



**Auditor of State  
Betty Montgomery**



**CITY OF BEXLEY  
FRANKLIN COUNTY**

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# Auditor of State Betty Montgomery

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the members of City Council:

We have audited the accompanying general purpose financial statements of the City of Bexley, Franklin County, Ohio (the City) as of and for the year ended December 31, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

The City did not maintain documentation supporting swimming pool charges for service receipts of the Parks and Recreation Department nor were we able to satisfy ourselves as to those receipts by other auditing procedures. Those financial activities are included in the Special Revenue Charges for Services receipts and represent 12% of the charges for services revenue reported in the Special Revenue fund type.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves regarding the Parks and Recreation Department receipts as discussed in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the City of Bexley, Franklin County, Ohio, for the year ended December 31, 2001, and the results of its operations and cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2003 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

**Betty Montgomery**  
**Auditor of State**

August 25, 2003

**CITY OF BEXLEY, OHIO**  
**COMBINED BALANCE SHEET**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**DECEMBER 31, 2001**

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
<b><u>ASSETS AND OTHER DEBITS</u></b>									
<b>ASSETS:</b>									
Equity in pooled cash, cash equivalents and investments. . . . .	\$1,922,445	\$333,518	\$330,102	\$308,757	\$488,200	\$57,828			\$3,440,850
Cash in segregated accounts. . . . .	2,126					753			2,879
Receivables (net of allowances for uncollectibles):									
Taxes. . . . .	3,015,195	293,049		126,105					3,434,349
Accounts . . . . .					614,699				614,699
Accrued interest . . . . .	3,452								3,452
Due from other funds . . . . .		10,787							10,787
Due from other governments . . . . .	876,648	211,486							1,088,134
Advances to other funds. . . . .	350,000								350,000
Materials and supplies inventory . . . . .	7,161	10,097			7,503				24,761
Deferred bond issuance costs . . . . .					11,645				11,645
Property, plant and equipment (net of accumulated depreciation where applicable) . . . . .					2,774		\$3,902,449		3,905,223
Restricted assets:									
Equity in pooled cash and cash equivalents. . . . .	985,993								985,993
<b>OTHER DEBITS:</b>									
Amount available for debt service. . . . .								\$328,802	328,802
Amount to be provided from general government resources . . . . .								3,953,081	3,953,081
<b>Total assets and other debits . . . . .</b>	<b><u>\$7,163,020</u></b>	<b><u>\$858,937</u></b>	<b><u>\$330,102</u></b>	<b><u>\$434,862</u></b>	<b><u>\$1,124,821</u></b>	<b><u>\$58,581</u></b>	<b><u>\$3,902,449</u></b>	<b><u>\$4,281,883</u></b>	<b><u>\$18,154,655</u></b>

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

- continued

**CITY OF BEXLEY, OHIO**  
**COMBINED BALANCE SHEET**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**DECEMBER 31, 2001**

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>									
<b>LIABILITIES:</b>									
Accounts payable . . . . .	\$126,253	\$26,326	\$1,300	\$26,788	\$76,866	\$12,934			\$270,467
Contracts payable . . . . .	31,794								31,794
Accrued wages and benefits . . . . .	188,875	19,179			16,406				224,460
Compensated absences payable . . . . .	10,759	3,401			39,635			\$410,408	464,203
Advances from other funds . . . . .					350,000				350,000
Pension obligation payable . . . . .	106,542	91,347			17,654				215,543
Deferred revenue . . . . .	2,587,965	449,778		88,769					3,126,512
Due to other funds . . . . .	10,787								10,787
Due to other governments . . . . .					411,996				411,996
Undistributed monies . . . . .						4,578			4,578
Claims and judgements payable . . . . .					125,000				125,000
General obligation bonds payable . . . . .					935,000			3,840,000	4,775,000
Capital lease obligation payable . . . . .								31,475	31,475
<b>Total liabilities . . . . .</b>	<b>3,062,975</b>	<b>590,031</b>	<b>1,300</b>	<b>\$115,557</b>	<b>1,972,557</b>	<b>17,512</b>		<b>4,281,883</b>	<b>10,041,815</b>
<b>EQUITY AND OTHER CREDITS:</b>									
Investment in general fixed assets . . . . .							\$3,902,449		3,902,449
Accumulated deficit . . . . .					(847,736)				(847,736)
<b>Fund balances:</b>									
Reserved for encumbrances . . . . .	379,283	16,712		2,300		917			399,212
Reserved for materials and supplies inventory . . . . .	7,161	10,097							17,258
Reserved for advances . . . . .	350,000								350,000
Reserved for debt service . . . . .			328,802						328,802
Reserved for budget stabilization . . . . .	985,993								985,993
Unreserved-undesignated . . . . .	2,377,608	242,097		317,005		40,152			2,976,862
<b>Total equity and other credits . . . . .</b>	<b>4,100,045</b>	<b>268,906</b>	<b>328,802</b>	<b>319,305</b>	<b>(847,736)</b>	<b>41,069</b>	<b>3,902,449</b>		<b>8,112,840</b>
<b>Total liabilities, equity and other credits . . . . .</b>	<b>\$7,163,020</b>	<b>\$858,937</b>	<b>\$330,102</b>	<b>\$434,862</b>	<b>\$1,124,821</b>	<b>\$58,581</b>	<b>\$3,902,449</b>	<b>\$4,281,883</b>	<b>\$18,154,655</b>

