoted) 1995 - 5.50%	\$ 120,000		\$ (40,000)	\$ 80,000
Street Construction				
Bond (Voted) 1998 - 4.875%	4,240,000		(130,000)	4,110,000
Compensated Absences	355,539	\$ 4,157		359,696
Capital Lease Obligation	<u>79,340</u>	<u>53,450</u>	<u>(53,332)</u>	<u>79,458</u>
 Total General Long-Term Obligations	 <u>4,794,879</u>	 <u>57,607</u>	 <u>(223,332)</u>	 <u>4,629,154</u>
Enterprise Fund Obligation				
Claims and Judgements Payable	425,000	0	(100,000)	325,000
Compensated Absences	31,660	945	0	32,605
Water Bonds (Unvoted) 1999-4.70-4.90%	 <u> </u>	 <u>\$1,000,000</u>	 <u> </u>	 <u>\$1,000,000</u>
 Total, All Long-Term Obligations	 <u><u>\$5,251,539</u></u>	 <u><u>\$1,058,552</u></u>	 <u><u>\$(323,332)</u></u>	 <u><u>\$5,986,759</u></u>

General obligation bonds are direct obligations of the City and will be paid from the Debt Service fund using property tax revenues. Compensated absences reported in the "compensated absences payable" account will be paid from the fund from which the employees' salaries are paid. The capital lease obligation will be paid from operating revenues of the General fund and Special Revenue funds.

CITY OF BEXLEY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 9 - LONG TERM OBLIGATIONS - (Continued)

During 1999 the City issued \$1,000,000 in general obligation bonds for installation of automated water meters. The source of repayment will come from revenue of the water fund.

- B. The following is a summary of the City's future annual debt service requirements to maturity for general obligation bonds:

<u>Years</u>	<u>General Obligation Bonds</u>		<u>Enterprise General Obligation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	\$ 170,000	\$ 205,946	\$ 30,000	\$ 47,000	\$ 452,946
2001	180,000	197,121	35,000	45,577	457,698
2002	150,000	187,771	35,000	43,933	416,704
2003	155,000	179,896	35,000	42,287	412,183
2004	165,000	171,759	35,000	40,678	412,437
2005-2009	960,000	720,308	220,000	176,017	2,076,325
2010-2014	1,215,000	467,350	270,000	121,543	2,073,893
2015-2019	<u>1,195,000</u>	<u>148,721</u>	<u>340,000</u>	<u>51,465</u>	<u>1,735,186</u>
Totals	<u>\$4,190,000</u>	<u>\$2,278,872</u>	<u>\$1,000,000</u>	<u>\$568,500</u>	<u>\$8,037,372</u>

- C. The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 1999, the City's total debt margin was \$28,970,281, and the unvoted debt margin was \$16,929,710; both amounts include available funds of \$244,081.

NOTE 10 - NOTES PAYABLE

The City retired the following bond anticipation note during 1999:

	<u>Issue Date</u>	<u>Balance 12/31/98</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance 12/31/99</u>
<u>General Obligation Bond Anticipation Notes:</u>					
<u>Enterprise Fund</u>					
Water Distribution 3.88%	2/26/98	<u>\$100,000</u>	_____	<u>\$(100,000)</u>	_____
Total General Obligation Bond Anticipation Notes		<u>\$100,000</u>	=====	<u>\$(100,000)</u>	=====

CITY OF BEXLEY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 11 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In prior years and in the current year, the City entered into capitalized lease agreements for the acquisition of computer equipment and vehicles, which were accounted for as a capital outlay expenditure and other financing source - proceeds of capital lease in the General fund and Special Revenue funds.

The terms of the lease agreements provide an option to purchase the equipment. This lease meets the criteria of a capital lease as defined by Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. Capital lease payments have been reclassified and are reflected as debt service expenditures in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances for the Governmental fund Types and Expendable Trust Fund. General fixed assets acquired by lease have been capitalized in the General Fixed Assets Account Group in an amount equal to the present value of the future minimum lease payments as of the date of their inception. The City capitalized \$53,450 in the General Fixed Asset Account Group during 1999. A corresponding liability was recorded in the General Long-Term Obligations Account Group. Principal payments in the 1999 fiscal year totaled \$53,332. This amount is reflected as debt service principal retirement in the General fund and the Special Revenue funds.

The following is an analysis of equipment leased under a capital lease as of December 31, 1999:

	<u>General Fixed Assets Account Group</u>
Computer Equipment	\$ 67,633
Vehicles	<u>112,205</u>
Carrying Value	<u>\$179,838</u>

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of December 31, 1999:

	<u>General Long-Term Obligations Account Group</u>		
<u>Year Ending December 31</u>	<u>Computer Equipment</u>	<u>Vehicles</u>	<u>Total</u>
2000	\$16,891	\$39,735	\$56,626
2001	<u>11,536</u>	<u>18,960</u>	<u>30,496</u>
Total Future Minimum Lease Payments			87,122
Less: Amount Representing Interest			<u>(7,664)</u>
Present Value of Future Minimum Lease Payments			<u>\$79,458</u>

The City does not have capitalized lease obligations after fiscal year 2001.

