

CITY OF BEXLEY
FRANKLIN COUNTY, OHIO
BASIC FINANCIAL STATEMENTS
(Audited)
FOR THE YEAR ENDED
DECEMBER 31, 2007

LARRY HEISER, AUDITOR



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the City of Bexley, Franklin County, prepared by Julian & Grube, Inc., for the audit period January 1, 2007 to December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 22, 2009

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CITY OF BEXLEY, OHIO
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2007

TABLE OF CONTENTS

Independent Auditor's Report.....	1 - 2
Management's Discussion and Analysis.....	3 - 9
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	10
Statement of Activities.....	11 - 12
Fund Financial Statements:	
Balance Sheet - Governmental Funds	13
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	14
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund.....	17
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - Roads and Sidewalks Revenue Fund	18
Statement of Fund Net Assets	19
Statement of Revenues, Expenses and Changes in Fund Net Assets - Enterprise Funds.....	20
Statement of Cash Flows - Enterprise Funds	21
Statement of Fiduciary Assets and Liabilities - Agency Funds	22
Notes to the Basic Financial Statements	23 - 50
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	51 - 52
Status of Prior Audit Findings	53



Julian & Grube, Inc.

Serving Ohio Local Governments

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Bexley, Franklin County, Ohio, (the "City") as of and for the year ended December 31, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Bexley, Franklin County, Ohio as of December 31, 2007, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund and major special revenue fund: roads and sidewalks fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 5, 2009, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

City of Bexley
Independent Auditor's Report
Page Two

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

Julian & Grube, Inc.

Julian & Grube, Inc.
June 5, 2009

City of Bexley, Ohio
Management's Discussion And Analysis
For The Year Ended December 31, 2007
(Unaudited)

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Bexley's discussion and analysis of the annual financial report provides a review of the financial performance for the year ended December 31, 2007.

FINANCIAL HIGHLIGHTS

- The City's total net assets decreased \$198,657. Expenses exceeded revenues of Governmental Activities by \$484,776. Net assets of Business-Type Activities increased by \$286,119, primarily due to an increase in charges assessed to customers.
- General revenues of Governmental Activities accounted for \$10,614,253 of all governmental revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$2,140,006 of total governmental revenues of \$12,754,259.
- Enterprise funds reflected total operating income of \$387,570. The Water and Sewer Funds reflected operating income of \$111,250 and \$285,028, respectively, while the Refuse Fund reflected an operating loss of \$8,708.
- The City had \$13,239,035 in expenses related to Governmental Activities. \$2,140,006 of these expenses were offset by program specific charges for services, grants, contributions, and interest. General revenues (primarily income taxes) of \$10,614,253 were not adequate to provide for these programs. The City had \$4,494,876 in expenses related to Business-Type Activities. \$4,772,991 in program specific charges for services, along with general revenues of \$8,004 were more than sufficient to cover expenses.

USING THIS ANNUAL FINANCIAL REPORT

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

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

REPORTING THE CITY AS A WHOLE

Statement of Net Assets and the Statement of Activities

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

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

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

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

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

REPORTING THE CITY'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the City's major funds begins on page 8. Fund financial statements provide detailed information about the City's major funds – not the City as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the City Auditor, with the approval of Council and the State Auditor, to help control, manage, and report money received for a particular purpose or to show that the City is meeting legal responsibilities for the use of grants. The City of Bexley's major funds are the General, Roads and Sidewalks, Maryland Avenue, Water, Sewer, and Refuse Funds.

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

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

THE CITY AS A WHOLE

As stated previously, the Statement of Net Assets looks at the City as a whole. Table 1 provides a summary of the City's net assets for 2007 compared to 2006.

Table 1
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2007	2006	2007	2006	2007
Assets:						
Current And Other Assets	\$12,210,262	\$12,529,344	\$2,301,359	\$1,909,367	\$14,511,621	\$14,438,711
Nondepreciable Capital Assets	1,279,226	1,521,486	0	66,751	1,279,226	1,588,237
Depreciable Capital Assets, Net	12,263,183	15,620,730	5,240,468	5,482,186	17,503,651	21,102,916
Total Assets	25,752,671	29,671,560	7,541,827	7,458,304	33,294,498	37,129,864
Liabilities:						
Current And Other Liabilities	3,139,800	4,122,310	2,108,134	810,342	5,247,934	4,932,652
Long-Term Liabilities: Due Within One Year	458,765	282,638	73,376	68,725	532,141	351,363
Due In More Than One Year	4,638,953	8,236,235	1,166,393	2,099,194	5,805,346	10,335,429
Total Liabilities	8,237,518	12,641,183	3,347,903	2,978,261	11,585,421	15,619,444
Net Assets:						
Invested In Capital Assets, Net Of Related Debt	9,141,430	9,306,843	3,797,913	4,129,422	12,939,343	13,436,265
Restricted For:						
Capital Outlay	37,000	22,789	0	0	37,000	22,789
Debt Service	193,352	107,308	0	0	193,352	107,308
Other Purposes	642,555	837,340	0	0	642,555	837,340
Unrestricted	7,500,816	6,756,097	396,011	350,621	7,896,827	7,106,718
Total Net Assets	\$17,515,153	\$17,030,377	\$4,193,924	\$4,480,043	\$21,709,077	\$21,510,420

Total net assets decreased \$198,657. Total net assets of the City's Governmental Activities decreased by \$484,776, which is mainly reflected in unrestricted net assets. Unrestricted net assets decreased \$744,719 due to a decrease in the amount of intergovernmental revenue received during 2007, as well as increases in expenses due to legal fees, benefits, software and hardware licenses, and a service pavement management study. The \$3,918,889 increase in total governmental assets is mainly due to increases in construction in progress and current year capital asset additions exceeding current year depreciation and deletions.

The net assets of the City's Business-Type Activities increased by \$286,119. Current and other assets decreased by \$391,992 which was primarily due to a decrease in cash as bills were paid more timely. Total liabilities decreased \$369,642. This decrease is mainly reflected in Accounts Payable and Due to Other Governments also the result of the City paying bills more timely.

Table 2 shows the changes in net assets for the years ended December 31, 2006 and 2007.

Table 2
Changes In Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2006	2007	2006	2007	2006	2007
Revenues:						
Program Revenues:						
Charges For Services	\$1,144,504	\$1,148,924	\$4,269,637	\$4,772,991	\$5,414,141	\$5,921,915
Operating Grants, Contributions And Interest	983,470	593,799	0	0	983,470	593,799
Capital Grants, Contributions And Interest	296,154	397,283	0	0	296,154	397,283
Total Program Revenues	2,424,128	2,140,006	4,269,637	4,772,991	6,693,765	6,912,997
General Revenues:						
Property Taxes	1,783,927	1,814,422	0	0	1,783,927	1,814,422
Revenue In Lieu Of Taxes	0	271,091	0	0	0	271,091
Other Local Taxes	0	132,591	0	0	0	132,591
Municipal Income Taxes	5,548,521	5,724,528	0	0	5,548,521	5,724,528
Unrestricted Grants And Entitlements	2,410,278	2,086,801	0	0	2,410,278	2,086,801
Unrestricted Investment Earnings	511,411	511,076	0	0	511,411	511,076
Other	68,751	73,744	5,661	8,004	74,412	81,748
Total General Revenues	10,322,888	10,614,253	5,661	8,004	10,328,549	10,622,257
Total Revenues	12,747,016	12,754,259	4,275,298	4,780,995	17,022,314	17,535,254
Program Expenses:						
Security Of						
Persons And Property	5,173,723	5,002,231	0	0	5,173,723	5,002,231
Public Health and Welfare	78,066	60,173	0	0	78,066	60,173
Leisure Time Activities	1,167,900	1,720,288	0	0	1,167,900	1,720,288
Community Development	752,530	409,312	0	0	752,530	409,312
Public Works	0	3,730	0	0	0	3,730
Transportation	1,418,089	1,588,785	0	0	1,418,089	1,588,785
General Government	3,007,361	4,193,366	0	0	3,007,361	4,193,366
Interest And Fiscal Charges	176,228	261,150	0	0	176,228	261,150
Water	0	0	1,724,200	1,688,197	1,724,200	1,688,197
Sewer	0	0	1,647,486	1,898,591	1,647,486	1,898,591
Refuse	0	0	888,514	908,088	888,514	908,088
Total Expenses	11,773,897	13,239,035	4,260,200	4,494,876	16,034,097	17,733,911
Increase (Decrease) In Net						
Assets Before Transfers	973,119	(484,776)	15,098	286,119	988,217	(198,657)
Transfers	(129,357)	0	129,357	0	0	0
Increase (Decrease) In Net Assets	843,762	(484,776)	144,455	286,119	988,217	(198,657)
Net Assets At Beginning						
Of Year	16,671,391	17,515,153	4,049,469	4,193,924	20,720,860	21,709,077
Net Assets At End Of Year	\$17,515,153	\$17,030,377	\$4,193,924	\$4,480,043	\$21,709,077	\$21,510,420

Governmental Activities

The two percent municipal income tax is the largest source of revenue for the Governmental Activities and the City of Bexley. The City provides an 80 percent tax credit for taxes paid to another municipality.