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

**CITY OF BEXLEY, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Revenues:</b>						
Municipal income tax . . . . .	\$5,462,855			\$37,336		\$5,500,191
Property and other taxes . . . . .	571,881	\$273,245				845,126
Charges for services . . . . .		500,535				500,535
Licenses, permits and fees . . . . .	178,733	405				179,138
Fines and forfeitures . . . . .	140,547	1,748				142,295
Special assessments . . . . .				420		420
Intergovernmental . . . . .	1,951,320	409,970		20,000		2,381,290
Investment income . . . . .	242,479	10,787				253,266
Other . . . . .	175,770	833		23,500	\$43,853	243,956
<b>Total revenue . . . . .</b>	<b>8,723,585</b>	<b>1,197,523</b>	<b>\$0</b>	<b>81,256</b>	<b>43,853</b>	<b>10,046,217</b>
<b>Expenditures:</b>						
<b>Current Operations:</b>						
General government . . . . .	2,844,953	372				2,845,325
Security of persons and property . . . . .	3,416,520	347,512				3,764,032
Public health and welfare . . . . .	71,275					71,275
Transportation . . . . .		474,073				474,073
Community environment . . . . .	250,539				15,412	265,951
Leisure time activity . . . . .	315,000	770,984			22,720	1,108,704
Capital outlay . . . . .	48,741			312,509		361,250
Other . . . . .			1,300			1,300
<b>Debt service:</b>						
Principal retirement . . . . .	42,457	3,515	180,000			225,972
Interest and fiscal charges . . . . .	1,701	182	197,120			199,003
<b>Total expenditures . . . . .</b>	<b>6,991,186</b>	<b>1,596,638</b>	<b>378,420</b>	<b>312,509</b>	<b>38,132</b>	<b>9,316,885</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	1,732,399	(399,115)	(378,420)	(231,253)	5,721	729,332
<b>Other financing sources (uses):</b>						
Proceeds from disposal of fixed assets . . . . .	9,049					9,049
Proceeds of capital lease transaction . . . . .	48,741					48,741
Operating transfers in . . . . .		427,000	377,122	130,298	1,138	935,558
Operating transfers out . . . . .	(935,558)					(935,558)
<b>Total other financing sources (uses) . . . . .</b>	<b>(877,768)</b>	<b>427,000</b>	<b>377,122</b>	<b>130,298</b>	<b>1,138</b>	<b>57,790</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses) . . . . .	854,631	27,885	(1,298)	(100,955)	6,859	787,122
Fund balances, January 1 . . . . .	3,243,282	238,974	330,100	420,260	34,210	4,266,826
Increase in reserve for inventory . . . . .	2,132	2,047				4,179
<b>Fund balances, December 31 . . . . .</b>	<b>\$4,100,045</b>	<b>\$268,906</b>	<b>\$328,802</b>	<b>\$319,305</b>	<b>\$41,069</b>	<b>\$5,058,127</b>

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

**CITY OF BEXLEY, OHIO**  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 2001

	General			Special Revenue			Debt Service			Capital Projects			Total (Memorandum Only)		
	Revised		Variance:	Revised		Variance:	Revised		Variance:	Revised		Variance:	Revised		Variance:
	Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
<b>Revenues:</b>															
Income taxes . . . . .	\$4,802,736	\$5,372,485	\$569,749										\$4,802,736	\$5,372,485	\$569,749
Property and other taxes . . . . .	511,233	571,881	60,648	\$279,117	\$273,245	(\$5,872)							790,350	845,126	54,776
Charges for services . . . . .				492,249	500,535	8,286							492,249	500,535	8,286
Licenses, permits and fees . . . . .	159,778	178,733	18,955	850	405	(445)							160,628	179,138	18,510
Fines and forfeitures . . . . .	124,841	139,651	14,810	100	1,747	1,647							124,941	141,398	16,457
Intergovernmental . . . . .	1,944,980	2,175,713	230,733	417,856	413,144	(4,712)				\$12,428	\$20,000	\$7,572	2,375,264	2,608,857	233,593
Special assessments . . . . .										30,000	420	(29,580)	30,000	420	(29,580)
Investment income . . . . .	250,214	279,897	29,683										250,214	279,897	29,683
Other . . . . .	112,848	126,234	13,386	851	833	(18)				14,604	23,500	8,896	128,303	150,567	22,264
<b>Total revenues . . . . .</b>	<b>7,906,630</b>	<b>8,844,594</b>	<b>937,964</b>	<b>1,191,023</b>	<b>1,189,909</b>	<b>(1,114)</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>57,032</b>	<b>43,920</b>	<b>(13,112)</b>	<b>9,154,685</b>	<b>10,078,423</b>	<b>923,738</b>
<b>Expenditures:</b>															
<b>Current:</b>															
General government . . . . .	3,004,988	2,966,820	38,168	372	372	0							3,005,360	2,967,192	38,168
Security of persons and property . . . . .	3,771,018	3,723,122	47,896	347,528	347,343	185							4,118,546	4,070,465	48,081
Public health and welfare . . . . .	73,914	72,974	940										73,914	72,974	940
Transportation . . . . .				593,468	492,260	101,208							593,468	492,260	101,208
Community environment . . . . .	262,700	259,363	3,337										262,700	259,363	3,337
Leisure time activity . . . . .	316,186	312,173	4,013	858,138	781,959	76,179							1,174,324	1,094,132	80,192
Capital outlay . . . . .										441,079	288,021	153,058	441,079	288,021	153,058
<b>Debt service:</b>															
Principal retirement . . . . .							215,000	215,000	0				215,000	215,000	0
Interest and fiscal charges . . . . .							244,699	243,265	1,434				244,699	243,265	1,434
<b>Total expenditures . . . . .</b>	<b>7,428,806</b>	<b>7,334,452</b>	<b>94,354</b>	<b>1,799,506</b>	<b>1,621,934</b>	<b>177,572</b>	<b>459,699</b>	<b>458,265</b>	<b>1,434</b>	<b>441,079</b>	<b>288,021</b>	<b>153,058</b>	<b>10,129,090</b>	<b>9,702,672</b>	<b>426,418</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	477,824	1,510,142	1,032,318	(608,483)	(432,025)	176,458	(459,699)	(458,265)	1,434	(384,047)	(244,101)	139,946	(974,405)	375,751	1,350,156
<b>Other financing sources (uses):</b>															
Proceeds from sale of fixed assets . . . . .	8,090	9,049	959										8,090	9,049	959
Operating transfers in . . . . .	344,644	385,529	40,885	426,978	427,000	22	377,121	457,701	80,580	80,968	130,298	49,330	1,229,711	1,400,528	170,817
Operating transfers (out) . . . . .	(1,186,623)	(1,171,551)	15,072										(1,186,623)	(1,171,551)	15,072
<b>Total other financing sources (uses) . . . . .</b>	<b>(833,889)</b>	<b>(776,973)</b>	<b>56,916</b>	<b>426,978</b>	<b>427,000</b>	<b>22</b>	<b>377,121</b>	<b>457,701</b>	<b>80,580</b>	<b>80,968</b>	<b>130,298</b>	<b>49,330</b>	<b>51,178</b>	<b>238,026</b>	<b>186,848</b>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses) . . . . .	(356,065)	733,169	1,089,234	(181,505)	(5,025)	176,480	(82,578)	(564)	82,014	(303,079)	(113,803)	189,276	(923,227)	613,777	1,537,004
Fund balances, January 1 . . . . .	1,585,993	1,585,993	0	277,717	277,717	0	330,666	330,666	0	233,159	233,159	0	2,427,535	2,427,535	0
Prior year encumbrances appropriated . . . . .	117,469	117,469	0	32,876	32,876	0	0	0	0	75,950	75,950	0	226,295	226,295	0
<b>Fund balances, December 31 . . . . .</b>	<b>\$1,347,397</b>	<b>\$2,436,631</b>	<b>\$1,089,234</b>	<b>\$129,088</b>	<b>\$305,568</b>	<b>\$176,480</b>	<b>\$248,088</b>	<b>\$330,102</b>	<b>\$82,014</b>	<b>\$6,030</b>	<b>\$195,306</b>	<b>\$189,276</b>	<b>\$1,730,603</b>	<b>\$3,267,607</b>	<b>\$1,537,004</b>

