



Dave Yost · Auditor of State

**.CITY OF BEXLEY
FRANKLIN COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bexley, Franklin County, Ohio (the City), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bexley, Franklin County, Ohio, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Road and Sidewalks Funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2015, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

October 16, 2015

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

The management's discussion and analysis of the City of Bexley's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2014. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2014 are as follows:

- The total net position of the City increased \$1,363,762. Net position of governmental activities increased \$603,180 or 2.30% and net position of business-type activities increased \$760,582 or 7.62% over 2013.
- General revenues accounted for \$12,230,540 or 79.62% of total governmental activities revenues. Program specific revenues accounted for \$3,129,905 or 20.38% of total governmental activities revenue.
- The City had \$14,757,265 in expenses related to governmental activities; \$3,129,905 of these expenses was offset by program specific charges for services, grants or contributions. The remaining expenses of the governmental activities of \$11,627,360 were offset by general revenues (primarily property taxes, municipal income taxes and unrestricted grants and entitlements) of \$12,230,540.
- The General Fund had revenues and other financing sources of \$16,391,323 in 2014. This represents a decrease of \$292,186 from 2013. The expenditures and other financing uses of the General Fund, which totaled \$15,880,851 in 2014, increased \$829,868 from 2013. The net increase in fund balance for the General Fund was \$510,472 or 9.98%.
- The Roads and Sidewalks Fund had \$853,997 in revenues and \$1,143,230 in expenditures and other financing uses in 2014. The net decrease in fund balance for the Roads and Sidewalks Fund was \$289,233 or 20.03%.
- Net position for the business-type activities, which are composed of the Water, Sewer, and Refuse enterprise funds, increased in 2014 by \$760,582.
- The Water Enterprise Fund had operating revenues of \$2,445,987 and operating expenses of \$2,346,289. The Water Fund additionally recognized \$56,553 in non-operating expenses and capital contributions of \$83,458. The net position of the Water Fund increased \$126,003 or 2.83% during 2014.
- The Sewer Enterprise Fund had operating revenues of \$2,473,760 and operating expenses of \$1,964,890. The Sewer Fund had \$22,407 in non-operating expenses and capital contributions of \$7,158. The net position of the Sewer Fund increased \$493,631 or 10.50% during 2014.
- The Refuse Enterprise Fund had operating revenues of \$1,291,114 and operating expenses of \$1,150,766. The net position of the refuse fund increased \$140,348 or 17.36% during 2014.
- On a budgetary basis, the actual revenues and other financing sources of the General Fund were \$646,355 higher than in the final budget and actual expenditures and other financing uses were \$356,765 less than the amount in the final budget. Budgeted General Fund revenues and other financing sources increased \$2,878,676 from the original to the final budget and budgeted General Fund expenditures and other financing uses were increased \$3,857,406 from the original to the final budget.

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Using this Annual Financial Report

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

The Statement of Net Position and Statement of Activities provide information about the activities of the City as a whole, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column.

Reporting the City as a Whole

Statement of Net Position and the Statement of Activities

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole considers all financial transactions and asks the question, "How did the City perform financially during 2014?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting, similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the City is divided into two distinct kinds of activities:

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

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

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the City's most significant funds. The analysis of the City's major governmental and proprietary funds begins on page 10.

Governmental Funds

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

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

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the General Fund and Roads and Sidewalks Fund. Information for major funds is presented separately in the governmental fund Balance Sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the nonmajor governmental funds are combined into a single, aggregated presentation. The basic governmental fund financial statements can be found on pages 20 through 25 of this report.

Proprietary Funds

The City maintains three proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, and refuse operations. All of the City's enterprise funds are considered major funds. The basic proprietary fund financial statements can be found on pages 26 through 28 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The fiduciary funds are reported using the accrual basis of accounting, similar to the proprietary funds. Agency funds are the City's only fiduciary fund type. The basic fiduciary fund financial statement can be found on page 29 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 31 through 64 of this report.

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Government-Wide Financial Analysis

The Statement of Net Position provides the perspective of the City as a whole. The table below provides a summary of the City's net position at December 31, 2014 compared to 2013.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Assets						
Current and other assets	\$ 15,467,798	\$ 15,687,516	\$ 5,884,491	\$ 5,393,407	\$ 21,352,289	\$ 21,080,923
Capital assets, net	41,220,044	37,397,364	10,400,840	9,439,743	51,620,884	46,837,107
Total assets	56,687,842	53,084,880	16,285,331	14,833,150	72,973,173	67,918,030
Deferred outflows of resources	50,740	63,425	-	-	50,740	63,425
Liabilities						
Current and other liabilities	2,397,611	1,701,592	1,394,359	939,627	3,791,970	2,641,219
Long-term liabilities:						
Due within one year	1,718,720	1,356,762	215,210	213,602	1,933,930	1,570,364
Due in more than one year	23,657,981	21,803,678	3,936,162	3,700,903	27,594,143	25,504,581
Total liabilities	27,774,312	24,862,032	5,545,731	4,854,132	33,320,043	29,716,164
Deferred inflows of resources	2,169,348	2,094,531	-	-	2,169,348	2,094,531
Net Position						
Net investment in capital assets	16,390,261	15,113,458	5,822,612	5,968,135	22,212,873	21,081,593
Restricted for:						
Capital projects	1,468	-	-	-	1,468	-
Transportation	1,767,361	2,109,340	-	-	1,767,361	2,109,340
Police programs	19,812	21,601	-	-	19,812	21,601
Main Street improvements	455,320	846,435	-	-	455,320	846,435
Other purposes	21,300	20,325	-	-	21,300	20,325
Unrestricted	8,139,400	8,080,583	4,916,988	4,010,883	13,056,388	12,091,466
Total net position	\$ 26,794,922	\$ 26,191,742	\$ 10,739,600	\$ 9,979,018	\$ 37,534,522	\$ 36,170,760

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2014, the City's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$37,534,522. At year-end, net position was \$26,794,922 and \$10,739,600 for the governmental activities and the business-type activities, respectively.

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 70.74% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, machinery and equipment, vehicles, and infrastructure. The City's net investment in capital assets at December 31, 2014, was \$16,390,261 and \$5,822,612 in the governmental activities and business-type activities, respectively. Capital assets are used to provide services to the City's citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

A portion of the City's net position, \$2,265,261, represents resources that are subject to external restriction on how they may be used. In the governmental activities, the remaining balance of unrestricted net position of \$8,139,400 may be used to meet the government's ongoing obligations to citizens and creditors.

The table below shows the comparative analysis of changes in net position for 2014 compared to 2013.

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	\$ 1,655,842	\$ 1,413,594	\$ 6,207,621	\$ 6,084,225	\$ 7,863,463	\$ 7,497,819
Operating grants and contributions	640,419	626,549	-	-	640,419	626,549
Capital grants and contributions	<u>833,644</u>	<u>1,380,518</u>	<u>90,626</u>	<u>552,191</u>	<u>924,270</u>	<u>1,932,709</u>
Total program revenues	<u>3,129,905</u>	<u>3,420,661</u>	<u>6,298,247</u>	<u>6,636,416</u>	<u>9,428,152</u>	<u>10,057,077</u>
General revenues:						
Property taxes	1,797,444	1,790,797	-	-	1,797,444	1,790,797
Income taxes	9,182,950	12,765,106	-	-	9,182,950	12,765,106
Revenue in lieu of taxes	234,784	216,791	-	-	234,784	216,791
Other local taxes	202,653	197,870	-	-	202,653	197,870
Grants and entitlements	605,889	1,771,284	-	-	605,889	1,771,284
Investment earnings	117,581	86,261	-	-	117,581	86,261
Net increase (decrease) in FMV of investments	65,293	(101,880)	-	-	65,293	(101,880)
Other	<u>23,946</u>	<u>19,282</u>	<u>3,240</u>	<u>18,356</u>	<u>27,186</u>	<u>37,638</u>
Total general revenues	<u>12,230,540</u>	<u>16,745,511</u>	<u>3,240</u>	<u>18,356</u>	<u>12,233,780</u>	<u>16,763,867</u>
Total revenues	<u>15,360,445</u>	<u>20,166,172</u>	<u>6,301,487</u>	<u>6,654,772</u>	<u>21,661,932</u>	<u>26,820,944</u>

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Change in Net Position - (Continued)

	Governmental Activities		Business-type Activities		Total	
	2014	2013	2014	2013	2014	2013
Expenses:						
General government	3,251,397	3,243,943	-	-	3,251,397	3,243,943
Security of persons and property	6,529,158	6,174,696	-	-	6,529,158	6,174,696
Public health and welfare	85,521	83,308	-	-	85,521	83,308
Transportation	2,196,304	2,582,315	-	-	2,196,304	2,582,315
Community environment	822	6,080	-	-	822	6,080
Leisure time activity	1,858,427	1,357,187	-	-	1,858,427	1,357,187
Other	-	1,236,185	-	-	-	1,236,185
Interest and fiscal charges	774,083	700,341	-	-	774,083	700,341
Bond issuance costs	61,553	-	-	-	61,553	-
Water	-	-	2,402,842	2,380,206	2,402,842	2,380,206
Sewer	-	-	1,987,297	2,146,822	1,987,297	2,146,822
Refuse	-	-	1,150,766	1,130,577	1,150,766	1,130,577
Total expenses	<u>14,757,265</u>	<u>15,384,055</u>	<u>5,540,905</u>	<u>5,657,605</u>	<u>20,298,170</u>	<u>21,041,660</u>
Change in net position	603,180	4,782,117	760,582	997,167	1,363,762	5,779,284
Net position at beginning of year (restated)	<u>26,191,742</u>	<u>21,409,625</u>	<u>9,979,018</u>	<u>8,981,851</u>	<u>36,170,760</u>	<u>30,391,476</u>
Net position at end of year	<u>\$ 26,794,922</u>	<u>\$ 26,191,742</u>	<u>\$ 10,739,600</u>	<u>\$ 9,979,018</u>	<u>\$ 37,534,522</u>	<u>\$ 36,170,760</u>

Governmental Activities

The net position of the governmental activities increased \$603,180 in 2014.

Security of persons and property, which includes police and fire department operations, accounted for \$6,529,158 or 44.24% of the total expenses of the City's governmental activities. Security of persons and property expenses were partially funded by \$131,599 in direct charges to users of the services. General government expenses totaled \$3,251,397 and were partially funded by \$411,635 in direct charges to consumers of City services. Transportation expenses totaled \$2,196,304 and were funded by operating grants and contributions of \$616,191 and capital grants and contributions of \$2,196,304. Leisure time activity expenses totaled \$1,858,427 and were partially funded by \$1,112,608 in direct charges to consumers of City services and \$24,228 in operating grants and contributions.

The state and federal government contributed to the City a total of \$640,419 in operating grants and contributions and \$833,644 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of these totals, \$1,449,835 subsidized transportation programs.

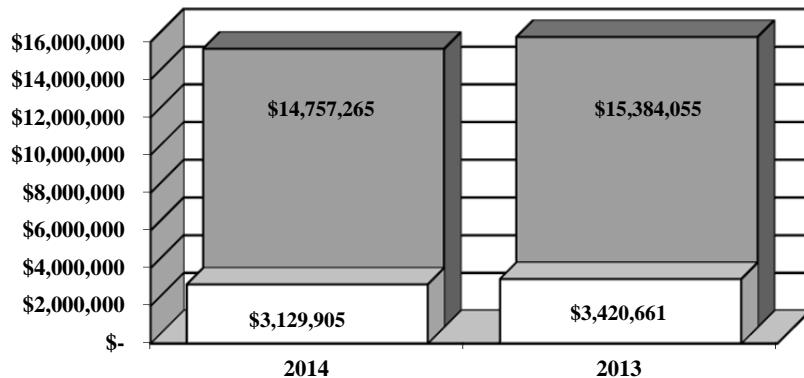
General revenues totaled \$12,230,550, and amounted to 79.62% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$10,980,394, as well as grants and entitlements not restricted to specific programs, including local government, making up \$605,889.