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

When looking at the sources of income to support Governmental Activities, it should be noted that capital grants are \$397,283 of total revenues. This is an increase over the prior year's capital grants revenue, mainly due to OPWC grant proceeds for Maryland Avenue. Revenues provided by sources in the form of charges for services and operating grants comprise \$1,742,723. The remaining revenues are primarily generated locally through property and income taxes as well as unrestricted grants and aid provided by the State totaling \$10,614,253. City Council relies on these taxes to furnish the quality of life to businesses and citizens to which they and previous Councils have always been committed.

Business-Type Activities

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

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

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

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

Net assets of Business-Type Activities increased \$286,119, primarily due to an increase in charges assessed to customers.

THE CITY'S FUNDS

Information about the City's major Governmental Funds begins on page 13. These funds are reported using the modified accrual basis of accounting. All Governmental Funds had total revenues of \$12,099,261 and expenditures of \$17,015,515.

The General Fund balance decreased by \$487,694, due in large part to the construction of the City's swimming pool.

The Roads and Sidewalks Fund balance at December 31, 2007 increased \$257,782 due to a decrease in the amount of capital outlay expended in 2007 versus 2006.

The Maryland Avenue Fund balance was (\$605,429). This is a new fund for 2007 in which construction costs have been incurred but reimbursement has not been received.

The Water Fund's net assets increased \$63,081, primarily due to an increase in user charges.

The Sewer Fund's net assets increased \$231,746, primarily due to an increase in user charges.

The Refuse Fund's net assets decreased \$8,708 and is insignificant.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of receipts, disbursements, and encumbrances. The City's budget is adopted on a fund, function and object basis. During 2007 there were revisions to the budget which increased the appropriations by \$5,199,317.

Original General Fund budgeted revenues were \$9,519,399. The final budgeted amount was \$9,012,024 resulting in a \$507,375 decrease over the original budgeted revenue. The decrease in revenues was for intergovernmental revenue. The original budgeted appropriations were \$9,439,240. The final budgeted appropriations were \$14,638,557 resulting in an increase over the original budgeted appropriations of \$5,199,317. The increase in appropriations was primarily for capital outlay related to leisure time activities for the swimming pool project. The City's ending General Fund's fund balance was \$797,293 above the final budgeted amount.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The majority of the increase in governmental capital assets resulted from construction in progress related to the construction of a swimming pool, the police department building, and Maryland Avenue as well as renovations to the City Hall stairwell and Jeffrey Mansion. Business-type capital assets increased \$308,469 primarily due to water and sewer line improvements.

See Note 10 of the notes to the basic financial statements for more detailed information.

Debt

At December 31, 2007, the City of Bexley had \$10,350,800 in debt outstanding for governmental and business-type activities.

Outstanding debt increased from 2006, due mainly to the issuance of \$4,500,000 of Bond Anticipation Notes.

The City's overall legal debt margin was \$41,788,708, with an unvoted debt margin of \$18,979,093 at December 31, 2007.

See Note 15 of the notes to the basic financial statements for more detailed information.

CONTACTING THE CITY'S FINANCE DEPARTMENT

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

City of Bexley, Ohio
Statement Of Net Assets
December 31, 2007

	<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
<u>Assets:</u>			
Equity In Pooled Cash And Cash Equivalents	\$6,525,180	\$1,049,393	\$7,574,573
Cash And Cash Equivalents With Fiscal Agents	101,571	0	101,571
Accrued Interest Receivable	37,349	0	37,349
Accounts Receivable	133,420	844,107	977,527
Municipal Income Taxes Receivable	1,723,820	0	1,723,820
Due From Other Governments	1,808,384	0	1,808,384
Materials And Supplies Inventory	32,165	8,332	40,497
Property Taxes Receivable	1,896,364	0	1,896,364
Revenue In Lieu Of Taxes Receivable	271,091	0	271,091
Deferred Charges	0	7,535	7,535
Land And Construction In Progress	1,521,486	66,751	1,588,237
Depreciable Capital Assets, Net	15,620,730	5,482,186	21,102,916
<i>Total Assets</i>	<u>29,671,560</u>	<u>7,458,304</u>	<u>37,129,864</u>
<u>Liabilities:</u>			
Accounts Payable	321,012	11,994	333,006
Accrued Wages Payable	243,706	27,831	271,537
Contracts Payable	960,009	84,293	1,044,302
Retainage Payable	70,328	0	70,328
Due To Other Governments	400,601	648,245	1,048,846
Deferred Revenue	1,843,172	0	1,843,172
Vacation Balances Payable	182,273	9,870	192,143
Accrued Interest Payable	101,209	28,109	129,318
Long-Term Liabilities:			
Due Within One Year	282,638	68,725	351,363
Due In More Than One Year	8,236,235	2,099,194	10,335,429
<i>Total Liabilities</i>	<u>12,641,183</u>	<u>2,978,261</u>	<u>15,619,444</u>
<u>Net Assets:</u>			
Invested In Capital Assets, Net Of Related Debt	9,306,843	4,129,422	13,436,265
Restricted For:			
Capital Outlay	22,789	0	22,789
Debt Service	107,308	0	107,308
Other Purposes	837,340	0	837,340
Unrestricted	6,756,097	350,621	7,106,718
<i>Total Net Assets</i>	<u>\$17,030,377</u>	<u>\$4,480,043</u>	<u>\$21,510,420</u>

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

City of Bexley, Ohio
Statement Of Activities
For The Year Ended December 31, 2007

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges For Services</u>	<u>Operating Grants, Contributions And Interest</u>	<u>Capital Grants, Contributions And Interest</u>
<u>Governmental Activities:</u>				
Security Of Persons And Property	\$5,002,231	\$125,552	\$11,928	\$0
Public Health and Welfare	60,173	13,125	4,893	0
Leisure Time Activities	1,720,288	792,331	50,867	0
Community Environment	409,312	8,918	43,208	0
Public Works	3,730	0	0	0
Transportation	1,588,785	0	482,903	397,283
General Government	4,193,366	208,998	0	0
Interest And Fiscal Charges	261,150	0	0	0
<i>Total Governmental Activities</i>	<u>13,239,035</u>	<u>1,148,924</u>	<u>593,799</u>	<u>397,283</u>
<u>Business-Type Activities:</u>				
Water	1,688,197	1,743,274	0	0
Sewer	1,898,591	2,130,337	0	0
Refuse	908,088	899,380	0	0
<i>Total Business-Type Activities</i>	<u>4,494,876</u>	<u>4,772,991</u>	<u>0</u>	<u>0</u>
<i>Total Activities</i>	<u>\$17,733,911</u>	<u>\$5,921,915</u>	<u>\$593,799</u>	<u>\$397,283</u>

General Revenues:

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

Total General Revenues

Change In Net Assets

Net Assets At Beginning Of Year - Restated (See Note 3)