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

**CITY OF BEXLEY, OHIO**  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN ACCUMULATED DEFICIT  
PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2001

	Proprietary Fund Type
	Enterprise
Operating revenues:	
Charges for services . . . . .	\$4,096,216
Other operating revenues . . . . .	5,292
	4,101,508
Operating expenses:	
Personal services . . . . .	505,446
Contract services . . . . .	2,773,584
Materials and supplies . . . . .	1,338,665
Depreciation and amortization . . . . .	1,297
Other operating expense . . . . .	15,093
	4,634,085
Operating loss . . . . .	(532,577)
Nonoperating expenses:	
Interest expense and fiscal charges . . . . .	(45,580)
	(45,580)
Net loss . . . . .	(578,157)
Accumulated Deficit, January 1 . . . . .	(269,579)
Accumulated Deficit, December 31 . . . . .	(\$847,736)

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

**CITY OF BEXLEY, OHIO**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND TYPE**  
**FOR THE YEAR ENDED DECEMBER 31, 2001**

	Proprietary Fund Type
	Enterprise
Cash flows from operating activities:	
Cash received from customers . . . . .	\$3,988,400
Cash received from other operations . . . . .	5,292
Cash payments for personal services . . . . .	(485,335)
Cash payments for contract services . . . . .	(3,004,622)
Cash payments for materials and supplies . . . . .	(1,330,610)
Cash payments for other expenses . . . . .	(15,093)
	(841,968)
Net cash used in operating activities . . . . .	(841,968)
Cash flows from noncapital financing activities:	
Cash used in repayment of interfund loans . . . . .	(100,000)
	(100,000)
Net cash used in noncapital financing activities . . . . .	(100,000)
Cash flows from capital and related financing activities:	
Principal retirement . . . . .	(35,000)
Interest and fiscal charges . . . . .	(45,580)
	(80,580)
Net cash used in capital and related financing activities . . . . .	(80,580)
Net decrease in cash and cash equivalents . . . . .	(1,022,548)
Cash and cash equivalents at January 1 . . . . .	1,510,748
Cash and cash equivalents at December 31 . . . . .	\$488,200
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss . . . . .	(\$532,577)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation and amortization . . . . .	1,297
Changes in assets and liabilities:	
Increase in accounts receivable . . . . .	(107,816)
Increase in materials and supplies inventory . . . . .	(462)
Increase in accounts payable . . . . .	8,440
Increase in accrued wages and benefits . . . . .	8,148
Increase in compensated absences payable . . . . .	3,648
Decrease in due to other governments . . . . .	(131,038)
Increase in pension obligation payable . . . . .	8,392
Decrease in claims and judgements payable . . . . .	(100,000)
	(841,968)
Net cash used in operating activities . . . . .	(\$841,968)

## CITY OF BEXLEY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001

#### **NOTE 1 - THE REPORTING ENTITY**

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

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

The financial statements of the City of Bexley have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

##### **A. REPORTING ENTITY**

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

The primary government of the City consists of all funds, agencies, departments and offices that are not legally separate from the City. The primary government includes the City departments and agencies that provide the following services: police protection, refuse collection, street maintenance and repairs, building inspection, parks and recreation and water and sewer utilities. The preceding financial statements include all funds and account groups of the City (the primary government). The City has no component units, but is a member of two insurance purchasing pools, described in Note 16.