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

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Governmental Activities – Program Revenues vs. Total Expenses



□Program Revenues □Expenses

The following table shows, for the governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements for 2014 compared to 2013.

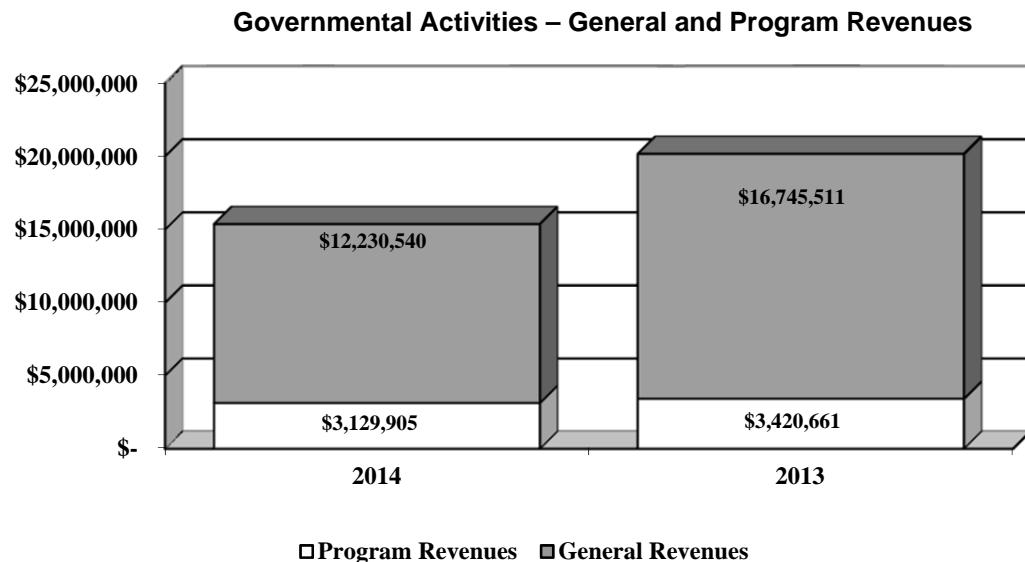
	Governmental Activities			
	2014		2013	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Expenses:				
General government	\$ 3,251,397	\$ 2,839,762	\$ 3,243,943	\$ 2,937,872
Security of persons and property	6,529,158	6,397,559	6,174,696	6,084,415
Public health and welfare	85,521	85,521	83,308	83,308
Transportation	2,196,304	746,469	2,582,315	633,097
Community environment	822	822	6,080	6,080
Leisure time activities	1,858,427	721,591	1,357,187	282,096
Other	-	-	1,236,185	1,236,185
Interest and fiscal charges	774,083	774,083	700,341	700,341
Bond issuance costs	<u>61,553</u>	<u>61,553</u>	<u>-</u>	<u>-</u>
Total Expenses	<u>\$ 14,757,265</u>	<u>\$ 11,627,360</u>	<u>\$ 15,384,055</u>	<u>\$ 11,963,394</u>

The dependence upon general revenues for governmental activities is apparent, as 78.79% of expenses are supported through taxes and other general revenues.

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

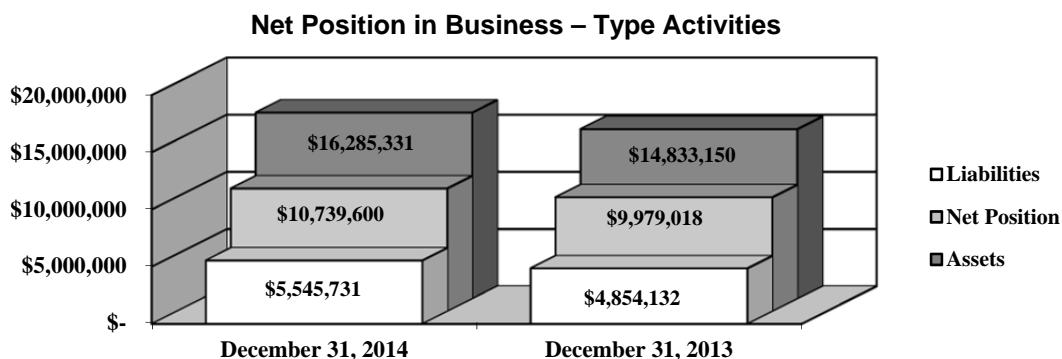
The chart below illustrates the City's program revenues versus general revenues for 2014 and 2013.



Business-type Activities

Business-type activities include the Water, Sewer and Refuse enterprise funds. These programs had program revenues of \$6,298,247, general revenues of \$3,240, and expenses of \$5,540,905 for 2014.

The graph below shows the business-type activities assets, liabilities and net position at year-end.



Financial Analysis of the City's Funds

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

Governmental Funds

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

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

The City's governmental funds (as presented on the Balance Sheet on page 20) reported a combined fund balance of \$8,826,552, which is \$305,234 higher than last year's total of \$8,521,318. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2014 for all major and nonmajor governmental funds.

	Balance 12/31/14	Balance 12/31/13	Increase (Decrease)
Major funds:			
General	\$ 5,627,702	\$ 5,117,230	\$ 510,472
Roads and Sidewalks	1,155,013	1,444,246	(289,233)
Nonmajor Governmental Funds	<u>2,043,837</u>	<u>1,959,842</u>	<u>83,995</u>
Total	<u>\$ 8,826,552</u>	<u>\$ 8,521,318</u>	<u>\$ 305,234</u>

General Fund

The City's General Fund balance increased \$510,472 during 2014. The table that follows assists in illustrating the revenues of the General Fund.

	2014 Amount	2013 Amount	Increase/ (Decrease)	Percentage Change
<u>Revenues</u>				
Municipal income taxes	\$ 10,236,582	\$ 11,672,422	\$ (1,435,840)	(12.30) %
Property and other local taxes	884,560	868,303	16,257	1.87 %
Intergovernmental	732,803	1,540,267	(807,464)	(52.42) %
Charges for services	1,076,449	984,805	91,644	9.31 %
Licenses and permits	264,174	273,453	(9,279)	(3.39) %
Fines and forfeitures	127,433	89,312	38,121	42.68 %
Investment income	103,432	84,456	18,976	22.47 %
Net increase (decrease) in FMV of investments	65,293	(101,880)	167,173	164.09 %
Rental income	174,808	57,664	117,144	203.15 %
Contributions and donations	16,173	23,822	(7,649)	(32.11) %
Miscellaneous	23,063	15,462	7,601	49.16 %
Total	<u>\$ 13,704,770</u>	<u>\$ 15,508,086</u>	<u>\$ (1,803,316)</u>	<u>(11.63) %</u>

Revenue of the General Fund decreased \$1,803,316 or 11.63%. Tax revenue (income tax, property taxes, and other local taxes) represents 81.15% of all General Fund revenue. Tax revenue decreased \$1,419,583 from the prior year. This decrease is primarily due to decreased income tax collections during 2014 and lower income taxes receivable at December 31, 2014. The City's income tax rate increased one half percent during 2014. Investment income increased 22.47% from investment income in 2013, due to earnings on the City's bank and investment accounts, while the fair market value of City investments increased an additional \$167,173 from 2013. The City earned higher rental fees for use of the Jeffrey Mansion during 2014, contributing to an increase in rental income of 203.15%.

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

The table that follows assists in illustrating the expenditures of the General Fund.

	2014 Amount	2013 Amount	Increase/ (Decrease)	Percentage Change
<u>Expenditures</u>				
General government	\$ 3,200,628	\$ 2,920,726	\$ 279,902	9.58 %
Security of persons and property	5,729,725	5,674,175	55,550	0.98 %
Public health and welfare	85,521	83,308	2,213	2.66 %
Community environment	-	61	(61)	100.00 %
Leisure time activities	1,574,920	1,406,242	168,678	11.99 %
Other	-	1,236,185	(1,236,185)	(100.00) %
Capital outlay	2,719,933	2,032,731	687,202	33.81 %
Debt service	61,553	13,675	47,878	350.11 %
Total	<u>\$ 13,372,280</u>	<u>\$ 13,367,103</u>	<u>\$ 5,177</u>	0.04 %

General fund expenditures increased \$5,177 or 0.04%. The most significant component of this increase included capital outlay expenditures which totaled \$2,719,933 during 2014. During the year the City's General Fund purchased real property at Bexley Square and incurred expenditures for street resurfacing and various capital outlay purchases for the police and service departments. The City issued bonds during 2014 which resulted in a 350.11% increase in debt service expenditures.

Budgeting Highlights

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

In the General Fund, the actual revenues and other financing sources of \$14,902,438 were \$646,355 higher than final budgeted revenues and other financing sources of \$14,256,083, while actual expenditures and other financing uses of \$15,713,588 were \$356,765 less than final budgeted expenditures and other financing uses of \$16,070,353. Budgeted revenues and other financing sources were increased by \$2,878,676 from the original budget to the final budget, while budgeted expenditures and other financing uses were increased by \$3,857,406.

Roads and Sidewalks Fund

The Roads and Sidewalks Fund had \$853,997 in revenues and \$1,143,230 in expenditures and other financing uses during 2014. The balance of the Roads and Sidewalks Fund decreased \$289,233 during 2014 from a balance of \$1,098,748 to a balance of \$743,959.

Proprietary Funds

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

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

Capital Assets and Debt Administration

Capital Assets

At the end of 2014, the City had \$51,620,884 (net of accumulated depreciation) invested in land, construction in progress, land improvements, buildings and improvements, equipment, vehicles, and infrastructure. Of this total, \$41,220,044 was reported in the governmental activities and \$10,400,840 was reported in business-type activities.

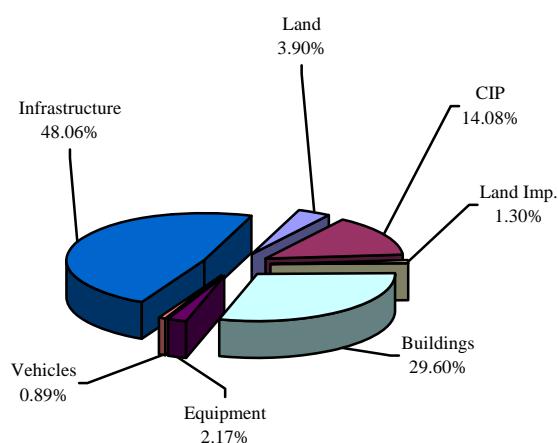
The following table shows December 31, 2014 balances compared to December 31, 2013:

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

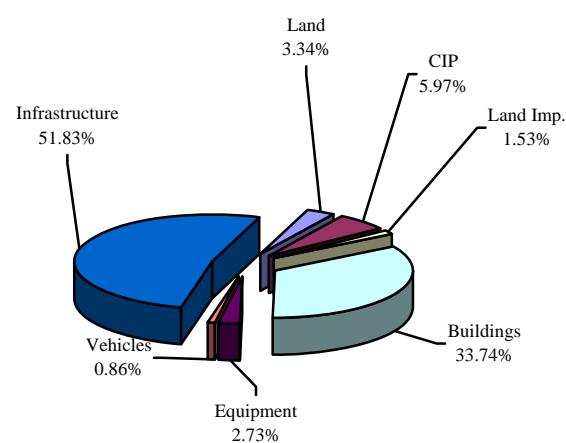
	Governmental Activities		Business-Type Activities		Total	
	2014	2013	2014	2013	2014	2013
Land	\$ 1,609,024	\$ 1,249,802	\$ -	\$ -	\$ 1,609,024	\$ 1,249,802
Construction in Progress	5,803,466	2,234,250	1,216,726	442,009	7,020,192	2,676,259
Land improvements	535,096	573,225	-	-	535,096	573,225
Buildings and improvements	12,199,813	12,618,815	5,376	7,732	12,205,189	12,626,547
Equipment	893,670	1,019,533	27,058	34,391	920,728	1,053,924
Vehicles	368,708	321,375	54,632	58,628	423,340	380,003
Infrastructure	19,810,267	19,380,364	9,097,048	8,896,983	28,907,315	28,277,347
Totals	\$41,220,044	\$37,397,364	\$10,400,840	\$ 9,439,743	\$51,620,884	\$46,837,107

The following graphs show the breakdown of governmental capital assets by category for 2014 and 2013.

