

**CITY OF BEXLEY
FRANKLIN COUNTY, OHIO**
BASIC FINANCIAL STATEMENTS
(AUDITED)

FOR THE YEAR ENDED
DECEMBER 31, 2018



88 East Broad Street
Columbus, Ohio 43215
IPARreport@ohioauditor.gov
(800) 282-0370

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

We have reviewed the *Independent Auditor's Report* of the City of Bexley, Franklin County, prepared by Julian & Grube, Inc., for the audit period January 1, 2018 through December 31, 2018. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

September 5, 2019

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**CITY OF BEXLEY
FRANKLIN COUNTY, OHIO**

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Julian & Grube, Inc.

Serving Ohio Local Governments

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

Independent Auditor's Report

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

To the Members of Council and Mayor:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bexley, Franklin County, Ohio, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Bexley's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bexley, Franklin County, Ohio, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Roads and Sidewalks funds thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2018, the City of Bexley adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2019, on our consideration of the City of Bexley's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bexley's internal control over financial reporting and compliance.



Julian & Grube, Inc.
June 24, 2019

CITY OF BEXLEY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

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, 2018. 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 2018 are as follows:

- The total net position of the City increased \$1,872,181 over the prior year as restated. Net position of governmental activities increased \$1,024,345 or 6.06% from 2017's restated net position and net position of business-type activities increased \$847,836 or 6.17% over 2017's restated net position.
- General revenues accounted for \$15,931,438 or 75.79% of total governmental activities revenues. Program specific revenues accounted for \$5,088,101 or 24.21% of total governmental activities revenue.
- The City had \$19,995,194 in expenses related to governmental activities; \$5,088,101 of these expenses was offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes, municipal income taxes and unrestricted grants and entitlements) of \$15,931,438 were adequate to offset the remaining expenses of the governmental activities of \$14,907,093.
- The general fund had revenues and other financing sources of \$16,562,240 in 2018. This represents an increase of \$324,292 from 2017. The expenditures and other financing uses of the general fund, which totaled \$17,214,161 in 2018, increased \$2,076,066 from 2017. The net decrease in fund balance for the general fund was \$651,921 or 10.03%.
- The roads and sidewalks fund had \$1,260,714 in revenues and other financing sources and \$1,195,097 in expenditures and other financing uses in 2018. The net increase in fund balance for the roads and sidewalks fund was \$65,617 or 27.07%.
- The bond retirement fund had \$2,112,579 in other financing sources and \$2,205,714 in expenditures in 2018. The net decrease in fund balance for the bond retirement fund was \$93,135 or 18.96%.
- Net position for the business-type activities, which are composed of the water, sewer, and refuse enterprise operations, increased in 2018 by \$847,836 over the prior year as restated.
- The water enterprise fund had operating revenues of \$2,640,120 and operating expenses of \$2,625,454. The water fund additionally had \$32,745 in non-operating expenses, and capital contributions of \$446,506. The net position of the water fund increased \$428,427 or 7.03% during 2018.
- The sewer enterprise fund had operating revenues of \$2,659,319 and operating expenses of \$2,377,378. The sewer fund had \$19,537 in non-operating expenses, and capital contributions of \$60,888. The net position of the sewer fund increased \$323,292 or 5.08% during 2018.
- The refuse enterprise fund had operating revenues of \$1,281,140 and operating expenses of \$1,185,023. The net position of the refuse fund increased \$96,117 or 7.50% during 2018.

CITY OF BEXLEY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

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 2018?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting, similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

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

CITY OF BEXLEY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

Governmental Funds

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

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

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

Proprietary Funds

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

Fiduciary Funds

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

CITY OF BEXLEY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 33 through 92 of this report.

Required Supplementary Information (RSI)

The RSI contains information regarding the City's proportionate share of the Ohio Public Employees Retirement System's (OPERS) and Ohio Police and Fire Retirement System (OP&F) net pension liability and the City's schedule of contributions to OPERS and OP&F. The RSI can be found on pages 94-107 of this report.

Government-Wide Financial Analysis

The statement of net position provides the perspective of the City as a whole. The table below provides a summary of the City's net position at December 31, 2018 compared to 2017. The net position at December 31, 2017 has been restated as described in Note 3.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2018	Restated 2017	2018	Restated 2017	2018	Restated 2017
Assets						
Current and other assets	\$ 16,338,201	\$ 15,277,684	\$ 7,582,708	\$ 7,279,326	\$ 23,920,909	\$ 22,557,010
Capital assets, net	<u>43,971,269</u>	<u>42,544,181</u>	<u>15,428,762</u>	<u>12,939,278</u>	<u>59,400,031</u>	<u>55,483,459</u>
Total assets	<u>60,309,470</u>	<u>57,821,865</u>	<u>23,011,470</u>	<u>20,218,604</u>	<u>83,320,940</u>	<u>78,040,469</u>
Deferred outflows of resources	<u>4,514,359</u>	<u>4,357,144</u>	<u>297,355</u>	<u>413,438</u>	<u>4,811,714</u>	<u>4,770,582</u>
Liabilities						
Current and other liabilities	955,187	992,789	986,904	943,741	1,942,091	1,936,530
Long-term liabilities:						
Due within one year	1,427,230	1,810,565	259,046	242,686	1,686,276	2,053,251
Due in more than one year	<u>39,426,295</u>	<u>40,083,965</u>	<u>7,280,464</u>	<u>5,693,830</u>	<u>46,706,759</u>	<u>45,777,795</u>
Total liabilities	<u>41,808,712</u>	<u>42,887,319</u>	<u>8,526,414</u>	<u>6,880,257</u>	<u>50,335,126</u>	<u>49,767,576</u>
Deferred inflows of resources	<u>5,094,402</u>	<u>2,395,320</u>	<u>199,742</u>	<u>16,952</u>	<u>5,294,144</u>	<u>2,412,272</u>
Net Position						
Net investment in capital assets	25,179,823	22,105,187	8,776,421	8,131,336	33,956,244	30,236,523
Restricted for:						
Capital projects	246,702	11,579	-	-	246,702	11,579
Transportation	430,427	736,666	-	-	430,427	736,666
Police programs	23,370	22,770	-	-	23,370	22,770
Main Street improvements	185,806	138,762	-	-	185,806	138,762
Other purposes	13,940	15,513	-	-	13,940	15,513
Unrestricted	<u>(8,159,353)</u>	<u>(6,134,107)</u>	<u>5,806,248</u>	<u>5,603,497</u>	<u>(2,353,105)</u>	<u>(530,610)</u>
Total net position	<u>\$ 17,920,715</u>	<u>\$ 16,896,370</u>	<u>\$ 14,582,669</u>	<u>\$ 13,734,833</u>	<u>\$ 32,503,384</u>	<u>\$ 30,631,203</u>