**CITY OF BEXLEY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

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

**B. BASIS OF PRESENTATION - FUND ACCOUNTING**

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

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

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

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

**GOVERNMENTAL FUNDS:**

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

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

**CITY OF BEXLEY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

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

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

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

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

**PROPRIETARY FUNDS:**

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

**FIDUCIARY FUNDS:**

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

**ACCOUNT GROUPS:**

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

## CITY OF BEXLEY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001

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

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

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

#### C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Governmental and expendable trust funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting. Differences between the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the reporting of expenses and expenditures.

## CITY OF BEXLEY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001

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

##### *Revenues - Exchange and Non-exchange Transactions*

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal 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 nonexchange 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: interest, federal and state grants and subsidies, state-levied locally shared taxes (including motor vehicle license fees and gasoline taxes), fines and forfeitures, fees and special assessments.

##### *Deferred Revenue*

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

Delinquent property taxes and property taxes for which there is an enforceable legal claim as of December 31, 2001, but which were levied to finance year 2002 operations, have been recorded as deferred revenues. Special assessments not received within the available period and grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

## CITY OF BEXLEY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001

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

On the modified accrual basis of accounting, receivables that will not be collected within the available period have also been reported as deferred revenue.

#### *Expenses/Expenditures*

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. On the modified accrual basis of accounting, 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.

#### **D. BUDGETS**

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

#### **TAX BUDGET**

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

**CITY OF BEXLEY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001**

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

**ESTIMATED RESOURCES**

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

**APPROPRIATIONS**

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

**LAPSING OF APPROPRIATIONS**

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

**CITY OF BEXLEY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001**

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

**ENCUMBRANCES**

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

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

Note 14 provides a reconciliation of the budgetary-basis and GAAP-basis of accounting.

**E. CASH AND CASH EQUIVALENTS**

To improve cash management, cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the City's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" and "investments" on the combined balance sheet.

During fiscal year 2001, investments were limited to STAR Ohio, a repurchase agreement, and certificates of deposit.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does not operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for December 31, 2001.

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

**CITY OF BEXLEY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

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

Following Ohio statutes and other legal provisions, the City Council has specified the funds to receive an allocation of interest earnings. The General fund was credited with more interest revenue than would have been received based upon its share of the City's internal investment pool during 2001, as follows:

	<u>Interest Actually Received</u>	<u>Interest Based upon Share of Cash Fund Balance</u>	<u>Interest Assigned by Other Funds</u>
General	\$242,479	\$133,049	\$109,430
<u>Special Revenue Funds</u>			
State Highway	3,387	3,078	309
Street Construction, Maintenance & Repair	7,400	6,687	713

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

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

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

**CITY OF BEXLEY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001**

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

**F. INVENTORY**

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

**G. FIXED ASSETS**

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

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

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

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

## CITY OF BEXLEY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001

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

##### **H. ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS**

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

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

##### **I. COMPENSATED ABSENCES**

The liability for compensated absences is based on the provisions of GASB Statement No. 16, Accounting for Compensated Absences. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at December 31 by those employees who are currently eligible to receive termination payments as well as the sick leave accumulated by those employees expected to become eligible to receive termination benefits in the future.

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

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

**CITY OF BEXLEY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

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

**J. FUND EQUITY**

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

**K. INTERFUND TRANSACTIONS**

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

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

An analysis of interfund transactions is presented in Note 5.

## CITY OF BEXLEY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001

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

##### **L. RESTRICTED ASSETS**

Restricted assets in the general fund represent cash and cash equivalents used to establish a budget stabilization reserve. Current State legislation provides that the amount reserved may not exceed 5% of the general fund's revenue for the preceding fiscal year and that the reserve balance is not to be considered part of the unencumbered balance when certifying available balances at year-end. The reserve for budget stabilization was established by City Council and may be reduced or eliminated at any time by the City's taxing authority. A fund balance reserve has also been established.

##### **M. 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.

##### **N. FINANCIAL REPORTING FOR PROPRIETARY AND SIMILAR FUND TYPES**

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

##### **O. MEMORANDUM ONLY - TOTAL COLUMNS**

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

**CITY OF BEXLEY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. CHANGE IN ACCOUNTING PRINCIPLE**

GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions and GASB Statement No. 36 Recipient Reporting for Certain Shared Nonexchange Revenues, an amendment of GASB Statement No. 33 were implemented during fiscal 2001. These statements pertain to the financial reporting of certain types of revenue received by the City for which no value is given in return, including derived tax revenues, imposed nonexchange transactions, government-mandated nonexchange transactions and voluntary nonexchange transactions. The adoption of these statements had no effect on fund balances as previously reported by the City at December 31, 2000.

**B. DEFICIT RETAINED EARNINGS**

The following funds had deficit retained earnings as of December 31, 2001:

<u>Special Revenue Fund</u>	
Police Pension Fund	\$ (48,281)
 <u>Enterprise Funds</u>	
Water	(953,999)
Refuse	(3,722)

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

## CITY OF BEXLEY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001

#### NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS

##### A. LEGAL REQUIREMENTS

Moneys held by the City are classified by State statute into two categories. Active moneys are public moneys determined to be necessary to meet current demand upon the City treasury. Active moneys must be maintained either as cash in the City treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;

## CITY OF BEXLEY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001

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

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio).