**Capital Assets - Governmental Activities
December 31, 2014**



**Capital Assets - Governmental Activities
December 31, 2013**



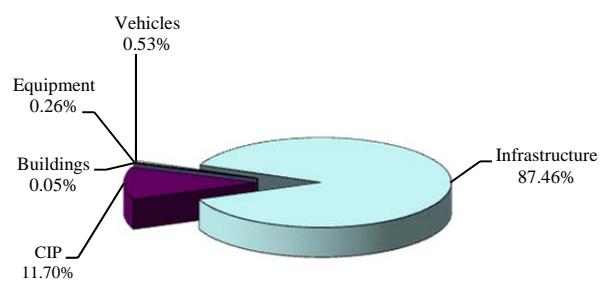
Infrastructure primarily includes roads. These items are immovable and of value only to the City; however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 48.06% of the City's total governmental capital assets.

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

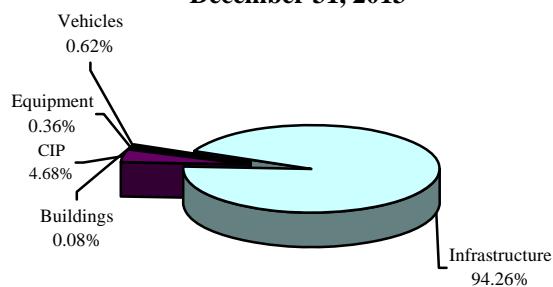
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

The following graphs show the breakdown of business-type capital assets by category for 2014 and 2013.

**Capital Assets - Business-Type Activities
December 31, 2014**



**Capital Assets - Business-Type Activities
December 31, 2013**



The City's largest business-type capital asset category is infrastructure. These items play a vital role in the income producing ability of the business-type activities. The net book value of the infrastructure of the business-type activities (cost less accumulated depreciation) represents approximately 87.44% of the City's total business-type capital assets.

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

Debt Administration

The City issued \$2,625,000 in Series 2014 Various Purpose Bonds in the governmental activities. The City had the following long-term obligations outstanding at December 31, 2014 and 2013.

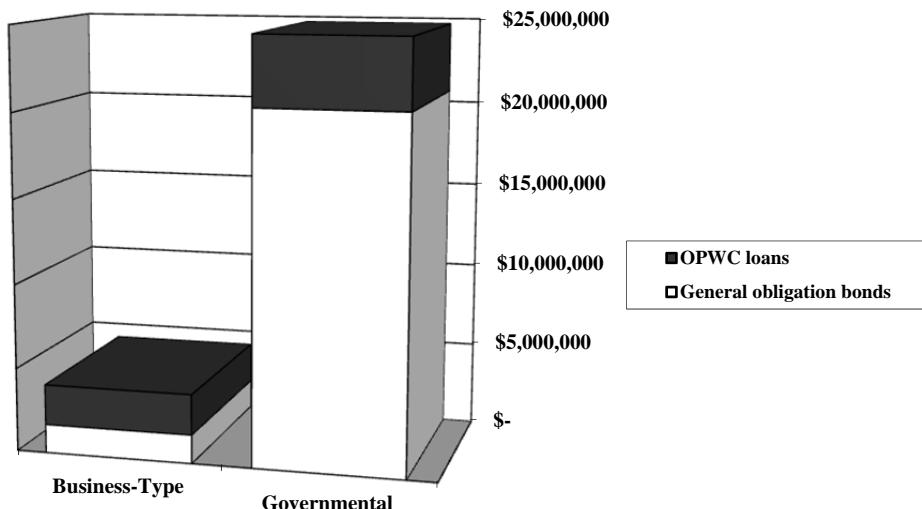
	Governmental Activities		Business-type Activities	
	2014	2013	2014	2013
General obligation bonds	\$ 20,640,384	\$ 18,976,103	\$ 1,712,850	\$ 2,202,500
OPWC loans	4,053,256	3,534,431	2,411,581	1,669,108
Total long-term obligations	<u>\$ 24,693,640</u>	<u>\$ 22,510,534</u>	<u>\$ 4,124,431</u>	<u>\$ 3,871,608</u>

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2014**

A comparison of the long-term obligations by category as of December 31, 2014 is depicted in the chart below.

Long-term obligations



Further detail on the City's long-term obligations can be found in Note 10 to the financial statements.

Economic Factors and Next Year's Budget

Inflationary trends in the region compare favorably to national indices. These factors were considered in preparing the City's budget for the 2015 fiscal year. For 2015 in the General Fund, the City anticipates receipts of \$12,464,300 and disbursements of \$12,794,850. The City had unassigned fund balance in the General Fund, on the modified accrual basis of accounting, amounting to \$3,649,392 at December 31, 2014.

Contacting the City's Financial Management

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

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CITY OF BEXLEY, OHIO
FRANKLIN COUNTY

STATEMENT OF NET POSITION
DECEMBER 31, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and investments	\$ 8,893,713	\$ 4,608,933	\$ 13,502,646
Cash with fiscal agent	46,565	-	46,565
Cash in segregated accounts.	141,656	-	141,656
Receivables:			
Municipal income taxes.	3,338,257	-	3,338,257
Property taxes.	1,937,585	-	1,937,585
Other local taxes	52,218	-	52,218
Revenue in lieu of taxes.	293,054	-	293,054
Accounts	-	1,192,229	1,192,229
Accrued interest.	25,793	-	25,793
Due from other governments	702,820	-	702,820
Notes	-	73,967	73,967
Materials and supplies inventory	36,137	9,362	45,499
Capital assets:			
Land and construction in progress	7,412,490	1,216,726	8,629,216
Depreciable capital assets, net	<u>33,807,554</u>	<u>9,184,114</u>	<u>42,991,668</u>
Total capital assets, net	<u>41,220,044</u>	<u>10,400,840</u>	<u>51,620,884</u>
Total assets	<u>56,687,842</u>	<u>16,285,331</u>	<u>72,973,173</u>
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	<u>50,740</u>	<u>-</u>	<u>50,740</u>
Liabilities:			
Accounts payable	840,383	138,693	979,076
Contracts payable	803,830	453,797	1,257,627
Accrued wages and benefits payable	152,611	5,671	158,282
Vacation balances payable	247,025	17,689	264,714
Due to other governments.	209,399	773,634	983,033
Accrued interest payable	144,363	4,875	149,238
Long-term liabilities:			
Due within one year	1,718,720	215,210	1,933,930
Due in more than one year	<u>23,657,981</u>	<u>3,936,162</u>	<u>27,594,143</u>
Total liabilities	<u>27,774,312</u>	<u>5,545,731</u>	<u>33,320,043</u>
Deferred inflows of resources:			
Property taxes levied for next fiscal year	1,876,294	-	1,876,294
Revenue in lieu of taxes levied for next fiscal year	<u>293,054</u>	<u>-</u>	<u>293,054</u>
Total deferred inflows of resources	<u>2,169,348</u>	<u>-</u>	<u>2,169,348</u>
Net position:			
Net investment in capital assets.	16,390,261	5,822,612	22,212,873
Restricted for:			
Capital projects	1,468	-	1,468
Transportation projects	1,767,361	-	1,767,361
Police programs.	19,812	-	19,812
Main Street public improvements.	455,320	-	455,320
Other purposes	21,300	-	21,300
Unrestricted	<u>8,139,400</u>	<u>4,916,988</u>	<u>13,056,388</u>
Total net position	<u>\$ 26,794,922</u>	<u>\$ 10,739,600</u>	<u>\$ 37,534,522</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government.	\$ 3,251,397	\$ 411,635	\$ -	\$ -
Security of persons and property	6,529,158	131,599	-	-
Public health and welfare.	85,521	-	-	-
Transportation.	2,196,304	-	616,191	833,644
Community environment.	822	-	-	-
Leisure time activity.	1,858,427	1,112,608	24,228	-
Interest and fiscal charges.	774,083	-	-	-
Bond issuance costs.	61,553	-	-	-
Total governmental activities.	<u>14,757,265</u>	<u>1,655,842</u>	<u>640,419</u>	<u>833,644</u>

Business-type activities:				
Water.	2,402,842	2,442,747	-	83,458
Sewer.	1,987,297	2,473,760	-	7,168
Refuse.	1,150,766	1,291,114	-	-
Total business-type activities.	<u>5,540,905</u>	<u>6,207,621</u>	<u>-</u>	<u>90,626</u>
Total primary government.	<u>\$ 20,298,170</u>	<u>\$ 7,863,463</u>	<u>\$ 640,419</u>	<u>\$ 924,270</u>

General revenues:

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

Total general revenues.

Change in net position.

Net position at beginning of year.

Net position at end of year.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position

Primary Government			
Governmental Activities	Business-type Activities	Total	
\$ (2,839,762)	\$ -	\$ (2,839,762)	
(6,397,559)	-	(6,397,559)	
(85,521)	-	(85,521)	
(746,469)	-	(746,469)	
(822)	-	(822)	
(721,591)	-	(721,591)	
(774,083)	-	(774,083)	
(61,553)	-	(61,553)	
<u>(11,627,360)</u>	<u>-</u>	<u>(11,627,360)</u>	
-	123,363	123,363	
-	493,631	493,631	
-	140,348	140,348	
-	<u>757,342</u>	<u>757,342</u>	
<u>(11,627,360)</u>	<u>757,342</u>	<u>(10,870,018)</u>	
677,480	-	677,480	
735,064	-	735,064	
384,900	-	384,900	
9,182,950	-	9,182,950	
234,784	-	234,784	
202,653	-	202,653	
605,889	-	605,889	
117,581	-	117,581	
65,293	-	65,293	
23,946	<u>3,240</u>	<u>27,186</u>	
<u>12,230,540</u>	<u>3,240</u>	<u>12,233,780</u>	
603,180	760,582	1,363,762	
<u>26,191,742</u>	<u>9,979,018</u>	<u>36,170,760</u>	
<u>\$ 26,794,922</u>	<u>\$ 10,739,600</u>	<u>\$ 37,534,522</u>	