Net Assets At End Of Year

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

Net (Expense) Revenue And Changes In Net Assets

<i>Governmental Activities</i>	<i>Business-Type Activities</i>	<i>Total</i>
(\$4,864,751)	\$0	(\$4,864,751)
(42,155)	0	(42,155)
(877,090)	0	(877,090)
(357,186)	0	(357,186)
(3,730)	0	(3,730)
(708,599)	0	(708,599)
(3,984,368)	0	(3,984,368)
(261,150)	0	(261,150)
<u>(11,099,029)</u>	<u>0</u>	<u>(11,099,029)</u>
0	55,077	55,077
0	231,746	231,746
0	(8,708)	(8,708)
<u>0</u>	<u>278,115</u>	<u>278,115</u>
<u>(11,099,029)</u>	<u>278,115</u>	<u>(10,820,914)</u>
682,622	0	682,622
750,045	0	750,045
381,755	0	381,755
271,091	0	271,091
132,591	0	132,591
5,724,528	0	5,724,528
2,086,801	0	2,086,801
511,076	0	511,076
73,744	8,004	81,748
<u>10,614,253</u>	<u>8,004</u>	<u>10,622,257</u>
(484,776)	286,119	(198,657)
<u>17,515,153</u>	<u>4,193,924</u>	<u>21,709,077</u>
<u>\$17,030,377</u>	<u>\$4,480,043</u>	<u>\$21,510,420</u>

City of Bexley, Ohio
 Balance Sheet
 Governmental Funds
 December 31, 2007

	<u>General</u>	<u>Roads and Sidewalks</u>	<u>Maryland Avenue</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<u>Assets:</u>					
Equity In Pooled Cash And Cash Equivalents	\$5,308,437	\$719,005	\$0	\$497,738	\$6,525,180
Cash And Cash Equivalents With Fiscal Agents	0	0	0	101,571	101,571
Receivables:					
Property Taxes	710,587	791,899	0	393,878	1,896,364
Revenue In Lieu Of Taxes	0	0	0	271,091	271,091
Municipal Income Taxes	1,723,820	0	0	0	1,723,820
Accounts	133,420	0	0	0	133,420
Accrued Interest	37,349	0	0	0	37,349
Due From Other Governments	1,154,485	52,319	322,283	279,297	1,808,384
Materials And Supplies Inventory	4,812	0	0	27,353	32,165
Total Assets	\$9,072,910	\$1,563,223	\$322,283	\$1,570,928	\$12,529,344
<u>Liabilities And Fund Balances:</u>					
<u>Liabilities:</u>					
Accounts Payable	\$46,832	\$0	\$0	\$274,180	\$321,012
Contracts Payable	279,359	44,734	605,429	30,487	960,009
Accrued Wages Payable	214,242	0	0	29,464	243,706
Retainage Payable	70,328	0	0	0	70,328
Due To Other Governments	267,058	0	0	133,543	400,601
Deferred Revenue	1,915,981	844,218	322,283	857,814	3,940,296
Total Liabilities	2,793,800	888,952	927,712	1,325,488	5,935,952
<u>Fund Balances:</u>					
Reserved For Encumbrances	1,469,979	293,860	0	24,914	1,788,753
Unreserved:					
Designated For Budget Stabilization	1,000,000	0	0	0	1,000,000
Undesignated (Deficit), Reported In:					
General Fund	3,809,131	0	0	0	3,809,131
Special Revenue Funds	0	380,411	0	(9,175)	371,236
Debt Service Fund	0	0	0	208,517	208,517
Capital Projects Funds	0	0	(605,429)	21,184	(584,245)
Total Fund Balances (Deficit)	6,279,110	674,271	(605,429)	245,440	6,593,392
Total Liabilities And Fund Balances	\$9,072,910	\$1,563,223	\$322,283	\$1,570,928	\$12,529,344

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

City of Bexley, Ohio
 Reconciliation Of Total Governmental Fund Balances To
 Net Assets Of Governmental Activities
 December 31, 2007

Total Governmental Fund Balances	\$6,593,392
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Amounts reported for governmental activities in the Statement of Net Assets are different because:

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

Land	135,500
Construction In Progress	1,385,986
Depreciable Capital Assets	28,121,994
Accumulated Depreciation	<u>(12,501,264)</u>

Total	17,142,216
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Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Municipal Income Taxes	806,233
Property Taxes	70,084
Revenue In Lieu Of Taxes	271,091
Due From Other Governments	<u>949,716</u>

Total	2,097,124
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Some liabilities, including bonds payable, loans payable and accrued interest payable, are not due and payable in the current period and therefore are not reported in the funds:

Accrued Interest	(101,209)
General Obligation Bonds	(2,820,000)
OPWC Loans	(1,430,351)
Capital Leases Payable	(85,022)
Vacation Balances Payable	(182,273)
Ohio Police And Fire Pension Obligation Payable	(383,377)
Compensated Absences	(300,123)
Notes Payable	<u>(3,500,000)</u>

Total	<u>(8,802,355)</u>
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<i>Net Assets Of Governmental Activities</i>	<u><u>\$17,030,377</u></u>
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THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

City of Bexley, Ohio
Statement Of Revenues, Expenditures And Changes In Fund Balances
Governmental Funds
For The Year Ended December 31, 2007

	<i>General</i>	<i>Roads and Sidewalks</i>	<i>Maryland Avenue</i>	<i>Nonmajor Funds</i>	<i>Total</i>
<u>Revenues:</u>					
Property Taxes	\$680,374	\$747,541	\$0	\$380,508	\$1,808,423
Municipal Income Taxes	5,568,557	0	0	0	5,568,557
Other Local Taxes	132,591	0	0	0	132,591
Intergovernmental	1,977,225	173,861	0	579,651	2,730,737
Charges For Services	110,250	0	0	661,568	771,818
Licenses And Permits	225,214	0	0	446	225,660
Fines And Forfeitures	110,378	0	0	16,101	126,479
Investment Earnings	539,744	0	0	0	539,744
Rent	0	0	0	24,967	24,967
Contributions And Donations	6,166	0	0	90,375	96,541
Miscellaneous	47,338	0	0	26,406	73,744
<i>Total Revenues</i>	<u>9,397,837</u>	<u>921,402</u>	<u>0</u>	<u>1,780,022</u>	<u>12,099,261</u>
<u>Expenditures:</u>					
Current:					
Security Of Persons And Property	4,706,630	0	0	456,136	5,162,766
Public Health And Welfare	60,173	0	0	0	60,173
Leisure Time Activities	3,124,000	0	0	1,225,630	4,349,630
Community Environment	379,662	0	0	26,440	406,102
Transportation	0	9,292	0	791,749	801,041
General Government	3,918,220	0	0	271,579	4,189,799
Capital Outlay	70,328	654,328	605,429	279,981	1,610,066
Debt Service:					
Principal Retirement	11,073	0	0	252,565	263,638
Interest And Fiscal Charges	3,087	0	0	146,916	150,003
Issuance Costs	0	0	0	22,297	22,297
<i>Total Expenditures</i>	<u>12,273,173</u>	<u>663,620</u>	<u>605,429</u>	<u>3,473,293</u>	<u>17,015,515</u>
Excess Of Revenues Over (Under) Expenditures	<u>(2,875,336)</u>	<u>257,782</u>	<u>(605,429)</u>	<u>(1,693,271)</u>	<u>(4,916,254)</u>
<u>Other Financing Sources (Uses):</u>					
Proceeds Of OPWC Loan	0	0	0	133,555	133,555
Inception Of Capital Lease	0	0	0	57,211	57,211
Proceeds of Notes	3,500,000	0	0	0	3,500,000
Transfers In	0	0	0	1,112,358	1,112,358
Transfers Out	(1,112,358)	0	0	0	(1,112,358)
<i>Total Other Financing Sources (Uses)</i>	<u>2,387,642</u>	<u>0</u>	<u>0</u>	<u>1,303,124</u>	<u>3,690,766</u>
Net Change In Fund Balance	(487,694)	257,782	(605,429)	(390,147)	(1,225,488)
Fund Balances At Beginning of Year	6,766,804	416,489	0	635,587	7,818,880
<i>Fund Balances (Deficit) At End Of Year</i>	<u>\$6,279,110</u>	<u>\$674,271</u>	<u>(\$605,429)</u>	<u>\$245,440</u>	<u>\$6,593,392</u>