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Finance Director or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

*Cash in Segregated Accounts* - At year end, \$2,879 was on deposit in segregated accounts and included in the total amount of deposits reported below; however, this amount is not part of the internal cash pool reported on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents".

## CITY OF BEXLEY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001

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

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

#### **B. DEPOSITS**

At year-end, the carrying amount of the City's deposits was \$1,430,452 and the bank balance was \$1,445,864. Both amounts include non-negotiable certificates of deposit, the amount of deposits held with fiscal agents, and deposits in segregated accounts. Of the bank balance:

1. \$210,569 was covered by federal depository insurance; and
2. \$1,235,295 was uninsured and uncollateralized as defined by GASB even though it was covered by collateral held by a third party trustee, pursuant to Section 135.81, Ohio Revised Code, in single institution collateralized pools securing all public funds on deposit with specific depository institutions. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the City to a successful claim by the FDIC.

**CITY OF BEXLEY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

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

**C. INVESTMENTS**

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

	Category 3	Fair Value
Repurchase Agreements	\$494,000	\$ 494,000
<b>Investments not Subject to Categorization:</b>		
Investment in State Treasurer's Investment Pool	_____	2,505,270
Total Investments	\$494,000	\$2,999,270

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

**CITY OF BEXLEY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

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

A reconciliation between the classifications of pooled cash and cash equivalents on the combined balance sheet per GASB Statement No. 9 and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/ Deposits	<u>Investments</u>
GASB Statement No. 9	\$ 4,426,843	
Combined Balance Sheet Reclassifications:		
Investments of the Cash		
Management Pool:		
Repurchase Agreement	(494,000)	\$ 494,000
State Treasurer's Investment Pool	(2,505,270)	<u>2,505,270</u>
Total GASB Statement No. 3 Investments		<u>\$2,999,270</u>
Cash in Segregated Accounts	<u>2,879</u>	
GASB Statement No. 3	<u>\$ 1,430,452</u>	

**CITY OF BEXLEY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

**NOTE 5 - INTERFUND TRANSACTIONS**

A. The following is a reconciliation of the City's operating transfers for 2001:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers (Out)</u>
General Fund		\$(935,558)
<u>Special Revenue Funds</u>		
Street	\$125,000	
Recreation	250,000	
Pool	20,000	
Police Pension	32,000	
<u>Debt Service Fund</u>		
Bond Retirement	377,122	
<u>Capital Projects Fund</u>		
Capital Improvements	130,298	
<u>Expendable Trust Fund</u>		
Bexley Beautification	<u>1,138</u>	<u>          </u>
Total Operating Transfers	<u>\$935,558</u>	<u>\$(935,558)</u>

B. The following is a reconciliation of the City's long-term advances outstanding at December 31, 2001:

	<u>Advances to Other Funds</u>	<u>Advances (from) Other Funds</u>
General Fund	\$350,000	
<u>Enterprise Funds</u>		
Water		\$(250,000)
Sewer	<u>          </u>	<u>(100,000)</u>
Total Long-Term Advances	<u>\$350,000</u>	<u>\$(350,000)</u>

**CITY OF BEXLEY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

C. Interfund balances at December 31, 2001 which result from quasi-external transactions consist of the following individual fund receivables and payables:

	<u>Due from Other Funds</u>	<u>Due (to) Other Funds</u>
General Fund		\$(10,787)
<u>Special Revenue Funds</u>		
State Highway	\$ 3,387	
Street	<u>7,400</u>	<u>          </u>
Total Due from/Due to Other Funds	<u>\$10,787</u>	<u>\$(10,787)</u>

**NOTE 6 - TAXES**

**A. PROPERTY TAXES**

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

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

**CITY OF BEXLEY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

**NOTE 6 - TAXES - (Continued)**

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

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

The full tax rate for all City operations for the year ended December 31, 2001 was \$5.35 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2001 property tax receipts were based are as follows:

Real Property	\$315,019,840
Public Utility	6,907,760
Tangible Personal Property	<u>3,139,176</u>
Total Valuation	<u>\$325,066,776</u>

**B. INCOME TAXES**

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

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

Income tax proceeds are distributed to the General fund, Debt Service fund, and Capital Projects funds, and totaled \$5,500,191 for 2001.

**CITY OF BEXLEY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001**

**NOTE 7 - RECEIVABLES**

Receivables at December 31, 2001 primarily consisted of taxes, accounts (billings for user charged services) and intergovernmental receivables. All receivables are considered fully collectible.

A summary of principal receivables follows:

	<u>Amount</u>
<u>General Fund</u>	
Income Tax	\$2,396,005
Real and Other Taxes	619,190
Due From Other Governments	876,648
<u>Special Revenue Funds</u>	
Real and Other Taxes	293,049
Due From Other Governments	211,486
<u>Enterprise Funds</u>	
Accounts	614,699
<u>Capital Projects Fund</u>	
Income Tax	126,105

**CITY OF BEXLEY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

**NOTE 8 - FIXED ASSETS**

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

	Balance 1/01/01	Additions	Deletions	Balance 12/31/01
Land	\$ 92,500	\$ -	\$ -	\$ 92,500
Land Improvements	528,352	-	-	528,352
Buildings	1,326,624	-	-	1,326,624
Machinery & Equipment	742,917	39,696	-	782,613
Vehicles	<u>1,095,056</u>	<u>166,423</u>	<u>(89,119)</u>	<u>1,172,360</u>
Total General Fixed Assets	<u>\$3,785,449</u>	<u>\$206,119</u>	<u>\$(89,119)</u>	<u>\$3,902,449</u>