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2014**

	General	Roads and Sidewalks	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and investments	\$ 5,152,239	\$ 1,340,477	\$ 2,400,997	\$ 8,893,713
Cash with fiscal agent	-	-	46,565	46,565
Cash in segregated accounts	141,428	-	228	141,656
Receivables:				
Municipal income taxes	3,338,257	-	-	3,338,257
Property taxes	738,194	773,791	425,600	1,937,585
Other local taxes.	52,218	-	-	52,218
Revenue in lieu of taxes	-	-	293,054	293,054
Accrued interest	25,793	-	-	25,793
Due from other governments.	358,446	53,780	290,594	702,820
Materials and supplies inventory	5,987	-	30,150	36,137
Total assets	\$ 9,812,562	\$ 2,168,048	\$ 3,487,188	\$ 15,467,798
Liabilities:				
Accounts payable	\$ 813,742	\$ -	\$ 26,641	\$ 840,383
Contracts payable	238,868	185,464	379,498	803,830
Accrued wages and benefits payable	148,154	-	4,457	152,611
Due to other governments.	176,314	-	33,085	209,399
Accrued interest payable	-	-	77,368	77,368
Total liabilities	1,377,078	185,464	521,049	2,083,591
Deferred inflows of resources:				
Property taxes levied for next fiscal year.	714,843	749,314	412,137	1,876,294
Revenue in lieu of taxes				
levied for next fiscal year.	-	-	293,054	293,054
Delinquent property tax revenue not available . . .	23,351	24,477	13,463	61,291
Income tax revenue not available.	1,817,017	-	-	1,817,017
Intergovernmental revenue not available	228,811	53,780	203,648	486,239
Accrued interest not available	23,760	-	-	23,760
Total deferred inflows of resources.	2,807,782	827,571	922,302	4,557,655
Fund balances:				
Nonspendable.	15,831	-	30,150	45,981
Restricted.	-	1,155,013	860,915	2,015,928
Committed	-	-	13,947	13,947
Assigned	1,962,479	-	1,213,968	3,176,447
Unassigned (deficit)	3,649,392	-	(75,143)	3,574,249
Total fund balances (deficit)	5,627,702	1,155,013	2,043,837	8,826,552
Total liabilities, deferred inflows of resources, and fund balances	\$ 9,812,562	\$ 2,168,048	\$ 3,487,188	\$ 15,467,798

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2014**

Total governmental fund balances	\$ 8,826,552
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	41,220,044
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.	
Municipal income taxes receivable	\$ 1,817,017
Delinquent property taxes receivable	61,291
Intergovernmental receivable	486,239
Accrued interest receivable	<u>23,760</u>
Total	2,388,307
Accrued interest is not due and payable in the current period and therefore is not reported in the governmental funds.	(66,995)
Unamortized deferred amounts on refundings are not recognized in the governmental funds.	50,740
Unamortized premiums on bond issuances are not recognized in the funds.	(293,234)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Compensated absences	(360,082)
Vacation balances payable	(247,025)
Ohio Police and Fire pension obligation payable	(322,979)
General obligation bonds payable	<u>(20,347,150)</u>
OPWC loans payable	<u>(4,053,256)</u>
Total	<u>(25,330,492)</u>
Net position of governmental activities	<u>\$ 26,794,922</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY, OHIO
FRANKLIN COUNTY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	General	Roads and Sidewalks	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Municipal income taxes	\$ 10,236,582	\$ -	\$ -	\$ 10,236,582
Property taxes.	681,907	740,628	387,080	1,809,615
Other local taxes	202,653	-	-	202,653
Intergovernmental	732,803	113,369	1,427,683	2,273,855
Charges for services	1,076,449	-	1,468	1,077,917
Licenses and permits	264,174	-	-	264,174
Fines and forfeitures	127,433	-	7,800	135,233
Special assessments	-	-	3,710	3,710
Revenue in lieu of taxes	-	-	234,784	234,784
Investment income	103,432	-	2,282	105,714
Net increase in fair value of investments.	65,293	-	-	65,293
Rental income	174,808	-	-	174,808
Contributions and donations	16,173	-	8,055	24,228
Other	23,063	-	883	23,946
Total revenues	13,704,770	853,997	2,073,745	16,632,512
Expenditures:				
Current:				
General government	3,200,628	-	5,551	3,206,179
Security of persons and property.	5,729,725	-	495,531	6,225,256
Public health and welfare	85,521	-	-	85,521
Transportation	-	12,144	656,481	668,625
Leisure time activity	1,574,920	-	7,500	1,582,420
Capital outlay.	2,719,933	724,044	2,460,330	5,904,307
Debt service:				
Principal retirement.	-	-	1,215,736	1,215,736
Interest and fiscal charges	-	-	785,000	785,000
Bond issuance costs	61,553	-	-	61,553
Total expenditures	13,372,280	736,188	5,626,129	19,734,597
Excess (deficiency) of revenues over (under) expenditures	332,490	117,809	(3,552,384)	(3,102,085)
Other financing sources (uses):				
Bond issuance	2,625,000	-	-	2,625,000
Premium on bonds issued	61,553	-	6,309	67,862
Loan issuance	-	-	714,457	714,457
Transfers in.	-	-	2,915,613	2,915,613
Transfers (out)	(2,508,571)	(407,042)	-	(2,915,613)
Total other financing sources (uses)	177,982	(407,042)	3,636,379	3,407,319
Net change in fund balances	510,472	(289,233)	83,995	305,234
Fund balances at beginning of year	5,117,230	1,444,246	1,959,842	8,521,318
Fund balances at end of year	\$ 5,627,702	\$ 1,155,013	\$ 2,043,837	\$ 8,826,552

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2014**

Net change in fund balances - total governmental funds	\$ 305,234
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period.

Capital asset additions	\$ 5,979,233
Current year depreciation	<u>(2,135,553)</u>
Total	3,843,680

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.

(21,000)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Municipal income taxes	(1,053,632)
Delinquent property taxes	<u>(12,171)</u>
Intergovernmental revenues	<u>(220,413)</u>
Investment income	<u>14,149</u>
Total	(1,272,067)

The issuance of bonds (and related premiums) and loans are reported as an other financing source in the funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net position.

Issuance of bonds	(2,625,000)
Premium on bonds issued	<u>(67,862)</u>
Issuance of OPWC loans	<u>(714,457)</u>
Total	(3,407,319)

Repayment of bond and loan principal is an expenditure in the funds, but the repayment reduces long-term liabilities on the statement of net position.

Principal payments made during the year were:

Bonds	1,010,350
OPWC loans	<u>195,632</u>
Ohio Police and Fire pension obligation	<u>9,754</u>
Total	1,215,736

In the statement of activities, interest is accrued on outstanding bonds, whereas in the funds, an interest expenditure is reported when due. The following items resulted in more interest being reported on the statement of activities:

Decrease in accrued interest payable	5,371
Amortization of deferred amounts on refunding	<u>(12,685)</u>
Amortization of bond premiums	<u>18,231</u>
Total	10,917

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the funds. These activities consist of:

Increase in vacation balances payable	(29,092)
Increase in compensated absences payable	<u>(42,909)</u>
Total	<u>(72,001)</u>

Change in net position of governmental activities	\$ 603,180
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**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	Original	Final	Actual		
Revenues:					
Municipal income taxes	\$ 9,294,024	\$ 9,450,965	\$ 9,978,963	\$ 527,998	
Property taxes	635,102	645,827	681,907	36,080	
Other local taxes	186,488	189,638	200,232	10,594	
Licenses and permits	246,042	250,196	264,174	13,978	
Fines and forfeitures	118,917	120,925	127,681	6,756	
Intergovernmental	769,209	782,198	825,897	43,699	
Investment income	106,410	108,207	114,252	6,045	
Other	9,387	9,546	10,079	533	
Total revenues	<u>11,365,579</u>	<u>11,557,502</u>	<u>12,203,185</u>	<u>645,683</u>	
Expenditures:					
Current:					
General government	3,410,065	3,480,067	3,283,743	196,324	
Security of persons and property	5,885,612	5,856,361	5,754,593	101,768	
Public health and welfare	90,061	90,061	85,521	4,540	
Leisure time activity.	353,739	353,740	320,569	33,171	
Capital outlay	595,000	3,570,000	3,549,038	20,962	
Debt service:					
Bond issuance costs	-	61,553	61,553	-	
Total expenditures.	<u>10,334,477</u>	<u>13,411,782</u>	<u>13,055,017</u>	<u>356,765</u>	
Excess (deficiency) of revenues over (under) expenditures	<u>1,031,102</u>	<u>(1,854,280)</u>	<u>(851,832)</u>	<u>1,002,448</u>	
Other financing sources and uses:					
Bond issuance.	-	2,625,000	2,625,000	-	
Premium on bonds issued	-	61,553	61,553	-	
Sale of capital assets.	11,828	12,028	12,700	672	
Transfers (out).	(1,878,470)	(2,658,571)	(2,658,571)	-	
Total other financing sources and uses	<u>(1,866,642)</u>	<u>40,010</u>	<u>40,682</u>	<u>672</u>	
Net change in fund balances.	<u>(835,540)</u>	<u>(1,814,270)</u>	<u>(811,150)</u>	<u>1,003,120</u>	
Fund balances at beginning of year	2,342,673	2,342,673	2,342,673	-	
Prior year encumbrances appropriated	545,518	545,518	545,518	-	
Fund balance at end of year	<u>\$ 2,052,651</u>	<u>\$ 1,073,921</u>	<u>\$ 2,077,041</u>	<u>\$ 1,003,120</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ROADS AND SIDEWALKS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Property taxes	\$ 744,963	\$ 744,963	\$ 740,628	\$ (4,335)
Intergovernmental	114,032	114,032	113,369	(663)
Total revenues	<u>858,995</u>	<u>858,995</u>	<u>853,997</u>	<u>(4,998)</u>
Expenditures:				
Current:				
Transportation	7,497	12,144	12,144	-
Capital outlay	701,956	1,592,708	1,137,053	455,655
Total expenditures	<u>709,453</u>	<u>1,604,852</u>	<u>1,149,197</u>	<u>455,655</u>
Excess (deficiency) of revenues over (under) expenditures	<u>149,542</u>	<u>(745,857)</u>	<u>(295,200)</u>	<u>450,657</u>
Other financing uses:				
Transfers (out)	(407,042)	(407,042)	(407,042)	-
Total other financing uses	<u>(407,042)</u>	<u>(407,042)</u>	<u>(407,042)</u>	<u>-</u>
Net change in fund balances	<u>(257,500)</u>	<u>(1,152,899)</u>	<u>(702,242)</u>	<u>450,657</u>
Fund balances at beginning of year	1,098,748	1,098,748	1,098,748	-
Prior year encumbrances appropriated . . .	347,453	347,453	347,453	-
Fund balance at end of year	<u>\$ 1,188,701</u>	<u>\$ 293,302</u>	<u>\$ 743,959</u>	<u>\$ 450,657</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY, OHIO
FRANKLIN COUNTY