THE NOTES TO THE FINANCIAL STATEMENTS IS AN INTEGRAL PART OF THIS STATEMENT

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, 2007

Net Change In Fund Balances - Total Governmental Funds		(\$1,225,488)
<i>Amounts reported for governmental activities in the Statement of Activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital Asset Additions	855,399	
Construction in Progress Additions	3,861,030	
Depreciation	<u>(1,116,246)</u>	
Excess of Capital Outlay over Depreciation Expense		3,600,183
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the Statement of Activities, a gain or loss is reported for each sale.		
Loss On Disposal Of Assets		(376)
Repayment of long-term obligations is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. In the current year, these amount consist of:		
General Obligation Bond Principal Payments	195,000	
Police And Fire Pension Obligation	7,266	
Capital Lease Payments	<u>61,372</u>	
		263,638
Some revenues that will not be collected for several months after the City's year-end are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues changed by these amounts this year:		
Municipal Income Taxes	174,514	
Property Taxes	5,999	
Revenue In Lieu Of Taxes	271,091	
Intergovernmental	232,062	
Accrued Interest	<u>(28,668)</u>	
		654,998
Some capital assets were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the Statement of Net Assets, the lease obligation is reported as a liability.		
		(57,211)
The issuance of long-term debt provides current financial resources to governmental funds, but in the Statement of Net Assets, the debt is reported as a liability.		
OPWC Loans	(133,555)	
Swimming Pool Note	<u>(3,500,000)</u>	
		(3,633,555)
Accrued interest payable on the bonds is not reported in the funds, but is allocated as expenses over the life of the debt in the Statement of Activities.		
Net Increase In Accrued Interest		(88,850)
Some items reported as expenses in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
These activities consist of:		
Increase In Vacation Balance Payable		(4,088)
Decrease In Compensated Absences		<u>5,973</u>
<i>Change In Net Assets Of Governmental Activities</i>		<u><u>(\$484,776)</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTGRAL PART OF THIS STATEMENT

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, 2007

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Budgetary Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues:</u>				
Property Taxes	\$670,261	\$670,631	\$680,374	\$9,743
Municipal Income Taxes	5,791,062	5,832,425	5,634,931	(197,494)
Other Local Taxes	103,063	125,417	132,591	7,174
Intergovernmental	1,988,927	1,510,616	1,602,722	92,106
Charges For Services	85,697	104,285	110,250	5,965
Licenses And Permits	166,240	202,298	213,869	11,571
Fines And Forfeitures	90,996	90,996	111,935	20,939
Investment Earnings	303,000	303,000	438,223	135,223
Contributions And Donations	5,000	5,000	6,166	1,166
Miscellaneous	315,153	167,356	47,338	(120,018)
Total Revenues	9,519,399	9,012,024	8,978,399	(33,625)
<u>Expenditures:</u>				
Current:				
Security Of Persons And Property	4,486,382	4,991,527	4,896,276	95,251
Public Health And Welfare	82,632	87,011	60,863	26,148
Leisure Time Activities	399,598	4,664,111	4,553,677	110,434
Community Environment	391,220	397,695	386,945	10,750
General Government	4,079,408	4,498,213	4,047,948	450,265
Total Expenditures	9,439,240	14,638,557	13,945,709	692,848
Excess Of Revenues Over (Under) Expenditures	80,159	(5,626,533)	(4,967,310)	659,223
<u>Other Financing Sources (Uses):</u>				
Proceeds Of Notes	1,750,000	3,500,000	3,500,000	0
Transfers Out	(1,088,991)	(1,250,401)	(1,112,331)	138,070
Total Other Financing Sources (Uses)	661,009	2,249,599	2,387,669	138,070
Net Change In Fund Balance	741,168	(3,376,934)	(2,579,641)	797,293
Fund Balance At Beginning Of Year	2,714,157	2,714,157	2,714,157	0
Prior Year Encumbrances	3,315,576	3,315,576	3,315,576	0
Fund Balance At End Of Year	\$6,770,901	\$2,652,799	\$3,450,092	\$797,293

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

City of Bexley, Ohio
Statement Of Revenues, Expenditures And
Changes In Fund Balance - Budget And Actual (Non-GAAP Budgetary Basis)
Roads and Sidewalks Special Revenue Fund
For The Year Ended December 31, 2007

	<u>Original Budget</u>	<u>Revised Budget</u>	<u>Budgetary Actual</u>	<u>Variance Positive (Negative)</u>
<u>Revenues:</u>				
Property Taxes	\$747,540	\$740,370	\$747,541	\$7,171
Intergovernmental	348,652	177,986	173,971	(4,015)
<i>Total Revenues</i>	<u>1,096,192</u>	<u>918,356</u>	<u>921,512</u>	<u>3,156</u>
<u>Expenditures:</u>				
Current:				
Transportation	10,000	10,000	9,292	708
Capital Outlay	905,000	1,189,449	1,045,635	143,814
<i>Total Expenditures</i>	<u>915,000</u>	<u>1,199,449</u>	<u>1,054,927</u>	<u>144,522</u>
Excess Of Revenues Over (Under) Expenditures	181,192	(281,093)	(133,415)	147,678
<u>Other Financing Uses:</u>				
Transfers Out	(74,847)	(74,217)	0	74,217
Net Change In Fund Balance	106,345	(355,310)	(133,415)	221,895
Fund Balance At Beginning Of Year	448,577	448,577	448,577	0
Prior Year Encumbrances	65,249	65,249	65,249	0
<i>Fund Balance At End Of Year</i>	<u>\$620,171</u>	<u>\$158,516</u>	<u>\$380,411</u>	<u>\$221,895</u>

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

City of Bexley, Ohio
Statement Of Fund Net Assets
Enterprise Funds
December 31, 2007

	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>	<u>Total</u>
<u>Assets:</u>				
<u>Current Assets:</u>				
Equity In Pooled Cash And Cash Equivalents	\$116,168	\$702,594	\$230,631	\$1,049,393
Receivables:				
Accounts	375,476	468,631	0	844,107
Materials And Supplies Inventory	1,049	1,049	6,234	8,332
Total Current Assets	492,693	1,172,274	236,865	1,901,832
<u>Non-Current Assets:</u>				
Deferred Charges	7,535	0	0	7,535
Construction In Progress	66,751	0	0	66,751
Depreciable Capital Assets, Net	2,336,594	3,142,567	3,025	5,482,186
Total Non-Current Assets	2,410,880	3,142,567	3,025	5,556,472
Total Assets	2,903,573	4,314,841	239,890	7,458,304
<u>Liabilities:</u>				
<u>Current Liabilities:</u>				
Accounts Payable	8,342	2,705	947	11,994
Contracts Payable	0	8,729	75,564	84,293
Accrued Wages Payable	12,510	11,228	4,093	27,831
Due To Other Governments	290,976	355,756	1,513	648,245
Accrued Interest Payable	8,577	19,532	0	28,109
Vacation Balances Payable	6,929	2,941	0	9,870
General Obligation Bonds Payable	45,000	0	0	45,000
OPWC Loans Payable	0	23,725	0	23,725
Total Current Liabilities	372,334	424,616	82,117	879,067
<u>Long-Term Liabilities (Net Of Current Portion):</u>				
Notes Payable	229,000	771,000	0	1,000,000
Compensated Absences Payable	21,082	14,787	0	35,869
General Obligation Bonds Payable	660,000	0	0	660,000
OPWC Loans Payable	0	403,325	0	403,325
Total Long-Term Liabilities	910,082	1,189,112	0	2,099,194
Total Liabilities	1,282,416	1,613,728	82,117	2,978,261
<u>Net Assets:</u>				
Invested In Capital Assets, Net Of Related Debt	2,181,880	1,944,517	3,025	4,129,422
Unrestricted (Deficit)	(560,723)	756,596	154,748	350,621
Total Net Assets	\$1,621,157	\$2,701,113	\$157,773	\$4,480,043

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

City of Bexley, Ohio
Statement Of Revenues, Expenses And Changes In Fund Net Assets
Enterprise Funds
For The Year Ended December 31, 2007