CITY OF BEXLEY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM

All Bexley City full-time employees, other than uniformed employees, participate in the Public Employees Retirement System of Ohio (PERS), a cost sharing multiple-employer public employee retirement system created by the State of Ohio. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for 1999 was 8.5 percent for employees other than law enforcement. Law enforcement employees contribute 9.0 percent of covered salary. The employer contribution rate was 13.55 percent of covered payroll; 9.35 percent was the portion used to fund pension obligations for 1999. The law enforcement employer rate was 16.70 percent of covered payroll and 12.50 percent was the portion used to fund pension obligations for 1999. The City's contributions for pension obligations to PERS for the years ended December 31, 1999, 1998, and 1997 were \$340,907, \$317,312, and \$305,994, respectively. 76% has been contributed for 1999, and 100% for 1998 and 1997 respectively. The unpaid contribution for 1999 of \$81,321 is recorded as a liability within the respective funds.

B. POLICE AND FIREMEN'S DISABILITY AND PENSION FUND

Full-time uniformed employees of the City participate in the Police and Firemen's Disability and Pension Fund of Ohio (PFDPF), a cost-sharing multiple-employer public employee retirement system created by the State of Ohio. This is a single retirement system with one administration that provides retirement benefits to two classes of employees. Authority to establish and amend benefits is provided by state statute per Chapter 712 of the Ohio Revised Code. PFDPF issues a stand-alone financial report which may be obtained by writing to the Police and Firemen's Disability and Pension Fund of Ohio, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary, while the City is required to contribute 19.5 percent and 24.0 percent for police officers and firefighters, respectively. The City's contributions for pension obligations to PFDPF for the years ended December 31, 1999, 1998 and 1997 were \$304,793, \$293,346, and \$249,832, respectively. 77% has been contributed for 1999, and 100% has been contributed for both 1998 and 1997. The unpaid contribution for 1999 of \$81,329 is recorded as a liability within the respective funds.

CITY OF BEXLEY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 13 - POSTRETIREMENT BENEFIT PLANS

A. PUBLIC EMPLOYEES RETIREMENT SYSTEM

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 1999 employer contribution rate was 13.55 percent of covered payroll; 4.2 percent was the portion that was used to fund health care for 1999. The 1999 employer contribution rate for law enforcement was 16.70 percent of covered payroll; 4.2 percent was the portion that was used to fund health care.

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to postemployment benefits. Under the new method, effective January 1, 1998, employer contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS. The City's contribution actually made to fund postemployment benefits was \$105,669.

OPEB are financed through employer contributions and investment earnings thereon. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely.

Expenditures for OPEB during 1999 were \$524 million. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9.8 billion. The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062.

B. POLICE AND FIREMEN'S DISABILITY AND PENSION FUND

The Police and Firemen's Disability and Pension Fund (the "Fund") provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending full-time or on a 2/3 basis.

CITY OF BEXLEY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 13 - POSTRETIREMENT BENEFIT PLANS - (Continued)

B. POLICE AND FIREMEN'S DISABILITY AND PENSION FUND (Continued)

The health care coverage provided by the retirement system is considered another Postemployment Benefit as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Police and Firemen's Disability and Pension Fund's board of trustees to provide health care coverage and states that health care cost paid from the Police and Firemen's Disability and Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 6.5 percent of covered payroll is applied to the postemployment health care program. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 1998 was 11,424 for police and 9,186 for firefighters. The City's actual contributions for 1999 that were used to fund postemployment benefits were \$79,242 for police and \$24,546 for fire. The PFDPF's total health care expense for the year ended December 31, 1998 (the latest information available) was \$78.597 million.

NOTE 14 - OTHER EMPLOYEE BENEFITS

COMPENSATED ABSENCES

Employees earn vacation and sick leave at different rates which are also affected by length of service. Vacation can be carried over at different rates depending on the department. Police and dispatchers may carry over 40 hours for use during the first three months of the following year. Sick leave accrual is continuous, with a limit of 960 hours. Overtime worked is always paid to employees on the paycheck for the period in which it was worked.

Upon retirement, an employee can be paid for one half of his/her accumulated hours of sick leave, except fire department employees, who are part time and do not accumulate sick leave. Upon retirement, termination, or death of the employee, accrued vacation is paid for time the employees have earned but not yet used.