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
DECEMBER 31, 2014

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Refuse	Total
Assets:				
Current assets:				
Equity in pooled cash and investments.	\$ 821,378	\$ 2,786,410	\$ 1,001,145	\$ 4,608,933
Receivables:				
Accounts	559,947	632,282	-	1,192,229
Notes	73,967	-	-	73,967
Materials and supplies inventory.	1,179	1,179	7,004	9,362
Total current assets.	<u>1,456,471</u>	<u>3,419,871</u>	<u>1,008,149</u>	<u>5,884,491</u>
Noncurrent assets:				
Capital assets:				
Land and construction in progress.	810,469	406,257	-	1,216,726
Depreciable capital assets, net	6,007,918	3,140,656	35,540	9,184,114
Total noncurrent assets.	<u>6,818,387</u>	<u>3,546,913</u>	<u>35,540</u>	<u>10,400,840</u>
Total assets	<u>8,274,858</u>	<u>6,966,784</u>	<u>1,043,689</u>	<u>16,285,331</u>
Liabilities:				
Current liabilities:				
Accounts payable	44,927	350	93,416	138,693
Contracts payable	129,283	324,514	-	453,797
Accrued wages and benefits payable.	3,735	1,936	-	5,671
Due to other governments	355,054	416,922	1,658	773,634
Accrued interest payable.	3,141	1,734	-	4,875
Vacation balances payable.	16,302	1,387	-	17,689
Compensated absences payable - current. . . .	1,902	46	-	1,948
General obligation bonds payable - current . .	50,850	41,000	-	91,850
OPWC loans payable - current.	92,700	28,712	-	121,412
Total current liabilities.	<u>697,894</u>	<u>816,601</u>	<u>95,074</u>	<u>1,609,569</u>
Long-term liabilities:				
Compensated absences payable	24,400	593	-	24,993
General obligation bonds payable	1,002,000	619,000	-	1,621,000
OPWC loans payable.	1,956,476	333,693	-	2,290,169
Total long-term liabilities.	<u>2,982,876</u>	<u>953,286</u>	<u>-</u>	<u>3,936,162</u>
Total liabilities	<u>3,680,770</u>	<u>1,769,887</u>	<u>95,074</u>	<u>5,545,731</u>
Net position:				
Net investment in capital assets.	3,587,078	2,199,994	35,540	5,822,612
Unrestricted	1,007,010	2,996,903	913,075	4,916,988
Total net position.	<u>\$ 4,594,088</u>	<u>\$ 5,196,897</u>	<u>\$ 948,615</u>	<u>\$ 10,739,600</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY, OHIO
FRANKLIN COUNTY

**STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN NET POSITION
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2014**

Business-type Activities - Enterprise Funds				
	Water	Sewer	Refuse	Total
Operating revenues:				
Charges for services	\$ 2,442,747	\$ 2,473,760	\$ 1,291,114	\$ 6,207,621
Other	3,240	-	-	3,240
 Total operating revenues.	 2,445,987	 2,473,760	 1,291,114	 6,210,861
 Operating expenses:				
Personal services	345,339	156,160	41,193	542,692
Contract services	1,742,733	1,701,455	1,067,914	4,512,102
Materials and supplies.	36,876	14,210	12,128	63,214
Depreciation.	214,247	90,715	7,986	312,948
Other	7,094	2,350	21,545	30,989
 Total operating expenses	 2,346,289	 1,964,890	 1,150,766	 5,461,945
 Operating income	 99,698	 508,870	 140,348	 748,916
 Non-operating expenses:				
Interest and fiscal charges.	(56,553)	(22,407)	-	(78,960)
 Income before contributions	 43,145	 486,463	 140,348	 669,956
 Capital contributions	 83,458	 7,168	 -	 90,626
 Change in net position	 126,603	 493,631	 140,348	 760,582
 Net position at beginning of year	 4,467,485	 4,703,266	 808,267	 9,979,018
 Net position at end of year	 \$ 4,594,088	 \$ 5,196,897	 \$ 948,615	 \$ 10,739,600

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY, OHIO
FRANKLIN COUNTY

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Refuse	Total
Cash flows from operating activities:				
Cash received from customers	\$ 2,440,195	\$ 2,460,729	\$ 1,291,114	\$ 6,192,038
Cash received from other operations	3,240	-	-	3,240
Cash payments for personal services	(351,353)	(163,622)	(50,384)	(565,359)
Cash payments for contractual services.	(1,715,836)	(1,718,108)	(1,063,291)	(4,497,235)
Cash payments for materials and supplies	(39,937)	(14,592)	(15,179)	(69,708)
Cash payments for other expenses	(7,094)	(2,000)	(21,085)	(30,179)
Net cash provided by operating activities.	<u>329,215</u>	<u>562,407</u>	<u>141,175</u>	<u>1,032,797</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(704,684)	(81,743)	(20,121)	(806,548)
Capital contributions	2,959	-	-	2,959
OPWC loan proceeds	728,430	88,911	-	817,341
Principal retirement on bonds	(450,650)	(39,000)	-	(489,650)
Principal retirement on OPWC loans	(51,143)	(23,725)	-	(74,868)
Interest and fiscal charges	(58,260)	(22,560)	-	(80,820)
Net cash used in capital and related financing activities.	<u>(533,348)</u>	<u>(78,117)</u>	<u>(20,121)</u>	<u>(631,586)</u>
Net increase (decrease) in cash and cash equivalents . . .	<u>(204,133)</u>	<u>484,290</u>	<u>121,054</u>	<u>401,211</u>
Cash and cash equivalents at beginning of year . . .	1,025,511	2,302,120	880,091	4,207,722
Cash and cash equivalents at end of year.	<u>\$ 821,378</u>	<u>\$ 2,786,410</u>	<u>\$ 1,001,145</u>	<u>\$ 4,608,933</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 99,698	\$ 508,870	\$ 140,348	748,916
Adjustments:				
Depreciation.	214,247	90,715	7,986	312,948
Changes in assets and liabilities:				
(Increase) in accounts receivable	(2,552)	(13,031)	-	(15,583)
(Increase) in materials and supplies inventory.	(41)	(41)	(241)	(323)
Increase (decrease) in accounts payable.	41,907	(27,602)	2,273	16,578
(Decrease) in accrued wages and benefits payable. . . .	(323)	(1,120)	(604)	(2,047)
Increase (decrease) in due to other governments	(17,979)	9,168	7	(8,804)
(Decrease) in compensated absences payable	(6,320)	(3,747)	(5,889)	(15,956)
Increase (decrease) in vacation balances payable.	578	(805)	(2,705)	(2,932)
Net cash provided by operating activities.	<u>\$ 329,215</u>	<u>\$ 562,407</u>	<u>\$ 141,175</u>	<u>\$ 1,032,797</u>

Noncash Transactions:

At December 31, 2014, the Water fund had purchased \$129,283 in capital assets on account.

At December 31, 2014, the Sewer fund had purchased \$324,514 in capital assets on account.

At December 31, 2014, the Water fund received \$83,458 in capital contributions from governmental activities.

At December 31, 2014, the Sewer fund received \$7,168 in capital contributions from governmental activities.

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2014**

	<u>Agency</u>
Assets:	
Cash in segregated accounts.	\$ 13,270
Total assets	<u>\$ 13,270</u>
Liabilities:	
Deposits held and due to others	\$ 12,176
Undistributed assets	<u>1,094</u>
Total liabilities.	<u>\$ 13,270</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**

NOTE 1 - DESCRIPTION OF THE CITY AND REPORTING ENTITY

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The City's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements of the City are not misleading.

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

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's Governing Board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; or (3) the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the City is obligated for the debt of the organization.

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

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

A. Reporting Entity (Continued)

Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading.

Based upon the application of these criteria, the City has one related organization.

RELATED ORGANIZATION

Bexley Community Improvement Corporation

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

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

JOINTLY GOVERNED ORGANIZATION

Mid-Ohio Regional Planning Commission

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

B. Basis of Presentation

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

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**
(Continued)

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

B. Basis of Presentation (Continued)

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

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

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

C. Fund Accounting

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

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

The following are the City's major governmental funds:

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

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

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

C. Fund Accounting (Continued)

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

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

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

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

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

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

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

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

D. Measurement Focus

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

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current deferred outflows of resources, current liabilities, and current deferred inflows of resources generally are included on the Balance Sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**
(Continued)

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

D. Measurement Focus (Continued)

This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. The governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

E. Basis of Accounting

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

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

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

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

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**
(Continued)

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

E. Basis of Accounting (Continued)

Deferred Inflows of Resources and Deferred Outflows of Resources - A deferred inflow of resources is an acquisition of net position by the City that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net position by the City that is applicable to a future reporting period.

Property taxes and revenue in lieu of taxes for which there is an enforceable legal claim as of December 31, 2014, but which were levied to finance year 2015 operations, and other revenues received in advance of the year for which they were intended to finance, have been recorded as deferred inflows of resources. Income taxes, intergovernmental grants and entitlements, and accrued interest revenue not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at December 31, 2014, are also recorded as deferred inflows of resources on the governmental fund financial statements.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

F. Cash and Cash Equivalents

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

The City has cash three bank accounts that are maintained outside of the City's internal investment pool. The Mayor's Court has its own checking account for the collection and distribution of court fines and forfeitures. These monies and the balance of the City's flexible spending account are presented on the Balance Sheet and the Statement of Fiduciary Assets and Liabilities as "cash in segregated accounts". The City also maintains a checking account for the collection rents and payment of management fees related operational expense of Bexley Square. These monies are presented on the Balance Sheet of the General Fund "cash in segregated accounts".

The City has permissive motor vehicle license money, which is held by the Franklin County Engineer as agent and distributed to the City for approved street projects. The balance in this account is presented on the Balance Sheet as "cash with fiscal agent".

During the year, investments were limited to Federal National Mortgage Association (FNMA) securities, Federal Farm Credit Bank (FFCB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal Home Loan Bank (FHLB) securities, a U.S. Treasury money market, and the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**
(Continued)

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

F. Cash and Cash Equivalents (Continued)

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 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 value per share which is the price at which the investment could be sold on December 31, 2014.

Interest income is distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue credited to the General Fund during 2014 amounted to \$103,432, which includes \$63,216 assigned from other funds.

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

G. Materials and Supplies Inventory

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

H. Capital Assets

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

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

All reported capital assets, except for land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacements. In the governmental activities, the City only reports general infrastructure assets acquired after 2003.

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

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

H. Capital Assets (Continued)

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

<u>Description</u>	Governmental Activities	Business-Type Activities
	<u>Estimated Lives</u>	<u>Estimated Lives</u>
Land improvements	15 - 20 Years	15 - 20 Years
Buildings and improvements	20 - 50 Years	20 - 50 Years
Equipment	5 - 15 Years	5 - 30 Years
Vehicles	3 - 8 Years	3 - 8 Years
Infrastructure	25 - 50 Years	25 - 50 Years

The City's infrastructure consists of road, curbs, gutters, sidewalks, traffic lights and signals, sewer lines, water lines and storm water drainage systems.

I. Compensated Absences

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

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

J. Accrued Liabilities and Long-Term Obligations

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

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

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

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

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

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

On the government-wide financial statements, bond premiums and discounts are amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds and bond discounts are presented as a reduction to the face amount of the bonds. On the governmental fund financial statements bond premiums and discounts are recognized in the period in which these items are incurred. The reconciliation between the face value of bonds and the amount reported on the Statement of Net Position is presented in Note 10.

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

L. Fund Balance

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

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

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

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

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**
(Continued)

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

L. Fund Balance (Continued)

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. The City Council has authorized the City Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. Fund balance is also assigned for any 2015 appropriations in excess of estimated receipts for the General Fund.

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

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

M. Interfund Activity

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

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

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

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

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

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

N. Net Position

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

O. Operating Revenues and Expenses

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

P. Contributions of Capital

Capital contributions on the proprietary fund financial statements arise from contributions from governmental activities, from outside contributions of capital assets, from grants, or from outside contributions of resources restricted to capital acquisition and construction. The City recognized \$83,458 in capital contributions in the Water Enterprise Fund and \$7,168 in the Sewer Enterprise Fund during 2014.

Q. 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.

R. Budgets and Budgetary Accounting

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

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**
(Continued)

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

R. Budgets and Budgetary Accounting (Continued)

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Finance Director. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts set forth in the financial statements as final budgeted amounts represent estimates from the amended certificate in effect at the time final appropriations were passed by Council.

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

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2014.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2014, the City has implemented GASB Statement No. 69, "Government Combinations and Disposals of Government Operations" and GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees".

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement improves the decision usefulness of financial reporting by requiring that disclosures be made by governments about combination arrangements in which they engage and for disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the City.

GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the City.

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**
(Continued)

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at December 31, 2014, included the following individual fund deficits:

	<u>Deficit</u>
<u>Nonmajor governmental fund:</u>	
Police Pension	\$ 5,374
Northeast Quadrant Project	69,769

The deficits in these funds are the result of adjustments for accrued liabilities. The General Fund is liable for any deficits in these funds and will provide transfers when cash is required, not when accruals occur.

C. Reclassification of Fund Balance

The City's Police Pension Fund and Bond Retirement Fund were not required to be reported as major funds in 2014. Therefore, the City has reclassified these funds from major funds to Nonmajor Governmental Funds. The reclassification of the fund balances resulted in changes to beginning of year balances as detailed below:

	<u>Police Pension Fund</u>	<u>Bond Retirement Fund</u>	<u>Nonmajor Governmental Funds</u>
Fund Balance (deficit),			
December 31, 2013	\$ (11,578)	\$ 420,139	\$ 1,551,281
Reclassification of funds	11,578	(420,139)	408,561
Fund Balance, January 1, 2014	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,959,842</u>

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
6. The State Treasurer's investment pool (STAR Ohio).

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

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

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

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014**
(Continued)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

A. Cash in Segregated Accounts

At year end, the City had \$154,926 held outside of the City treasury. These depository accounts were established for Employee Flex Spending, Mayor's Court and Management of Bexley Square. The segregated cash accounts are reported in the General Fund and the agency funds. These depository accounts are included in "deposits with financial institutions" in the footnotes that follow.

B. Cash with Fiscal Agent

At year end, the City had \$46,565 on deposit with the Franklin County Treasurer. The data regarding insurance and collateralization can be obtained from the Franklin County Comprehensive Annual Financial Report for the year ended December 31, 2014. This amount is not included in the City's depository balance below.

C. Deposits with Financial Institutions

At December 31, 2014, the carrying amount of all City deposits was \$3,170,251 and the bank balance of all City deposits was \$3,244,480. Of the bank balance, \$2,744,480 was exposed to custodial risk as discussed below and \$500,000 was covered by the FDIC.

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

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Investments

As of December 31, 2014, the City had the following investments:

Investment type	Fair Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
FFCB bonds	\$ 1,743,709	\$ -	\$ -	\$ -	\$ -	\$ 1,743,709
FHLB bonds	745,505	-	-	-	-	745,505
FHLB notes	1,495,055	-	-	-	-	1,495,055
FHLMC notes	2,741,373	-	-	-	498,125	2,243,248
FNMA notes	2,741,840	-	-	-	-	2,741,840
U.S. Treasury						
Money Market	1,009,839	1,009,839	-	-	-	-
STAR Ohio	10,000	10,000	-	-	-	-
Total	<u>\$ 10,487,321</u>	<u>\$ 1,019,839</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 498,125</u>	<u>\$ 8,969,357</u>

The weighted average of maturity of investments is 2.96 years.

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

Credit Risk: The City's investments, except for STAR Ohio and the U.S Treasury Money Market account, were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio and the U.S. Treasury money market an AAAm money market rating. The City limits its investments to those authorized by State statute.

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

Concentration of Credit Risk: The City places no limit on the amount that may be invested in any single issuer. The following table includes the percentage of each investment type held by the City at December 31, 2014:

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Investments (Continued)

Investment type	Fair Value	% of Total
FFCB bonds	\$ 1,743,709	16.63
FHLB bonds	745,505	7.11
FHLB notes	1,495,055	14.26
FHLMC notes	2,741,373	26.14
FNMA notes	2,741,840	26.14
U.S. Treasury		
Money Market	1,009,839	9.63
STAR Ohio	10,000	0.09
Total	<u>\$ 10,487,321</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the Statement of Net Position as of December 31, 2014:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 3,170,251
Cash with fiscal agent	46,565
Investments	<u>10,487,321</u>
Total	<u>\$ 13,704,137</u>

<u>Cash and investments per Statement of Net Position</u>	
Governmental activities	\$ 9,081,934
Business-type activities	4,608,933
Agency fund	<u>13,270</u>
Total	<u>\$ 13,704,137</u>

NOTE 5 - MUNICIPAL INCOME TAX

The City levies and collects an income tax of two and one-half percent on all income earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 65 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. The City utilizes the Regional Income Tax Agency (RITA) for the collection of income taxes on its behalf. Income tax revenue recognized in the General Fund amounted to \$10,236,582 in 2014.

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 6 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended December 31, 2014, consisted of the following, as reported on the fund financial statements.

<u>Transfers from:</u>	<u>Transfers to:</u>
General	\$ 2,508,571
Roads and Sidewalks	<u>407,042</u>
Total	<u>\$ 2,915,613</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. There are no interfund transfer balances as of December 31, 2014.

NOTE 7 - PROPERTY TAXES

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2014 public utility property taxes became a lien December 31, 2013, are levied after October 1, 2014, and are collected in 2015 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County collects property taxes on behalf of all taxing districts in the County, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2014 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by deferred inflow of resources since the current taxes were not levied to finance 2014 operations and the collection of delinquent taxes has been offset by deferred inflow of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is a deferred inflow of resources.

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 7 - PROPERTY TAXES - (Continued)

The full tax rate for all City operations for the year ended December 31, 2014 was \$7.85 per \$1,000 of assessed value. The assessed values of real property and public utility personal property upon which 2014 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 471,797,690
Commercial/industrial/public utility	18,240,890
<u>Public utility</u>	
Personal	<u>4,723,260</u>
Total assessed value	<u>\$ 494,761,840</u>

NOTE 8 - RECEIVABLES

Receivables at December 31, 2014, consisted of property taxes, revenue in lieu of taxes, other local taxes, municipal income taxes, accounts, accrued interest, and amounts due from other governments arising from grants, entitlements or shared revenues.

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental activities:</u>	<u>Amount</u>
Local government	\$ 261,881
Grants	47,086
Homestead and rollback	138,908
Auto license	32,498
Gasoline tax	122,009
Municipal cents per gallon tax	61,154
Permissive motor vehicle license tax	<u>39,284</u>
Total due from other governments	<u>\$ 702,820</u>

All receivables are considered fully collectible and will be received within one year with the exception of property taxes and income taxes. Water and sewer charges receivable which, if delinquent, may be certified and collected as a special assessment, are subject to foreclosure for nonpayment. Property and income taxes and revenue in lieu of taxes, although ultimately collectible, include some portion of delinquents that will not be collected within one year.

At December 31, 2014, the City has reported a \$73,967 note receivable from Capital University (the "University") related to water line improvements being performed as part College and South Cassady Improvement project financed through the OPWC. The University signed a promissory note on October 28, 2014 to pay the City \$76,926 in consideration for the City performing certain water improvements that could potentially benefit future growth of the University. The City reported this activity as a capital contribution in the Water Enterprise Fund. The promissory note calls for annual payments of \$2,959 beginning December 1, 2014 and continuing for a 26 year period. The City received the first payment in 2014. The City applies payments received to the principle payments required on the OPWC loan.

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 9 - CAPITAL ASSETS

A. Governmental activities

Governmental activities capital asset activity for the year ended December 31, 2014, was as follows:

<u>Governmental activities:</u>	Balance 12/31/13	Additions	Disposals	Balance 12/31/14
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,249,802	\$ 380,222	\$ (21,000)	\$ 1,609,024
Construction in progress	2,234,250	4,736,096	(1,166,880)	5,803,466
Total capital assets, not being depreciated	<u>3,484,052</u>	<u>5,116,318</u>	<u>(1,187,880)</u>	<u>7,412,490</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	938,858	-	-	938,858
Buildings and improvements	14,984,428	-	-	14,984,428
Equipment	2,305,231	18,858	-	2,324,089
Vehicles	1,136,122	133,713	-	1,269,835
Infrastructure	<u>34,240,134</u>	<u>1,877,224</u>	<u>-</u>	<u>36,117,358</u>
Total capital assets, being depreciated	<u>53,604,773</u>	<u>2,029,795</u>	<u>-</u>	<u>55,634,568</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(365,633)	(38,129)	-	(403,762)
Buildings and improvements	(2,365,613)	(419,002)	-	(2,784,615)
Equipment	(1,285,698)	(144,721)	-	(1,430,419)
Vehicles	(814,747)	(86,380)	-	(901,127)
Infrastructure	<u>(14,859,770)</u>	<u>(1,447,321)</u>	<u>-</u>	<u>(16,307,091)</u>
Total accumulated depreciation	<u>(19,691,461)</u>	<u>(2,135,553)</u>	<u>-</u>	<u>(21,827,014)</u>
Total capital assets, being depreciated, net	<u>33,913,312</u>	<u>(105,758)</u>	<u>-</u>	<u>33,807,554</u>
Governmental activities capital assets, net	<u>\$ 37,397,364</u>	<u>\$ 5,010,560</u>	<u>\$ (1,187,880)</u>	<u>\$ 41,220,044</u>

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

Governmental activities:

General government	\$ 72,804
Security of persons and property	273,392
Leisure time activities	284,747
Community environment	822
Transporation	1,503,788
Total depreciation expense	<u>\$ 2,135,553</u>

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 9 - CAPITAL ASSETS - (Continued)

B. Business-type activities

Business-type activities capital asset activity for the year ended December 31, 2014, was as follows:

<u>Business-type activities:</u>	Balance			Balance 12/31/14
	12/31/13	Additions	Disposals	
<i>Capital assets, not being depreciated:</i>				
Construction in progress	\$ 442,009	\$ 1,216,726	\$ (442,009)	\$ 1,216,726
Total capital assets, not being depreciated	<u>442,009</u>	<u>1,216,726</u>	<u>(442,009)</u>	<u>1,216,726</u>
<i>Capital assets being depreciated:</i>				
Land improvements	5,551	-	-	5,551
Buildings and improvements	49,657	-	-	49,657
Equipment	59,076	-	-	59,076
Vehicles	342,598	20,121	-	362,719
Infrastructure	<u>12,826,457</u>	<u>479,207</u>	<u>-</u>	<u>13,305,664</u>
Total capital assets being depreciated	<u>13,283,339</u>	<u>499,328</u>	<u>-</u>	<u>13,782,667</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(5,551)	-	-	(5,551)
Buildings and improvements	(41,925)	(2,356)	-	(44,281)
Equipment	(24,685)	(7,333)	-	(32,018)
Vehicles	(283,970)	(24,117)	-	(308,087)
Infrastructure	<u>(3,929,474)</u>	<u>(279,142)</u>	<u>-</u>	<u>(4,208,616)</u>
Total accumulated depreciation	<u>(4,285,605)</u>	<u>(312,948)</u>	<u>-</u>	<u>(4,598,553)</u>
Total capital assets being depreciated, net	<u>8,997,734</u>	<u>186,380</u>	<u>-</u>	<u>9,184,114</u>
Business-type activities capital assets, net	<u>\$ 9,439,743</u>	<u>\$ 1,403,106</u>	<u>\$ (442,009)</u>	<u>\$ 10,400,840</u>

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

Business-type activities:

Water	\$ 214,247
Sewer	90,715
Refuse	<u>7,986</u>
Total depreciation expense	<u>\$ 312,948</u>

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 10 - LONG-TERM OBLIGATIONS

The reclassification had an effect of the beginning balances as previously reported at December 31, 2013. Bonded debt and other long-term obligations payable activity for the year ended December 31, 2014, was as follows:

		Balance <u>12/31/13</u>	Issued	Retired	Balance <u>12/31/14</u>	Due Within One Year
Business-Type Activities						
General Obligation Bonds:						
Series 1999 Water Meter and Equipment Bonds \$1,000,000	1.6% - 4.9%	\$ 400,000	\$ -	\$ (400,000)	\$ -	\$ -
Series 2008 Various Purpose Refunding Bonds, \$1,017,500	3.0% - 4.0%	768,900	-	(42,900)	726,000	45,100
Series 2010 General Obligation Bonds, \$1,168,750	2.0% - 4.0%	1,033,600	-	(46,750)	986,850	46,750
Total General Obligation Bonds		2,202,500	-	(489,650)	1,712,850	91,850
Ohio Public Works Commission (OPWC) Loan:						
2005 Main Street Sewer Project, \$474,500	0.00%	284,700	-	(23,725)	260,975	23,725
2009 Sheridan Avenue/Francis Avenue Water Project, \$592,909	0.00%	538,009	-	(21,959)	516,050	21,959
2012 College and South Cassady Water Project, \$817,142	0.00%	793,194	23,948	(29,184)	787,958	29,184
2013 East Main Water Project, \$63,982	0.00%	40,686	23,296	-	63,982	-
2013 East Main Sewer Project, \$19,687	0.00%	12,519	7,168	-	19,687	-
2014 Northeast Quadrant Water Project, \$1,122,044	0.00%	-	681,186	-	681,186	41,557
2014 Northeast Quadrant Sewer project, \$134,645	0.00%	-	81,743	-	81,743	4,987
Total OPWC Loans		1,669,108	817,341	(74,868)	2,411,581	121,412
Compensated Absences		42,897	-	(15,956)	26,941	1,948
Total Business-Type Activities		\$ 3,914,505	\$ 817,341	\$ (580,474)	\$ 4,151,372	\$ 215,210

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

As of December 31, 2014, the 2014 Northeast Quadrant OPWC loan is not closed and not all monies available have been borrowed. In the schedule below, the OPWC loan future debt service amounts are based upon total permissible borrowings for the 2014 Northeast Quadrant loan which exceeded the amount actually borrowed by year-end by \$493,760. Annual debt service requirements to maturity for business-type long-term obligations are:

Year Ending December 31,	Business-type Activities								
	Water General Obligation Bonds		Sewer General Obligation Bonds		Sewer OPWC Loans		Water OPWC Loans		Total
	Principal	Interest	Principal	Interest	Principal	Principal	Principal	Interest	
2015	\$ 50,850	\$ 37,686	\$ 41,000	\$ 20,805	\$ 28,712	\$ 92,700	\$ 213,262	\$ 58,491	
2016	52,550	36,324	41,000	18,803	29,696	95,900	219,146	55,127	
2017	55,500	33,703	45,000	16,730	29,696	95,899	226,095	50,433	
2018	57,100	31,955	44,000	14,468	29,696	95,899	226,695	46,423	
2019	59,100	30,164	47,000	12,284	29,697	95,900	231,697	42,448	
2020 - 2024	324,450	122,079	261,000	43,601	148,482	479,499	1,213,431	165,680	
2025 - 2029	373,400	60,499	181,000	9,615	53,582	479,498	1,087,480	70,114	
2030 - 2034	79,900	3,196	-	-	29,857	479,499	589,256	3,196	
2035 - 2039	-	-	-	-	25,917	433,766	459,683	-	
2040 - 2041	-	-	-	-	9,972	141,474	151,446	-	
Totals	<u>\$ 1,052,850</u>	<u>\$ 355,606</u>	<u>\$ 660,000</u>	<u>\$ 136,306</u>	<u>\$ 415,307</u>	<u>\$ 2,490,034</u>	<u>\$ 4,618,191</u>	<u>\$ 491,912</u>	

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

		Restated Balance		<u>Retired</u>	<u>Balance</u> <u>12/31/14</u>	<u>Due Within One Year</u>
		<u>12/31/13</u>	<u>Issued</u>			
<u>Governmental Activities</u>						
<u>General Obligation Bonds</u>						
Series 2008 Various Purpose						
Refunding Bonds, \$6,582,500	3.0% - 4.0%	\$ 4,191,100	\$ -	\$ (422,100)	\$ 3,769,000	\$ 444,900
Premium on Refunding Bonds		43,082	-	(3,077)	40,005	-
Series 2008 Jeffrey Mansion						
Improvement Bonds, \$1,330,000	3.0% - 4.0%	1,035,000	-	(60,000)	975,000	60,000
Series 2009 Capital Facilities						
Bonds, \$7,400,000	2.5% - 5.0%	5,910,000	-	(300,000)	5,610,000	305,000
Premium on Bonds		165,586		(11,039)	154,547	-
Series 2010 General Obligation						
Bonds, \$5,706,250	2.0% - 4.0%	5,046,400		(228,250)	4,818,150	228,250
Premium on Bonds		34,935		(2,184)	32,751	-
Series 2013 Capital Facilities						
Bonds \$1,400,000	2.90%	1,400,000			1,400,000	250,000
Series 2014 Various Purpose						
Construction Bonds, \$2,625,000	1.5% - 4.0%	-	2,625,000	-	2,625,000	100,000
Premium on Bonds		-	67,862	(1,931)	65,931	-
Total General Obligation Bonds		17,826,103	2,692,862	(1,028,581)	19,490,384	1,388,150
<u>Revenue Bonds</u>						
Series 2013 Nontax Revenue Bonds	4.50%	1,150,000	-	-	1,150,000	70,000
<u>Ohio Public Works Commission (OPWC) Loans:</u>						
2006 North Cassady Avenue						
Reconstruction, \$1,496,936	0.00%	1,064,600	-	(82,689)	981,911	74,847
2008 Maryland Avenue						
Reconstruction	0.00%	515,763	-	(44,848)	470,915	44,849
2012 College and South						
Cassady Improvement, \$1,906,666	0.00%	1,850,787	55,879	(68,095)	1,838,571	68,095
2012 East Main						
Improvements, \$162,417	0.00%	103,281	59,136	-	162,417	68,095
2014 Northeast Quadrant						
Improvement, \$987,397	0.00%	-	599,442	-	599,442	36,570
Total OPWC Loans		3,534,431	714,457	(195,632)	4,053,256	292,456
Ohio Police and Fire Pension		332,733	-	(9,754)	322,979	10,173
Compensated Absences		317,173	45,061	(2,152)	360,082	26,036
Total Governmental Activities		\$ 23,160,440	\$ 3,452,380	\$ (1,236,119)	\$ 25,376,701	\$ 1,786,815

The City's overall legal debt margin was \$33,100,596, with an unvoted debt margin of \$27,211,901 at December 31, 2014.

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

As of December 31, 2014, the 2014 Northeast Quadrant OPWC loan is not closed and not all monies available have been borrowed. In the schedule below, the OPWC loan future debt service amounts are based upon total permissible borrowings for the 2014 Northeast Quadrant which exceeds the amount actually borrowed by year-end by \$387,955. Annual debt service requirements to maturity for governmental long-term obligations are:

Year Ending December 31,	Governmental Activities							
	General Obligation Bonds		Ohio Police and Fire Pension Liability		OPWC Loans		Total	
Principal	Interest	Principal	Interest	Principal	Principal	Principal	Interest	
2015	\$ 1,458,150	\$ 896,011	\$ 10,173	\$ 13,620	\$ 224,361	\$ 1,692,684	\$ 909,631	
2016	1,326,450	755,874	10,610	13,183	232,482	1,569,542	769,057	
2017	1,404,500	705,316	11,066	12,727	232,482	1,648,048	718,043	
2018	1,428,900	655,858	11,541	12,252	232,482	1,672,923	668,110	
2019	1,158,900	615,079	12,037	11,756	232,482	1,403,419	626,835	
2020 - 2024	6,924,550	2,356,055	68,397	50,566	1,162,409	8,155,356	2,406,621	
2025 - 2029	5,395,600	885,875	84,401	34,560	819,794	6,299,795	920,435	
2030 - 2034	1,250,100	108,629	104,153	14,810	563,930	1,918,183	123,439	
2035 - 2039	-	-	10,601	225	531,455	542,056	225	
2040 - 2042	-	-	-	-	209,334	209,334	-	
Totals	<u>\$ 20,347,150</u>	<u>\$ 6,978,697</u>	<u>\$ 322,979</u>	<u>\$ 163,699</u>	<u>\$ 4,441,211</u>	<u>\$ 25,111,340</u>	<u>\$ 7,142,396</u>	

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

On April 30, 2008, the City issued \$7,600,000 in general obligation bonds for the purpose of advance refunding the 1998 Various Purpose Capital Improvement Bonds, the Main Street Storm Sewer Bond Anticipation Note and the Swimming Pool Bond Anticipation Note. Of this amount, \$1,017,500 was an obligation of the business-type activities and \$6,582,500 was an obligation of the governmental activities. The bonds are serial bonds and were issued for a 19 year period with final maturity in December 2027. The bonds are subject to prior redemption on or after June 1, 2018, by and at the sole option of the City, either in whole or in part (as selected by the City) on any date and in integral multiples of \$5,000, at par, plus accrued interest to the redemption date. Principal and interest is paid from the Bond Retirement Fund and the water and Sewer Enterprise Funds. The entire amount of the refunded bonds was repaid, leaving no balance still outstanding on the original debt.

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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

On June 24, 2010, the City issued \$6,875,000 in General Obligation Bonds for the purpose of improving municipal streets by reconstructing, resurfacing, repairing, and improving the same as well as related sidewalks and water improvements (2.0 - 4.0 percent). Principal and interest is paid from the Bond Retirement Fund and the Water Enterprise Fund with final maturity in 2030.

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

On October 18, 2013, the City issued \$1,150,000 in Taxable Special Obligation Nontax Revenue Bonds, Series 2013 for the purpose of paying the costs of acquiring approximately one acre of real property and the improvements located thereupon which real property is generally located at the intersection of East Main Street and College Avenue, all in support of economic development and creating or preserving jobs and employment opportunities and improving the economic welfare of the people of the City. The bonds bear an interest rate of 4.5%. The Series 2013 Nontax Revenue Bonds are payable solely from non-tax revenues and are payable through December 1, 2013. No principal or interest payments were made during 2014 on the bonds. The total principal and interest remaining to be paid on the bonds is \$1,590,919. The bonds will be retired from the Economic Development Bond Service Fund.

On May 22, 2014, the City issued \$2,625,000 in various purpose bonds to finance improvements and renovations to the new city hall facility (\$790,000) and for the constructing a new service garage (\$1,835,000). The bonds bear interest rates ranging from 1.50%-4.00% and mature on December 1, 2034. The bonds will be retired from the Bond Retirement Fund. As of December 31, 2014, the City had \$2,089,477 of unspent bond proceeds remaining on the issue.

Ohio Public Works Commission (OPWC) Loans

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

In 2006, the City received loan proceeds from OPWC for the reconstruction of North Cassady Avenue. This is a zero percent interest general obligation loan. Principal payments are due semi-annually and are paid from the Street Maintenance and Repair Fund (a nonmajor governmental fund) with final maturity in 2028.

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

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

In 2009, the City received loan proceeds from OPWC for the Sheridan Avenue/Francis Avenue Water Project. This is a zero percent interest general obligation loan. Principal payments are due semi-annually and will be paid from the Water Enterprise Fund with final maturity in 2038.

In 2013 and 2014, the City received general obligation loan proceeds from OPWC for the improvement of East Main Street. This is a zero percent interest general obligation loan. The City may borrow up to \$470,376 and at December 31, 2014, the City had outstanding borrowings of \$246,086. The final loan amount has not been finalized as of December 31, 2014. Principal payments will be due semi-annually and will be paid from the Bond Retirement Fund, the Water Enterprise Fund and the Sewer Enterprise Fund with final maturity in 2042.