	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>	<u>Total</u>
<u>Operating Revenues:</u>				
Charges For Services	\$1,743,274	\$2,130,337	\$899,380	\$4,772,991
Miscellaneous	8,004	0	0	8,004
<i>Total Operating Revenues</i>	<u>1,751,278</u>	<u>2,130,337</u>	<u>899,380</u>	<u>4,780,995</u>
<u>Operating Expenses:</u>				
Personal Services	218,995	265,046	54,405	538,446
Contractual Services	1,296,747	1,421,198	819,588	3,537,533
Materials And Supplies	50,765	37,887	33,802	122,454
Depreciation	73,521	121,178	293	194,992
<i>Total Operating Expenses</i>	<u>1,640,028</u>	<u>1,845,309</u>	<u>908,088</u>	<u>4,393,425</u>
Operating Income (Loss)	111,250	285,028	(8,708)	387,570
<u>Non-Operating Expenses:</u>				
Interest And Fiscal Charges	(48,169)	(53,282)	0	(101,451)
Change In Net Assets	63,081	231,746	(8,708)	286,119
Net Assets At Beginning Of Year	<u>1,558,076</u>	<u>2,469,367</u>	<u>166,481</u>	<u>4,193,924</u>
<i>Net Assets At End Of Year</i>	<u><u>\$1,621,157</u></u>	<u><u>\$2,701,113</u></u>	<u><u>\$157,773</u></u>	<u><u>\$4,480,043</u></u>

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

City of Bexley, Ohio
Statement Of Cash Flows
Enterprise Funds
For The Year Ended December 31, 2007

	<u>Water</u>	<u>Sewer</u>	<u>Refuse</u>	<u>Total</u>
<u>Increases (Decreases) In Cash And Cash Equivalents:</u>				
Cash Flows From Operating Activities:				
Cash Received From Customers	\$1,652,725	\$2,067,933	\$899,380	\$4,620,038
Cash Payments For Personal Services	(217,840)	(266,754)	(52,785)	(537,379)
Cash Payments To Suppliers For Goods And Services	(1,625,732)	(1,522,641)	(846,707)	(3,995,080)
Other Operating Revenues	8,004	0	0	8,004
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>(182,843)</u>	<u>278,538</u>	<u>(112)</u>	<u>95,583</u>
Cash Flows From Capital And Related Financing Activities:				
Acquisition Of Capital Assets	(109,562)	(393,690)	(209)	(503,461)
Principal Paid On General Obligation Bonds	(40,000)	0	0	(40,000)
Principal Paid On OPWC Loans	0	(23,725)	0	(23,725)
Principal Paid On Notes	(229,000)	(771,000)	0	(1,000,000)
Proceeds of Notes	229,000	771,000	0	1,000,000
Interest And Fiscal Charges Paid On General Obligation Bonds	(35,158)	0	0	(35,158)
Interest And Fiscal Charges Paid On Notes	(3,749)	(33,750)	0	(37,499)
<i>Net Cash Used For Capital And Related Financing Activities</i>	<u>(188,469)</u>	<u>(451,165)</u>	<u>(209)</u>	<u>(639,843)</u>
<i>Net Decrease In Cash And Cash Equivalents</i>	(371,312)	(172,627)	(321)	(544,260)
Cash And Cash Equivalents At Beginning Of Year	<u>487,480</u>	<u>875,221</u>	<u>230,952</u>	<u>1,593,653</u>
<i>Cash And Cash Equivalents At End Of Year</i>	<u>\$116,168</u>	<u>\$702,594</u>	<u>\$230,631</u>	<u>\$1,049,393</u>
<u>Reconciliation Of Operating Income (Loss) To Net Cash Provided By (Used For) Operating Activities:</u>				
Operating Income (Loss)	\$111,250	\$285,028	(\$8,708)	\$387,570
<u>Adjustments To Reconcile Operating Income (Loss) To Net Cash Provided By (Used For) Operating Activities:</u>				
Depreciation	73,521	121,178	293	194,992
Changes In Assets And Liabilities:				
(Increase) In Accounts Receivable	(90,549)	(62,404)	0	(152,953)
(Decrease) In Accounts Payable	(565,612)	(428,133)	(69,550)	(1,063,295)
Increase In Contracts Payable	0	8,729	75,564	84,293
Increase In Accrued Wages Payable	936	1,840	1,814	4,590
Increase In Due To Other Governments	286,663	351,503	475	638,641
Increase In Vacation Balances Payable	6,929	2,941	0	9,870
(Decrease) In Compensated Absences Payable	(5,981)	(2,144)	0	(8,125)
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>(\$182,843)</u>	<u>\$278,538</u>	<u>(\$112)</u>	<u>\$95,583</u>

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

City of Bexley, Ohio
Statement Of Fiduciary
Assets And Liabilities
Agency Funds
December 31, 2007

Assets:

Cash and Cash Equivalents	
In Segregated Accounts	<u>\$10,600</u>

Liabilities:

Undistributed Assets	\$1,310
Deposits Held And Due To Others	<u>9,290</u>

<i>Total Liabilities</i>	<u>\$10,600</u>
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City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2007

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.

THE REPORTING ENTITY

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

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

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

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2007
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

BASIS OF PRESENTATION

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

FUND FINANCIAL STATEMENTS

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

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2007
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FUND ACCOUNTING

The City uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain City functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds utilized by the City: governmental, proprietary, and fiduciary.

GOVERNMENTAL FUNDS

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

The following are the City's major governmental funds:

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

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

Maryland Avenue Fund - This fund accounts for all transactions relating to the reconstruction of Maryland Avenue. This project is financed from local resources and Ohio Public Works Commission grant and loan proceeds.

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

PROPRIETARY FUNDS

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

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

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

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

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2007
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

FIDUCIARY FUNDS

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

MEASUREMENT FOCUS

Government-Wide Financial Statements

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

Fund Financial Statements

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

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

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2007
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BASIS OF ACCOUNTING

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

REVENUES - EXCHANGE AND NON-EXCHANGE TRANSACTIONS

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

Non-exchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from income tax is recognized in the year in which the income is earned (See Note 7). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 8). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

DEFERRED REVENUES

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

Property taxes for which there is an enforceable legal claim as of December 31, 2007, but were levied to finance 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met have also been recorded as deferred revenue.

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

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2007
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

EXPENSES/EXPENDITURES

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

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

CASH AND CASH EQUIVALENTS

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the City's records. Interest in the pool is presented as "Equity In Pooled Cash And Cash Equivalents" on the financial statements. The City has permissive motor vehicle license money, which is held by the Franklin County Engineer as agent and distributed to the City for approved street projects. The balance in this account is presented on the Balance Sheet as "Cash And Cash Equivalents With Fiscal Agents".

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

The City has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during 2007. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on December 31, 2007.

Interest income is distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue credited to the General Fund during 2007 amounted to \$539,744, which includes \$178,520 assigned from other funds.

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

MATERIALS AND SUPPLIES INVENTORY

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

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2007
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CAPITAL ASSETS

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

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

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

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

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

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

COMPENSATED ABSENCES

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

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2007
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates when the leave was earned taking into consideration any limits specified in the City's termination policy. The City records a liability for employees with more than 150 hours of accumulated sick leave.

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, notes, capital leases and the police pension liability are recognized as liabilities on the governmental fund financial statements when due.

UNAMORTIZED BOND ISSUANCE COSTS

On the proprietary fund statements, issuance costs are deferred and amortized over the term of the bonds using the straight-line method, since the results are not significantly different from the effective interest method. They are recorded as "Deferred Charges" on the Statement of Net Assets.

RESERVES AND DESIGNATION OF FUND BALANCE

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

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

INTERNAL ACTIVITY

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general revenues.

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

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2007
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

NET ASSETS

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

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

OPERATING REVENUES AND EXPENSES

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

ESTIMATES

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

BUDGETS AND BUDGETARY ACCOUNTING

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

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2007
(Continued)

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

NOTE 3 - RESTATEMENT OF PRIOR YEAR NET ASSETS

During the year, it was discovered that the liability for the Cassady Avenue OPWC Loan Payable had been overstated in the prior year. Therefore, it was necessary to restate net assets at December 31, 2006 as follows:

	<i>Governmental</i>
	<i>Activities</i>
Net Assets, December 31, 2006	<u>\$17,315,013</u>
Restatement of Loan Payable	200,140
Net Assets, December 31, 2006 as Restated	<u><u>\$17,515,153</u></u>

NOTE 4 - ACCOUNTABILITY

The Police Pension and Tax Incentive Program Special Revenue Funds, and the Maryland Avenue Capital Projects Fund had deficit fund balances of \$87,677, \$269,554, and \$605,429 respectively, at December 31, 2007. The General Fund is liable for the deficits and provides transfers when cash is required, not when accruals occur.