B. A summary of the proprietary fund property, plant, and equipment at December 31, 2001 is as follows:

	Balance 12/31/01
Vehicles	\$20,137
Machinery and Equipment	<u>7,622</u>
Total Gross Assets	27,759
Less: Accumulated Depreciation	<u>(24,985)</u>
Total Net Assets	<u>\$ 2,774</u>

**CITY OF BEXLEY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

**NOTE 9 - LONG TERM OBLIGATIONS**

A. Changes in long-term obligations of the City during 2001 were as follows:

	Outstanding <u>1/01/01</u>	<u>Additions</u>	<u>(Reductions)</u>	Outstanding <u>12/31/01</u>
<b>General Long-term Obligations</b>				
Jeffrey Mansion Renovation				
Bond (Unvoted) 1995 - 5.50%	\$ 40,000		\$ (40,000)	
Street Construction				
Bond (Voted) 1998 - 4.875%	3,980,000		(140,000)	\$3,840,000
Compensated Absences	370,108	\$40,300		410,408
Capital Lease Obligation	<u>28,706</u>	<u>48,741</u>	<u>(45,972)</u>	<u>31,475</u>
Total General Long-Term Obligations	<u>4,418,814</u>	<u>89,041</u>	<u>(225,972)</u>	<u>4,281,883</u>
<b>Enterprise Fund Obligations</b>				
Water Bonds (Unvoted)				
1999-4.70-4.90%	970,000		(35,000)	935,000
Compensated Absences	35,987	1,383		37,370
Claims and Judgements	<u>225,000</u>	<u>          </u>	<u>(100,000)</u>	<u>125,000</u>
Total Enterprise Fund Obligations	<u>1,230,987</u>	<u>1,383</u>	<u>(135,000)</u>	<u>1,097,370</u>
Total, All Long-Term Obligations	<u>\$5,649,801</u>	<u>\$90,424</u>	<u>\$(360,972)</u>	<u>\$5,379,253</u>

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

**CITY OF BEXLEY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

**NOTE 9 - LONG TERM OBLIGATIONS - (Continued)**

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

<u>Years</u>	<u>General Obligation Bonds</u>		<u>Enterprise General Obligation Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2002	\$ 150,000	\$ 187,771	\$ 35,000	\$ 43,933	\$ 416,704
2003	155,000	179,896	35,000	42,287	412,183
2004	165,000	171,759	35,000	40,678	412,437
2005	175,000	163,096	40,000	39,067	417,163
2006	180,000	153,909	45,000	37,227	416,136
2007 - 2011	1,060,000	623,104	235,000	155,418	2,073,522
2012 - 2016	1,330,000	350,201	295,000	96,033	2,071,234
2017 - 2019	<u>625,000</u>	<u>46,069</u>	<u>215,000</u>	<u>21,280</u>	<u>907,349</u>
Totals	<u>\$3,840,000</u>	<u>\$1,875,805</u>	<u>\$935,000</u>	<u>\$475,923</u>	<u>\$7,126,728</u>

C. The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2001, the City's total debt margin was \$29,685,813, and the unvoted debt margin was \$17,272,475; both amounts include available funds of \$328,802.

**CITY OF BEXLEY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001**

**NOTE 10 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

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

The terms of the lease agreements provide an option to purchase the equipment. This lease meets the criteria of a capital lease as defined by FASB No. 13, Accounting for Leases, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. Capital lease payments have been reclassified and are reflected as debt service expenditures in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances for the Governmental fund Types and Expendable Trust Fund. General fixed assets acquired by lease have been capitalized in the general fixed assets account group in an amount equal to the present value of the future minimum lease payments as of the date of their inception. A corresponding liability was recorded in the General Long-Term Obligations Account Group. Principal payments in the 2001 fiscal year totaled \$45,972. This amount is reflected as debt service principal retirement in the General fund and the Special Revenue funds.

The following is an analysis of equipment acquired by capital lease as of December 31, 2001:

	<u>General Fixed Assets Account Group</u>
Computer Equipment	\$ 67,633
Vehicles	<u>102,191</u>
Carrying Value	<u>\$169,824</u>

**CITY OF BEXLEY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001**

**NOTE 10 - CAPITALIZED LEASES - LESSEE DISCLOSURE - (Continued)**

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of December 31, 2001:

	<u>General Long-Term Obligations Account Group</u>
<u>Year Ending December 31</u>	<u>Total</u>
2002	\$17,360
2003	<u>17,361</u>
Total Future Minimum Lease Payments	\$34,721
Less: Amount Representing Interest	<u>(3,246)</u>
Present Value of Future Minimum Lease Payments	<u>\$31,475</u>

The City does not have capitalized lease obligations after fiscal year 2003.

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

**A. PUBLIC EMPLOYEES RETIREMENT SYSTEM**

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

## CITY OF BEXLEY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001

#### **NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for 2001 was 8.5% for employees other than law enforcement. In January 2001, House Bill 416 divided the PERS law enforcement program into two separate divisions with separate employee contribution rates and benefits. The law enforcement classification consisted of sheriffs, deputy sheriffs, and township police with an employee contribution rate of 10.1%. All other members of the PERS law enforcement program were placed in a newly named public safety division and continued to contribute at 9%. The employer contribution rate for employees other than law enforcement was 13.55% of covered payroll; 9.25% was the portion used to fund pension obligations for 2001. The employer contribution rate for law enforcement and public safety divisions was 16.70% of covered payroll; 12.40% was the portion used to fund pension obligations for 2001. The City's contributions for pension obligations to PERS for the years ended December 31, 2001, 2000, and 1999 were \$378,928, \$327,219, and \$340,907, respectively; 74 percent has been contributed for 2001 and 100 percent for 2000 and 1999. \$96,893, representing the unpaid contribution for 2001, is recorded as a liability within the respective funds.