As of December 31, 1999, the liability for unpaid compensated absences reported as a fund liability in governmental fund types was \$22,880, and \$359,696 was reported in the General Long-Term Obligations Account Group. \$2,082 was the liability for current compensated absences reported in proprietary fund types, and the non-current portion was \$32,605. The total liability for the City's compensated absences for all fund types and account groups was \$417,263.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis as provided by law is based upon accounting for transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with State statute. The major differences between the budget basis and the GAAP (generally accepted accounting principles) basis are:

CITY OF BEXLEY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING (Continued)

- 1) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- 2) Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
- 3) Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
- 4) Short-term note proceeds and note principal retirement are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
- 5) State statute requires short-term note debt to be repaid from the debt service fund (budget) as opposed to the fund that received the proceeds (GAAP).

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis.

**EXCESS OF REVENUES AND OTHER FINANCING SOURCES
OVER (UNDER) EXPENDITURES AND OTHER USES**

	Governmental Fund Types			
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund
Budget Basis	\$159,565	\$ 29,228	\$(45,786)	\$(1,359,950)
Adjustments:				
Net Adjustment for Revenue Accruals	315,377	(30,652)		
Net Adjustment for Expenditure Accruals	(95,980)	(36,114)	135,295	(84,403)
Net adjustment for Other Financing Sources (Uses) Accruals	53,450		(135,295)	
Encumbrances	<u>84,182</u>	<u>144</u>	<u> </u>	<u>327,750</u>
GAAP Basis	<u>\$516,594</u>	<u>\$(37,394)</u>	<u>\$(45,786)</u>	<u>\$(1,116,603)</u>

CITY OF BEXLEY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 16 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The City maintains four enterprise funds which are intended to be self-supporting from user fees charged for services provided to consumers for water, sewer and refuse operations, and community events. Segment information for the year ended December 31, 1999 is as follows:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Refuse Fund</u>	<u>Community Events Fund</u>	<u>Total</u>
Operating revenues	\$1,073,099	\$1,435,726	\$824,607	\$ 8,185	\$3,341,617
Depreciation	1,297				1,297
Operating income (loss)	9,462	(191,422)	(13,300)	782	(194,478)
Net income (loss)	83,224	(191,422)	(13,300)	782	(120,716)
Net working capital	1,031,864	67,853	34,805	901	1,135,423
Total assets	1,293,267	480,724	101,510	901	1,876,402
Long-term liabilities payable from fund revenues	1,127,576	225,300	6,249		1,359,125
Total equity (deficit)	(91,714)	(157,450)	28,556	901	(219,707)
Encumbrances outstanding at December 31	6,543	28,752	3,202		38,497

NOTE 17 - 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. During 1999, the City was part of an insurance purchasing pool for employee benefits, the Central Ohio Health Care Consortium. The City was also part of the Ohio Government Risk Management Plan, an insurance purchasing pool, for all property, crime, liability, boiler and machinery, and public official liability. The City has transferred its risk of loss to the insurance carrier to the extent of the limits shown below.

CITY OF BEXLEY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 1999

NOTE 17 - RISK MANAGEMENT (Continued)

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Limits of Coverage</u>	
Property	\$500	\$4,159,900	
General Liability	0	3,000,000	per occurrence/ annual aggregate
		5,000,000	
Inland Marine	500	1,048,127	
EDP	500	152,500	
Vehicles		3,000,000	
Comprehensive	500		
Collision 500			
Wrongful Acts	1,000	3,000,000	per occurrence/ annual aggregate
		4,000,000	
Police	1,000	3,000,000	per occurrence, annual aggregate
		4,000,000	
Public Officials Bond	0	10,000	

The City also participates in the Ohio Municipal League public entity insurance purchasing pool for workers' compensation. The Group Rating Plan is administered by Gates McDonald Company. The OML Group Rating Plan is intended to achieve lower workers' compensation premium rates for the participants, and result in the establishment of a safer working environment. There are no additional contributions required by a participant other than their annual fee.

There were no significant reductions in insurance coverage from the prior year in any category of risk. Claims have not exceeded coverage limitations in any of the past three years.

NOTE 18 - CONTINGENT LIABILITIES

A. GRANTS

The City receives financial assistance from various federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires the compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 1999.

NOTE 19 - CONTRACTUAL COMMITMENT

Under the terms of an agreement in 1998 between the City and the City of Columbus, the City has reported a liability of \$325,000 in the Water fund and Sewer fund for water and sewer charges from January, 1995 through July, 1996. Due to faulty equipment, these charges were never originally billed to the City. The City is currently remitting \$25,000 each calendar quarter to the City of Columbus, and must remit the entire amount by March 31, 2003. Unpaid balances are not charged interest through March 31, 2000. Any balance remaining after that date shall accrue interest at the rate of 6%. A restatement of beginning retained earnings has been made in the Enterprise funds (see Note 3).



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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

We have audited the accompanying financial statements of City of Bexley, Franklin County, Ohio (the City) as of and for the year ended December 31, 1999, and have issued our report thereon dated July 27, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to management of the City in a separate letter dated July 27, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the City in a separate letter dated July 27, 2001.

Members of City Council
City of Bexley
Franklin County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

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

JIM PETRO
Auditor of State

July 27, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
AUGUST 28, 2001**