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

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

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2007
(Continued)

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (Continued)

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

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- (c) Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
- (d) Unrecorded cash represents amounts received but not included as revenue on the budget basis operating statements. These amounts are included as revenue on the GAAP basis operating statements.
- (e) Investments are reported at fair value (GAAP) rather than cost (budget).

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

	<i>Net Change In Fund Balance</i>	
	<u>General</u>	<u>Roads and Sidewalks</u>
GAAP Basis	(\$487,694)	\$257,782
<i><u>Increases (Decreases) Due To:</u></i>		
Revenue Accruals	(298,079)	110
Expenditure Accruals	30,975	(52,713)
Encumbrances Outstanding		
At Year-end (Budget Basis)	(1,703,511)	(338,594)
Change In Fair Value Of Investments - 2006	(38,847)	
Change In Fair Value Of Investments - 2007	(79,368)	0
Unrecorded Cash - 2007	(3,144)	0
Transfers Out	27	0
	<u>27</u>	<u>0</u>
Budget Basis	<u>(\$2,579,641)</u>	<u>(\$133,415)</u>

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2007
(Continued)

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2007
(Continued)

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

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

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

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

DEPOSITS

Custodial credit risk for deposits is the risk that in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in possession of an outside party. At fiscal year-end, \$2,472,826 of the City's bank balance of \$2,715,726 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution.

INVESTMENTS

As of December 31, 2007, the following investments were held in the City's name and are thereby not exposed to custodial credit risk:

	Fair Value	Investment Maturities (in Years)		S&P Rating	Percent of	Call Date
		Less than 1	1 - 5		Total Investments	
Federal Home Loan Mortgage Corporation Bonds	\$250,820	\$0	\$250,820	AAA	5.05%	4/7/2008
Federal Home Loan Mortgage Corporation Bonds	244,069	0	244,069	AAA	4.91%	3/3/2008
Federal Home Loan Mortgage Corporation Bonds	503,650	0	503,650	AAA	10.14%	6/4/2009
Federal Farm Credit Banks Consolidation Bonds	502,900	0	502,900	AAA	10.12%	7/2/2008
Federal Home Loan Banks Bonds	250,325	0	250,325	AAA	5.04%	-
Federal Home Loan Banks Bonds	513,750	0	513,750	AAA	10.34%	6/29/2009
Federal Home Loan Banks Bonds	630,436	0	630,436	AAA	12.67%	6/29/2009
Federal Home Loan Banks Bonds	509,220	0	509,220	AAA	10.25%	11/13/2009
Federal Home Loan Banks Bonds	506,350	0	506,350	AAA	10.19%	12/27/2010
Federal National Mortgage Association Bonds	500,140	500,140	0	AAA	10.07%	-
Federal National Mortgage Association Bonds	507,100	0	507,100	AAA	10.21%	-
STAROhio	50,192	50,192	0	AAAm	1.01%	-
Totals	<u>\$4,968,952</u>	<u>\$550,332</u>	<u>\$4,418,620</u>			

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2007
(Continued)

NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)

INTEREST RATE RISK

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

CREDIT RISK

The S&P rating of each investment is listed in the table above. The City has no policy concerning credit risk.

CONCENTRATION OF CREDIT RISK

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

NOTE 7 - MUNICIPAL INCOME TAX

The City levies and collects an income tax of two percent on all income earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 80 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. The City utilizes the Regional Income Tax Agency (RITA) for the collection of income taxes on its behalf.

NOTE 8 - PROPERTY TAX

Property taxes include amounts levied against all real, public utility, and tangible personal property (used in business) located in the City. Property tax revenue received during 2007 for real and public utility property taxes represents collections of 2006 taxes. Property tax payments received during 2007 for tangible personal property (other than public utility property) are for 2007 taxes.

2007 real property taxes are levied after October 1, 2007 on the assessed value as of January 1, 2007, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2007 real property taxes are collected in and intended to finance 2008.

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

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2007
(Continued)

NOTE 8 - PROPERTY TAX (Continued)

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2007 public utility property taxes became a lien December 31, 2006, are levied after October 1, 2007, and are collected in 2008 with real property taxes.

2007 tangible personal property taxes are levied after October 1, 2006, on the value as of December 31, 2006. Collections are made in 2007. In prior years, tangible personal property assessments were 25 percent of true value for capital assets and 23 percent of true value for inventory. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory for 2007 is 12.5 percent. This will be reduced to 6.25 percent for 2008 and zero for 2009.

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

The full tax rate for all City operations for the year ended December 31, 2007, was \$7.85 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2007 property tax receipts were based are as follows:

<i>Category</i>	<i>Assessed Value</i>
Real Property	
Residential/Agricultural	\$428,121,510
Commercial/Industrial/Public Utility	23,749,650
Public Utility Personal	2,502,200
General Business Personal	1,818,934
Total Property Taxes	\$456,192,294

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the City of Bexley. The County Auditor periodically remits to the City its portion of the taxes. Property taxes receivable represents real and tangible personal property taxes, public utility taxes, and outstanding delinquencies which are measurable as of December 31, 2007, and for which there is an enforceable legal claim. In the governmental funds, the entire receivable has been offset by deferred revenue since the current taxes were not levied to finance 2007 operations, and the collections of delinquent taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as revenue while the remainder of the receivable is deferred.

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2007
(Continued)

NOTE 9 - RECEIVABLES

Receivables at December 31, 2007, consisted of property, revenue in lieu of taxes, municipal income taxes, accounts, interest on investments, and intergovernmental receivables arising from grants, entitlements or shared revenues. All receivables are considered fully collectible and will be received within one year with the exception of property taxes, income taxes, and revenue in lieu of taxes. Water and sewer charges receivable which, if delinquent, may be certified and collected as a special assessment, are subject to foreclosure for nonpayment. Property and income taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year. Revenue in lieu of taxes will be received over the designated period established by the agreements.

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amount</u>
Local Government	\$503,238
Ohio Public Works Commission Grant	322,283
Estate Tax	605,598
Homestead And Rollback	124,923
Gasoline Tax	13,595
Motor Vehicle License Tax	2,521
Permissive Motor Vehicle License Tax	236,226
Total Intergovernmental Receivable	<u><u>\$1,808,384</u></u>

REVENUE IN LIEU OF TAXES

During 2004, the City of Bexley created the Main Street Incentive District. Under the agreement, owners of parcels within the Main Street District are exempt from real property taxation on improvements and in exchange are required to make service payments in lieu of taxes. During 2005 and 2006, the City of Bexley entered into infrastructure agreements with One Dawson Place, L.L.C and MRMJ, L.L.C., respectively. Under these agreements, the City of Bexley agrees to reimburse the developers for the cost of infrastructure improvements. The City will use revenue in lieu of taxes to reimburse the developers. As of December 31, 2007, the City has not started collecting revenue in lieu of taxes on these properties, therefore, the City has recorded a receivable and a payable for the amount of reimbursement due to the developers only.

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2007
(Continued)

NOTE 10 - CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2007, was as follows:

	<i>Balance</i> <i>12/31/2006</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance</i> <i>12/31/2007</i>
<u>Governmental Activities</u>				
Capital Assets, Not Being Depreciated:				
Land	\$90,500	\$45,000	\$0	\$135,500
Construction In Progress	1,188,726	3,861,030	(3,663,770)	1,385,986
Total Capital Assets, Not Being Depreciated	<u>1,279,226</u>	<u>3,906,030</u>	<u>(3,663,770)</u>	<u>1,521,486</u>
Depreciable Capital Assets:				
Land Improvements	639,655	20,000	0	659,655
Buildings And Improvements	1,961,076	3,669,956	0	5,631,032
Equipment	1,818,507	0	(60,358)	1,758,149
Vehicles	1,023,956	87,429	(23,939)	1,087,446
Infrastructure	18,288,928	696,784	0	18,985,712
Total Depreciable Capital Assets	<u>23,732,122</u>	<u>4,474,169</u>	<u>(84,297)</u>	<u>28,121,994</u>
Less Accumulated Depreciation:				
Land Improvements	(588,928)	(6,904)	0	(595,832)
Buildings And Improvements	(1,190,434)	(92,061)	0	(1,282,495)
Equipment	(1,058,927)	(124,306)	59,982	(1,123,251)
Vehicles	(672,245)	(168,133)	23,939	(816,439)
Infrastructure	(7,958,405)	(724,842)	0	(8,683,247)
Total Accumulated Depreciation	<u>(11,468,939)</u>	<u>(1,116,246)</u>	<u>83,921</u>	<u>(12,501,264)</u>
Depreciable Capital Assets, Net	<u>12,263,183</u>	<u>3,357,923</u>	<u>(376)</u>	<u>15,620,730</u>
Governmental Activities Capital Assets, Net	<u>\$13,542,409</u>	<u>\$7,263,953</u>	<u>(\$3,664,146)</u>	<u>\$17,142,216</u>