#### **B. OHIO POLICE AND FIRE PENSION FUND**

Full-time uniformed employees of the City participate in the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer defined benefit pension plan. The OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. The OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10 percent of their annual covered salary, while the City is required to contribute 19.5 percent and 24.0 percent for police officers and firefighters, respectively. The City's contributions for pension obligations to OP&F for the years ended December 31, 2001, 2000 and 1999 were \$333,888, \$324,902, and \$304,793, respectively. 73 percent has been contributed for 2001, and 100% has been contributed for both 2000 and 1999. The unpaid contribution for 2001 of \$88,636 is recorded as a liability within the respective funds.

## CITY OF BEXLEY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001

#### NOTE 12 - POSTEMPLOYMENT BENEFITS

##### A. PUBLIC EMPLOYEES RETIREMENT SYSTEM

The PERS provides post-retirement health care coverage to age and service retirees with 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. Health care funding is on a pay-as-you-go basis. The Ohio Revised Code provides statutory authority for employer contributions. The PERS law enforcement program was separated into two divisions, law enforcement and public safety, with separate employee contribution rates and benefits. The 2001 employer contribution rate for local government employers was 13.55% of covered payroll; 4.30% was the portion that was used to fund health care for the year. The law enforcement employer rate for 2001 was 16.70% of covered payroll; 4.30% was the portion used to fund health care for the year.

The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to PERS. The City's contribution actually made to fund post employment benefits was \$120,250.

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

As of December 31, 2000 (the latest information available), the unaudited estimated net assets available for future OPEB payments were \$11,735.9 million. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$14,364.6 million and \$2,628.7 million, respectively, at December 31, 2000. The number of benefit recipients eligible for OPEB at December 31, 2000 was 411,076.

## CITY OF BEXLEY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001

#### NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)

##### **B. OHIO POLICE AND FIRE PENSION FUND**

The OP&F provides post-retirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12, Disclosure of Information on Postemployment Benefits Other than Pension Benefits by State and Local Government Employers. The Ohio Revised Code provides that health care cost paid from the funds of the OP&F shall be included in the employer's contribution rate. The total police officer employer contribution rate is 19.5% of covered payroll and the total firefighter's employer contribution rate is 24.0% of covered payroll. The Ohio Revised Code provides the authority allowing OP&F's Board of Trustees to provide health care coverage to all eligible individuals. Health care funding and accounting is on a pay-as-you-go basis. A percentage of covered payroll, as defined by the Board, is used to pay retiree health care expenses. The Board defined allocation was 7.0% and 7.25% of covered payroll in 2000 and 2001, respectively. The allocation is 7.75% in 2002. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The number of participants eligible to receive health care benefits as of December 31, 2000 (the latest information available), is 12,853 for police officers and 10,037 for firefighters. The amount of employer contributions in 2001 that were used to pay postemployment benefits was \$124,138. OP&F's total health care expenses for the year ending December 31, 2000 was \$106,160,054, which was net of member contributions of \$5,657,431.

**CITY OF BEXLEY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001**

**NOTE 13 - OTHER EMPLOYEE BENEFITS**

**COMPENSATED ABSENCES**

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

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

As of December 31, 2001, the liability for unpaid compensated absences reported as a fund liability in governmental fund types was \$14,160, and \$410,408 was reported in the General Long-Term Obligations Account Group. \$2,265 was the liability for current compensated absences reported in proprietary fund types, and the non-current portion was \$37,370. The total liability for the City's compensated absences for all fund types and account groups was \$464,203.

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING**

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

- 1) Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- 2) Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

**CITY OF BEXLEY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

- 3) Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
- 4) The City repays enterprise fund general obligation debt from the Debt Service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt Service fund resources used to pay both principal and interest have been reclassified accordingly.

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

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

	Governmental Fund Types			
	General Fund	Special Revenue Fund	Debt Service Fund	Capital Projects Fund
Budget Basis	\$ 733,169	\$ (5,025)	\$ (564)	\$(113,803)
Adjustments:				
Net Adjustment for Revenue Accruals	(121,009)	7,614	-	37,336
Net Adjustment for Expenditure Accruals	(112,958)	(2,654)	79,845	(26,788)
Net adjustment for Other Financing Sources (Uses) Accruals	(100,795)		(80,579)	
Encumbrances	<u>456,224</u>	<u>27,950</u>	<u>-</u>	<u>2,300</u>
GAAP Basis	<u>\$ 854,631</u>	<u>\$27,885</u>	<u>\$ (1,298)</u>	<u>\$(100,955)</u>

**CITY OF BEXLEY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

**NOTE 15 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The City maintains four enterprise funds which are intended to be self-supporting from user fees charged for services provided to consumers for water, sewer and refuse operations, and community events. Segment information for the fiscal year ended December 31, 2001 is as follows:

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Refuse Fund</u>	<u>Community Events Fund</u>	<u>Total</u>
Operating revenues	\$1,553,035	\$1,713,015	\$826,905	\$8,553	\$4,101,508
Depreciation	1,297	-	-	-	1,297
Operating income (loss)	(813,440)	278,369	2,494	-	(532,577)
Net income (loss)	(859,020)	278,369	2,494	-	(578,157)
Net working capital	278,829	222,269	420	-	501,518
Total assets	524,335	533,129	67,157	-	1,124,621
Long-term liabilities payable from fund revenues	1,205,344	112,884	4,142	-	1,322,370
Total equity (deficit)	(953,399)	109,385	(3,722)	-	(847,736)
Encumbrances outstanding at December 31, 2001	161,151	21,561	20,074	-	202,786

**CITY OF BEXLEY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2001

**NOTE 16 - RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

During 2001, the City provided its employees group health, life, dental, vision, and drug insurance in a traditionally-funded manner through commercial carriers.