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

In 2014, the City received loan proceeds from OPWC for Northeast Quadrant street improvements, water projects and sewer projects. This is a zero percent interest general obligation loan. Principal payments are due semi-annually and will be 44% from the Bond Retirement Fund, 50% from the Water Enterprise Fund, and 6% from the Sewer Enterprise Fund. The City may borrow up to \$2,244,086 and at December 31, 2014, the City had outstanding borrowings of \$1,362,371. The final loan amount has not been finalized as of December 31, 2014. Principal payments will be due semi-annually and will be paid 44% from the Bond Retirement Fund, 50% from the Water Enterprise Fund, and 6% from the Sewer Enterprise Fund. No principal payments were made in 2014. The final scheduled maturity of the loan is 2041. As stated above, the schedule of future debt service payments presented reflects final amortization of the total permissible borrowings (\$2,244,086); however, this amount may be adjusted based upon how much of that total the City actually borrows when the loan is closed.

Ohio Police and Fire Pension Liability

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

Compensated Absences

Compensated absences will be paid from the General Fund, street maintenance and repair fund (a nonmajor governmental fund), and Water and s. See Note 11 for detail on compensated absences.

NOTE 11 - EMPLOYEE BENEFITS

Compensated Absences

Vacation leave is earned at rates which vary depending upon length of service. For 2014, all employees may carry over 40 hours of vacation leave per year with the mayor's approval. City employees are paid for earned, unused vacation leave at the time of termination of employment.

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 11 - EMPLOYEE BENEFITS - (Continued)

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

Health Care Benefits

During 2014, the City provided its employees group health and prescription drug insurance through Medical Mutual. Life, dental, and vision insurance is provided through Standard Insurance, Delta Dental, and VSP, respectively.

Deferred Compensation

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

NOTE 12 - PENSION PLANS

A. Ohio Public Employees Retirement System

Plan Description - The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014, member and employer contribution rates were consistent across all three plans. The 2014 member contribution rates were 10.00% for members. The City's contribution rate for 2014 was 14.00% of covered payroll.

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 12 - PENSION PLANS - (Continued)

A. Ohio Public Employees Retirement System (Continued)

The City's contribution rate for pension benefits for members in the Traditional Plan and Combined Plan for 2014 was 12.00%. The City's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2014, 2013, and 2012 were \$375,505, \$383,010, and \$300,381, respectively; 82.48% has been contributed for 2014 and 100% has been contributed for 2013 and 2012. The remaining 2014 pension liability has been reported as due to other governments on the basic financial statements. Contributions to the Member-Directed Plan for 2014 were \$21,205 made by the City and \$15,147 made by the plan members.

B. Ohio Police and Fire Pension Fund

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

Funding Policy - From January 1, 2014 through July 1, 2014, plan members were required to contribute 10.75% of their annual covered salary. From July 2, 2014 through December 31, 2014, plan members were required to contribute 11.50% of their annual covered salary. Throughout 2014, the City was required to contribute 19.50% for police officers. Contribution rates are established by State statute.

For 2014, the portion of the City's contributions to fund pension obligations was 19.00% for police officers. The City's required contributions for pension obligations to OP&F for police officers for the fiscal years ended December 31, 2014, 2013 and 2012 were \$505,343, \$432,563, and \$227,724, respectively. 100% has been contributed for 2014, 2013 and 2012.

NOTE 13 - POST-EMPLOYMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

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

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 13 - POST-EMPLOYMENT BENEFIT PLANS - (Continued)

A. Ohio Public Employees Retirement System (Continued)

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2014, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan and Combined Plan for 2014 was 2.00%.

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

The City's contributions allocated to fund post-employment health care benefits for the years ended December 31, 2014, 2013, and 2012 were \$62,584, \$29,462, and \$120,152, respectively; 82.48% has been contributed for 2014 and 100% has been contributed for 2013 and 2012. The remaining 2014 post-employment health care benefits liability has been reported as due to other governments on the basic financial statements.

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

B. Ohio Police and Fire Pension Fund

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

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

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 13 - POST-EMPLOYMENT BENEFIT PLANS - (Continued)

B. Ohio Police and Fire Pension Fund (Continued)

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

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

Funding Policy - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F (defined benefit pension plan). Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50% of covered payroll for police employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units. Active members do not make contributions to the OPEB Plan.

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2014, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's contributions to OP&F which were allocated to fund post-employment healthcare benefits for police officers for the fiscal years ended December 31, 2014, 2013 and 2012 were \$13,299, \$98,496 and \$120,560, respectively. 100% has been contributed for 2014, 2013 and 2012.

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 14 - RISK MANAGEMENT

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

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

NOTE 15 - CONTINGENCIES

A. Litigation

The City is not party to any legal proceedings.

B. Federal and State Grants

For the period January 1, 2014, to December 31, 2014, the City received federal and State grants for specific purposes that are subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would not have a material impact on the financial statements.

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the General Fund, Police Pension Fund and Road and Sidewalks Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

- (e) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (f) Some funds are included in the General Fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance

	General	Roads and Sidewalks
Budget basis	\$ (811,150)	\$ (702,242)
Net adjustment for revenue accruals	372,520	(183,509)
Net adjustment for expenditure accruals	(353,468)	-
Net adjustment for other sources/uses	(12,700)	-
Funds budgeted elsewhere	3,016	-
Adjustment for encumbrances	1,312,254	596,518
* GAAP basis	<u>\$ 510,472</u>	<u>\$ (289,233)</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the General Fund on a GAAP basis. This includes the recreation fund, swimming pool fund, community events fund, and Maryanna Holbrook Scholarship fund.

NOTE 17 - OTHER COMMITMENTS

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

Fund	Year-End Encumbrances
General fund	\$ 949,869
Roads and sidewalks	411,054
Nonmajor governmental	814,097
Total	<u>\$ 2,175,020</u>

**CITY OF BEXLEY, OHIO
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014
(Continued)**

NOTE 18 - FUND BALANCE

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

Fund balance	General	Roads and Sidewalks	Nonmajor	Total
			Governmental Funds	Governmental Funds
Nonspendable:				
Materials and supplies inventory	\$ 5,987	\$ -	\$ 30,150	\$ 36,137
Unclaimed monies	9,844	-	-	9,844
Total nonspendable	15,831	-	30,150	45,981
Restricted:				
Police programs	-	-	19,812	19,812
Streets and transportation	-	1,155,013	818,335	1,973,348
Capital improvements	-	-	1,468	1,468
Other purposes	-	-	21,300	21,300
Total restricted	-	1,155,013	860,915	2,015,928
Committed:				
Community environment	-	-	12,739	12,739
Leisure time activity	-	-	1,208	1,208
Total committed	-	-	13,947	13,947
Assigned:				
Debt service	-	-	347,753	347,753
Capital improvements	816,126	-	866,215	1,682,341
General government	76,573	-	-	76,573
Security of persons and property	21,283	-	-	21,283
Community environment	5,184	-	-	5,184
Leisure time activity	712,064	-	-	712,064
Other purposes	699	-	-	699
Subsequent year appropriations	330,550	-	-	330,550
Total assigned	1,962,479	-	1,213,968	3,176,447
Unassigned (deficit)	3,649,392	-	(75,143)	3,574,249
Total fund balances	\$ 5,627,702	\$ 1,155,013	\$ 2,043,837	\$ 8,826,552

NOTE 19 – SIGNIFICANT SUBSEQUENT EVENT

On April 27, 2015, the City issued \$5,190,000 in general obligation bonds (consisting of serial and term bonds) to advance refund a portion of the Series 2008 Various Purpose Refunding Bonds (\$1,825,000) and to advance refund a portion of the Series 2009 Capital Facilities Bonds (\$3,365,000). The serial bonds bear interest rates ranging from 2.00% - 4.00% and mature on December 1, 2016 – December 1, 2025. The term bonds bear and interest rate of 4.00% and mature on December 1, 2028.



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

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

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Bexley, Franklin County, Ohio (the City) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated October 16, 2015.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2014-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

City of Bexley
Franklin County
Independent Auditor's Report on Internal Control Over Financial Reporting and
on Compliance and Other Matters Required by *Government Auditing Standards*
Page 2

City's Response to Findings

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

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

October 16, 2015

**CITY OF BEXLEY
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014**

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

Finding Number	2014-001
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Financial Reporting – Material Weakness

Sound financial reporting is the responsibility of the City's Finance Director and City Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following audit adjustments were not quantitatively material to the December 31, 2014 financial statements, however they are qualitatively material and were adjusted on the financial statements and, where applicable, to the City's accounting records:

1. Understatement of Loan Proceeds and Capital Outlay Expenses and overstatement of Intergovernmental Revenues for \$89,600 for Other Governmental Funds and for \$59,136 in long term debt in the Governmental Activities due to booking loan proceeds improperly as intergovernmental revenues.
2. Understatement of Long-term Liabilities and Contract Services Expenses, within Water Fund by \$23,296, within Sewer Fund by \$7,168 and within Business Type Activities by \$30,464 due to not recording loan proceeds and capital outlay for on half payments made by the Ohio Public Works Commission.
3. Reclassification of Long Term Liabilities Due within One Year as Long Term Liabilities Due More than One Year for \$62,725 for the Sewer Fund and Business Type Activities due to improper journal entry processing.

The following audit adjustments were not material to the City's December 31, 2014 financial statements and were not made to the City's accounting records:

1. Understatement of General Fund and Governmental Activities Income Tax Revenues and Other Expenses by \$200,000. Income tax settlement to record the income taxes received and subsequent payments to corporations as part of a prior year tax settlement claim.
2. Understatement of Net Investment of Capital Assets and overstatement of Unrestricted Net Position within Governmental Activities for \$217,229 due to improper calculation of premiums on debt included in the investment of capital assets equity calculation.
3. Overstatement of Accounts Receivable and Charges for Services in Sewer Fund and Business Type Activities by \$9,756 and an understatement of Accounts Receivable and Charges for Services in Water Fund and Business Type Activities by \$22,295. due to calculating the receivable based on inaccurate revenue reports.
4. Reclassification of \$45,025 of General Fund and Governmental Activities Intergovernmental Revenues to General Fund Contributions & Donations receipts due to booking private organization donations as intergovernmental receipts.

Lack or failure of controls in place over the posting of financial transactions and financial reporting can result in errors that may go undetected and decreases the reliability of financial data throughout the year.

CITY OF BEXLEY
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2014

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

Finding Number	2014-001 (Continued)
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Financial Reporting – Material Weakness (Continued)

Official Response: The City would like to note that none of the adjustments proposed by our auditor's effect the cash balances of the City or the fund cash balances utilized by the City to account for activity. They all relate to presentation of the City's financials in accordance with GAAP. Four of the entries are "gross up" or "reclassification" entries which have no effect on fund balances or net position. As stated above the remaining three adjustments were "not quantitatively material" to the financial statements; however they are qualitatively material and the City elected in conjunction with the auditors to make the adjustment to make the financial reports more accurate. The effect on the fund balance/net position as originally reported was 1.5% at the most and 0.3% at the least. The City has implemented procedures to strengthen internal controls related to the above adjustments including involvement of the City Engineer as to proper allocation of OPWC loan proceeds and grant revenues.

**CITY OF BEXLEY
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2014**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2013-001	Financial Reporting - recommendation due to adjustments required to be made to the financial statements.	No	Not corrected – Reissued at Finding 2014-001

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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.

A handwritten signature in cursive script that reads "Susan Babbitt".

CLERK OF THE BUREAU

CERTIFIED
NOVEMBER 12, 2015