Depreciation expense was charged to governmental programs as follows:

Security Of Persons And Property	\$165,489
Leisure Time Activities	115,988
Community Development	1,076
Transportation	803,492
Public Works	3,730
General Government	26,471
Total Depreciation Expense	<u>\$1,116,246</u>

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2007
(Continued)

NOTE 10 - CAPITAL ASSETS (Continued)

	<i>Balance</i> <i>12/31/2006</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance</i> <i>12/31/2007</i>
<u>Business-Type Activities</u>				
Capital Assets, Not Being Depreciated:				
Construction In Progress	\$0	\$66,751	\$0	\$66,751
Depreciable Capital Assets:				
Land Improvements	36,421	0	0	36,421
Buildings And Improvements	48,892	765	0	49,657
Equipment	32,314	0	0	32,314
Vehicles	166,665	85,533	0	252,198
Infrastructure	7,702,068	350,412	0	8,052,480
Total Depreciable Capital Assets	<u>7,986,360</u>	<u>436,710</u>	<u>0</u>	<u>8,423,070</u>
Less Accumulated Depreciation:				
Land Improvements	(36,387)	(21)	0	(36,408)
Buildings And Improvements	(37,527)	(1,050)	0	(38,577)
Equipment	(19,815)	(1,563)	0	(21,378)
Vehicles	(72,046)	(47,191)	0	(119,237)
Infrastructure	(2,580,117)	(145,167)	0	(2,725,284)
Total Accumulated Depreciation	<u>(2,745,892)</u>	<u>(194,992)</u>	<u>0</u>	<u>(2,940,884)</u>
Depreciable Capital Assets, Net	<u>5,240,468</u>	<u>241,718</u>	<u>0</u>	<u>5,482,186</u>
Business-Type Activities Capital Assets, Net	<u>\$5,240,468</u>	<u>\$308,469</u>	<u>\$0</u>	<u>\$5,548,937</u>

NOTE 11 - DEFINED BENEFIT PENSION PLANS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

Plan Description - The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2007
(Continued)

NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For the year ended December 31, 2007, members in state and local classifications contributed 9.5 percent of covered payroll, public safety members contributed 9.75 percent, and law enforcement members contributed 10.1 percent.

The City's contribution rate for 2007 was 13.85 percent, except for those plan members in law enforcement or public safety, for whom the City's contribution was 17.17 percent of covered payroll. For the period January 1 through June 30, a portion of the City's contribution equal to 5.0 percent of covered payroll was allocated to fund the post-employment health care plan; for the period July 1 through December 31, 2007 this amount was increased to 6.0 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the City of 14.0 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The City's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$257,654, \$332,620 and \$347,496 respectively; 86.82 percent has been contributed for 2007 and 100 percent for 2006 and 2005. The City and plan members did not make any contributions to the member-directed plan for 2007.

OHIO POLICE AND FIRE PENSION FUND

Plan Description - The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. OP&F provides retirement and disability 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 for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Plan members are required to contribute 10.0 percent of their annual covered salary to fund pension obligations. The City's contribution was 19.5 percent for police officers. The City has no firefighters. Contribution rates are established by State statute. For 2007, a portion of the City's contribution equal to 6.75 percent of covered payroll was allocated to fund the post-employment health care plan. The City's pension contributions to OP&F for police and firefighters were \$303,231 for the year ended December 31, 2007, \$259,025 for the year ended December 31, 2006, and \$235,128 for the year ended December 31, 2005. The full amount has been contributed for 2006 and 2005. 69.08 percent has been contributed for 2007.

In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police personnel in 1967. As of December 31, 2007, the unfunded liability of the City was \$383,377 payable in semi-annual payments through the year 2035. This is an accounting liability of the City which will not vary.

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2007
(Continued)

NOTE 12 - POSTEMPLOYMENT BENEFITS

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

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

To qualify for post-employment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401 (h). State statute requires that public employers fund post-employment health care through 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 2007, local government employers contributed 13.85 percent of covered payroll (17.17 percent for public safety and law enforcement). Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The amount of the employer contributions which was allocated to fund post-employment health care was 5.0 percent of covered payroll from January 1 through June 30, 2007, and 6.0 percent from July 1 to December 31, 2007.

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

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2007, 2006, and 2005, were \$196,933, \$162,694, and \$145,548, respectively; 76.43 percent has been contributed for 2007 and 100 percent for 2006 and 2005.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan which was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2007
(Continued)

NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)

OHIO POLICE AND FIRE PENSION FUND

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

OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit or is a spouse or eligible dependent child of such person.

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

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

Funding Policy - OP&F's post-employment healthcare plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.5 percent and 24.0 percent of covered payroll for police and fire employers, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2007, the employer contribution allocated to the healthcare plan was 6.75 percent of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare 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. Active members do not make contributions to the OPEB Plan.

The City's contributions to OP&F which were allocated to fund post-employment health care benefits for police were \$160,534 for the year ended December 31, 2007 and \$170,846 for the year ended December 31, 2006. The full amount has been contributed for 2006. 52.94 percent has been contributed for 2007.

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2007
(Continued)

NOTE 13 - EMPLOYEE BENEFITS

COMPENSATED ABSENCES

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

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

HEALTH CARE BENEFITS

During 2007, the City provided its employees group health, life, dental, vision, and drug insurance through Anthem.

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 14 - CAPITAL LEASES - LESSEE DISCLOSURE

During 2007 and in prior years, the City has entered into capitalized leases for vehicles and copiers. The leases meet the criteria of a capital lease as defined by *Statement of Financial Accounting Standards No. 13, "Accounting for Leases"*, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Capital assets acquired by lease were capitalized in the amount of \$212,612. This amount represents the present value of the minimum lease payments at the time of acquisition. Principal payments in 2007 totaled \$61,372 in the governmental funds.

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2007
(Continued)

NOTE 14 - CAPITAL LEASES - LESSEE DISCLOSURE (Continued)

The assets acquired through capital leases as of December 31, 2007, are as follows:

	<i>Asset Value</i>	<i>Accumulated Depreciation</i>	<i>Net Book Value</i>
Police Vehicles	\$148,512	\$36,951	\$111,561
Copiers	64,100	25,640	38,460
Totals	<u>\$212,612</u>	<u>\$62,591</u>	<u>\$150,021</u>

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2007:

<i>Year Ending December 31,</i>	<i>Payments</i>
2008	\$48,718
2009	34,641
2010	10,620
Total	93,979
Less: Amount Representing Interest	(8,957)
Present Value of Minimum Lease Payment	<u>\$85,022</u>

NOTE 15 - OUTSTANDING DEBT AND OTHER LONG-TERM OBLIGATIONS

BONDED DEBT AND OTHER LONG-TERM OBLIGATIONS

Bonded debt and other long-term obligations payable activity for the year ended December 31, 2007, were as follows:

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2007
(Continued)