The City was part of the Ohio Municipal Alliance, an insurance purchasing pool, for all property, crime, liability, boiler and machinery, and public official liability. The City has transferred its risk of loss to the insurance carrier to the extent of the limits shown below.

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

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

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

## CITY OF BEXLEY, OHIO

### NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2001

#### **NOTE 16 - RISK MANAGEMENT - (Continued)**

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 12. As such, no funding provisions are required by the City.

#### **NOTE 17 - CONTINGENT LIABILITIES**

##### **A. GRANTS**

The City receives financial assistance from various federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires the compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2001.

##### **B. LITIGATION**

The City is a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations. The City's management and legal counsel is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material adverse effect on the financial condition of the City.

#### **NOTE 18 - CONTRACTUAL COMMITMENT**

Under the terms of an agreement in 1998 between the City and the City of Columbus, the City has reported a liability of \$125,000 in the Water fund and Sewer fund for water and sewer charges from January, 1995 through July, 1996. Due to faulty equipment, these charges were never originally billed to the City. The City is currently remitting \$25,000 each calendar quarter to the City of Columbus, and must remit the entire amount by March 31, 2003. Unpaid balances were not charged interest through March 31, 2000. The balance remaining after that date has accrued interest at the rate of 6%. During fiscal 2001, the City remitted a total of \$100,000 to the City of Columbus.



**Auditor of State  
Betty Montgomery**

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

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

To the members of City Council:

We have audited the general purpose financial statements of City of Bexley, Franklin County, Ohio (the City) as of and for the year ended December 31, 2001, and have issued our report thereon dated August 25, 2003, wherein we noted that due to inadequate accounting records we were unable to satisfy ourselves regarding reported swimming pool receipts. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted by the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2001-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the City in a separate letter dated August 25, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2001-002 and 2001-003.

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A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2001-002 to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the City in a separate letter dated August 25, 2003.

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

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

**Betty Montgomery**  
**Auditor of State**

August 25, 2003

**CITY OF BEXLEY  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001**

<b>1. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2001-001**

Ohio Rev. Code Section 5705.41 (D) states no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. The amount so certified shall be recorded against the applicable appropriation account.

The Finance Director may also issue Then and Now Certificates for obligations made prior to certification. Then and Now Certificates allow the Finance Director to certify that both at the time that the contract or order was made and at the time the certification is completed, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance. For obligations less than \$1,000, the certificates can be certified by the Finance Director without subsequent approval from the City Council. However, Then and Now Certificates in excess of \$1,000 must be approved by resolution or ordinance of City Council within 30 days after receiving such certificate. As of April 7, 2003, the threshold for Then and Now Certificates that require Board approval is \$3,000.

Thirty-three percent of the expenditures tested were not certified at the time of the obligation. Then and Now Certificates were not issued for these transactions.

We recommend the Finance Director ensure funds are certified as available prior to the obligation through the issuance of a purchase order containing appropriate certification. Where appropriate, the City should also consider the use of so-called blanket or super blanket certificates as further permitted by Section 5705.41(D). A blanket certificate can be issued for one line item appropriation, not to exceed three months or \$5,000. The blanket certificates must be canceled at the end of each fiscal year. A super blanket certificate can be issued for any amount and any time period, not to exceed the fiscal year, and may be used for recurring and reasonably predictable operating expenses. More than one super blanket certificate can be outstanding for an appropriation line item.

We also reported this matter in our audit of 1999-2000 financial statements.

**FINDING NUMBER 2001-002**

**Supporting Documentation for Park and Recreation Receipts**

The City should maintain supporting documentation for all receipt activities.

Although the Parks and Recreation Department typically generates receipts, class rosters, and/or membership tally sheets supporting charge for services receipts, the Department did not maintain all supporting documentation for 2001 Miscellaneous, Swim Lesson, and Swim Membership receipts.

Maintaining supporting documentation allows the City to determine whether amounts reported are accurate and complete.

We recommend the City implement procedures to ensure supporting documentation is maintained for all receipts.

This matter was corrected in fiscal year 2002.

**CITY OF BEXLEY  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001  
(Continued)**

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

**FINDING NUMBER 2001-003**

**Monitoring of Park and Recreation Receipts**

The Parks and Recreation Department Supervisor should perform a daily review that ensures that receipts match deposit slips, the date of receipt reconciles to class roster, and that there is supporting documentation for each receipt.

The Supervisor did not review the collection and recording of receipt activity performed by Park and Recreation Department personnel.

Supervisory review helps ensure the amount recorded by the City is accurate and complete. Such review also helps protect the City from potential theft and fraud, and allows for management to detect errors or irregularities in a timely manner.

We recommend the Park and Recreation Department Supervisor perform a daily review of receipts collected.



**Auditor of State  
Betty Montgomery**

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**CITY OF BEXLEY**

**FRANKLIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 14, 2003**