NOTE 15 - OUTSTANDING DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

<i>Types / Issues</i>	<i>Restated Balance 12/31/06</i>	<i>Issued</i>	<i>Retired</i>	<i>Balance 12/31/07</i>	<i>Due Within One Year</i>
<u>Business-Type Activities</u>					
<u>General Obligation Bonds</u>					
1999 - 4.6% - 4.9% Water Meter and Equipment Bonds \$1,000,000	\$745,000	\$0	\$40,000	\$705,000	\$45,000
<u>Ohio Public Works Commission (OPWC) Loans</u>					
2005 - 0.00% Main Street Sewer Project \$474,500	450,775	0	23,725	427,050	23,725
<u>Notes Payable</u>					
2006 - 3.75% Main Street Storm Sewer Note	1,000,000	0	1,000,000	0	0
2007 - 3.8% Main Street Storm Sewer Note	0	1,000,000	0	1,000,000	0
Compensated Absences	34,343	17,057	15,531	35,869	0
Total Business-Type Activities	<u>\$2,230,118</u>	<u>\$1,017,057</u>	<u>\$1,079,256</u>	<u>\$2,167,919</u>	<u>\$68,725</u>
<u>Governmental Activities</u>					
<u>General Obligation Bonds</u>					
1998 - 4.875% Various Purpose Capital Improvement Bonds \$4,240,000	\$3,015,000	\$0	\$195,000	\$2,820,000	\$200,000
<u>Ohio Public Works Commission (OPWC) Loans</u>					
2006 - 0.00% North Cassady Avenue Reconstruction \$1,496,936	1,296,796	133,555	0	1,430,351	0
<u>Notes Payable</u>					
2007 - 3.8% Swimming Pool Note	0	3,500,000	0	3,500,000	0
Capital Leases	89,183	57,211	61,372	85,022	42,832
Ohio Police And Fire Pension	390,643	0	7,266	383,377	7,579
Compensated Absences	306,096	12,199	18,172	300,123	32,227
Total Governmental Activities	<u>\$5,097,718</u>	<u>\$3,702,965</u>	<u>\$281,810</u>	<u>\$8,518,873</u>	<u>\$282,638</u>

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2007
(Continued)

NOTE 15 - OUTSTANDING DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

For 2007, the City reclassified vacation balances payable to a current liability instead of a long-term liability due within a year.

The City's overall legal debt margin was \$41,788,708, with an unvoted debt margin of \$18,979,093 at December 31, 2007.

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

<i>Year</i>	<i>Business-Type Activities</i>				
	<i>Water General</i>		<i>Sewer</i>		<i>Total</i>
	<i>Obligation Bonds</i>		<i>OPWC Loans</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Principal</i>	<i>Interest</i>
2008	\$45,000	\$33,317	\$23,725	\$68,725	\$33,317
2009	50,000	31,248	23,725	73,725	31,248
2010	50,000	28,947	23,725	73,725	28,947
2011	50,000	26,748	23,725	73,725	26,748
2012	55,000	24,498	23,725	78,725	24,498
2013-2017	310,000	82,035	118,625	428,625	82,035
2018-2022	145,000	10,780	118,625	263,625	10,780
2023-2025	0	0	71,175	71,175	0
Totals	\$705,000	\$237,573	\$427,050	\$1,132,050	\$237,573

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

<i>Year</i>	<i>Governmental Activities</i>					
	<i>General Obligation</i>		<i>Ohio Police And Fire</i>		<i>Total</i>	
	<i>Bonds</i>		<i>Pension Liability</i>			
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2008	\$200,000	\$134,221	\$7,579	\$16,214	\$207,579	\$150,435
2009	210,000	124,621	7,904	15,889	217,904	140,510
2010	220,000	114,961	8,244	15,549	228,244	130,510
2011	235,000	104,841	8,598	15,195	243,598	120,036
2012	240,000	94,031	8,967	14,825	248,967	108,856
2013-2017	1,395,000	286,638	50,955	68,008	1,445,955	354,646
2018-2022	320,000	15,600	62,879	56,084	382,879	71,684
2023-2027	0	0	77,593	41,369	77,593	41,369
2028-2032	0	0	95,751	23,211	95,751	23,211
2033-2035	0	0	54,907	3,505	54,907	3,505
Totals	\$2,820,000	\$874,913	\$383,377	\$269,849	\$3,203,377	\$1,144,762

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2007
(Continued)

NOTE 15 - OUTSTANDING DEBT AND OTHER LONG-TERM OBLIGATIONS (Continued)

GENERAL OBLIGATION BONDS

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

On May 1, 1998, the City issued \$4,240,000 in Various Purpose Capital Improvement general obligation bonds for the purpose of improving City streets at a rate of 4.875 percent. Principal and interest is paid out of the Bond Retirement Debt Service Fund with a final maturity in 2018.

OHIO PUBLIC WORKS COMMISSION (OPWC) LOANS

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

In 2006, the City began receiving general obligation loan proceeds from OPWC for the reconstruction of North Cassady Avenue. As of December 31, 2007 the work had not been fully completed, therefore, the loan amount had not been issued in full and a final payment schedule was not available. A liability has been included for \$1,430,351, which represents the amount of the loan used as of year-end.

In 2007, the City entered into a loan agreement with OPWC for the reconstruction of Maryland Avenue. Loan proceeds were not received until 2008.

CONSTRUCTION AND IMPROVEMENT NOTES

On May 2, 2007, the City issued bond anticipation notes in the amount of \$4,500,000 in order to provide financing for a swimming pool (\$3,500,000) and to renew the 2006 Main Street Storm Sewer note which provided financing for improvements to water and sewer lines (\$229,000 and \$771,000, respectively). The note will mature on May 1, 2008, and has an interest rate of 3.80 percent. The note will be retired with the proceeds of bonds or notes issued in the subsequent fiscal year.

OHIO POLICE AND FIRE PENSION LIABILITY

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

COMPENSATED ABSENCES/CAPITAL LEASES

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

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2007
(Continued)

NOTE 16 - CONSTRUCTION COMMITMENTS

The City has entered into various contracts for the construction and acquisition of capital assets. At December 31, 2007, the significant outstanding construction commitments are:

<u>Project</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Balance 12/31/07</u>
City Hall Stairway Repairs	\$58,040	\$46,432	\$11,608
Maryland Avenue	1,421,004	797,160	623,844
Jeffrey Mansion	917,600	290,557	627,043
Totals	<u>\$2,396,644</u>	<u>\$1,134,149</u>	<u>\$1,262,495</u>

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. The City maintains comprehensive insurance coverage with Travelers Insurance for real property, building contents, vehicles, general liability, and police professional liability. The City also carries public official's liability insurance. Settlements have not exceeded coverage in any of the last three years. There has not been a significant reduction in coverage from the prior year.

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

NOTE 18 - INTERFUND ACTIVITY

Transfers made during the year ended December 31, 2007 were as follows:

<u>Transfers From</u>	<u>Transfers To</u>
	Nonmajor Funds
General Fund	<u>\$1,112,358</u>

Transfers were made to move unrestricted balances to support programs and projects accounted for in other funds and to make principal and interest payments on general obligation bonds.

City of Bexley, Ohio
Notes To The Basic Financial Statements
For The Year Ended December 31, 2007
(Continued)

NOTE 19 - CONTINGENT LIABILITIES

LITIGATION

The City is party to legal proceedings. The City is of the opinion that the ultimate disposition of claims will not have a material effect, if any, on the financial condition of the City.

FEDERAL AND STATE GRANTS

For the period January 1, 2007, to December 31, 2007, the City received federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

NOTE 20 - SUBSEQUENT EVENT

On April 30th, 2008, the City issued \$8,930,000 of various purpose capital improvement refunding bonds with varying interest rates and a final maturity date of December 1, 2027. The proceeds will be used to retire the outstanding 2007 Swimming Pool and Main Street Storm Notes, advance refund the 1998 Various Purpose Capital Improvement Bonds, and for the costs of improving and rehabilitating the Jeffrey Mansion.



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

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bexley, as of and for the year ended December 31, 2007, which collectively comprise the City of Bexley's basic financial statements and have issued our report thereon dated June 5, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Members of Council and Mayor
City of Bexley

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

Compliance and Other Matters

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

We noted certain matters that we reported to the management of the City of Bexley in a separate letter dated June 5, 2009.

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



Julian & Grube, Inc.
June 5, 2009

**CITY OF BEXLEY
FRANKLIN COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2006-COB-001	<u>Significant Deficiency</u> - The City did not maintain sufficient controls in place regarding reporting of fund classification and cash with fiscal agent within a particular fund.	Yes	N/A
2006-COB-002	<u>Significant Deficiency/Material Weakness</u> - The City lacks controls over timely and accurate financial reports.	Yes	N/A
2006-COB-003	<u>Significant Deficiency</u> - The City's internal cash reports lack interest earnings on their public funds accounts.	Yes	N/A



Mary Taylor, CPA
Auditor of State

CITY OF BEXLEY
FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 6, 2009