CITY OF BEXLEY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For 2018, the City adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability or net OPEB liability. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the City's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

CITY OF BEXLEY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, from \$24,756,466 to \$16,896,370 for governmental activities and \$14,030,296 to \$13,734,833 for business-type activities.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2018, the City's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$32,503,384. At year-end, net position was \$17,920,715 and \$14,582,669 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 71.29% 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, 2018, was \$25,179,823 and \$8,776,421 in the governmental activities and business-type activities, respectively. Capital assets are used to provide services to the City's citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position, \$900,245, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position in the governmental activities is a deficit balance of \$8,159,353 and a positive balance of \$5,806,248 in the business-type activities.

Current and other assets increased 6.05% from the prior year primarily in the area of property tax receivable due to the passage of a 3.5 mil tax levy for improvements. Capital assets increased as additions exceeded depreciation expense. During 2018, the City completed the East Broad Street Improvement project, continued the South Roosevelt Avenue and Ashbourne Area Improvements project, and began the South Roosevelt and South Stanwood improvement project as well as the East Main Street environmental cleanup project.

The City's net pension liability decreased from the prior year. This decrease was partially offset by OPWC loan issuances and an increase in the net OPEB liability. Overall, the City's long-term liabilities increased \$561,989 from 2017 as restated.

CITY OF BEXLEY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

The table below shows the comparative analysis of changes in net position for 2018 compared to 2017. The net position at December 31, 2017 has been restated as described in Note 3.

	Change in Net Position					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2018</u>	<u>Restated 2017</u>	<u>2018</u>	<u>Restated 2017</u>	<u>2018</u>	<u>Restated 2017</u>
Revenues:						
Program revenues:						
Charges for services	\$ 2,620,107	\$ 2,411,091	\$ 6,577,417	\$ 6,530,588	\$ 9,197,524	\$ 8,941,679
Operating grants and contributions	725,953	666,741	-	-	725,953	666,741
Capital grants and contributions	<u>1,742,041</u>	<u>1,256,873</u>	<u>507,394</u>	<u>914,567</u>	<u>2,249,435</u>	<u>2,171,440</u>
Total program revenues	<u>5,088,101</u>	<u>4,334,705</u>	<u>7,084,811</u>	<u>7,445,155</u>	<u>12,172,912</u>	<u>11,779,860</u>
General revenues:						
Property taxes	1,982,565	1,861,916	-	-	1,982,565	1,861,916
Income taxes	11,895,467	12,227,054	-	-	11,895,467	12,227,054
Revenue in lieu of taxes	268,230	243,737	-	-	268,230	243,737
Other local taxes	185,691	195,959	-	-	185,691	195,959
Grants and entitlements	1,181,870	741,056	-	-	1,181,870	741,056
Investment earnings	204,835	117,643	-	-	204,835	117,643
Net (decrease)						
in FMV of investments	(82,672)	(33,482)	-	-	(82,672)	(33,482)
Other	<u>295,452</u>	<u>102,404</u>	<u>3,162</u>	<u>2,112</u>	<u>298,614</u>	<u>104,516</u>
Total general revenues	<u>15,931,438</u>	<u>15,456,287</u>	<u>3,162</u>	<u>2,112</u>	<u>15,934,600</u>	<u>15,458,399</u>
General government	4,612,075	3,750,968	-	-	4,612,075	3,750,968
Security of persons and property	9,344,505	8,124,740	-	-	9,344,505	8,124,740
Public health and welfare	115,594	109,300	-	-	115,594	109,300
Transportation	2,325,622	2,412,938	-	-	2,325,622	2,412,938
Community environment	821	822	-	-	821	822
Leisure time activity	2,995,587	2,729,675	-	-	2,995,587	2,729,675
Interest and fiscal charges	585,025	608,506	-	-	585,025	608,506
Other	15,965	14,214	-	-	15,965	14,214
Water	-	-	2,658,199	2,484,226	2,658,199	2,484,226
Sewer	-	-	2,396,915	2,548,306	2,396,915	2,548,306
Refuse	-	-	1,185,023	1,171,586	1,185,023	1,171,586
Total expenses	<u>19,995,194</u>	<u>17,751,163</u>	<u>6,240,137</u>	<u>6,204,118</u>	<u>26,235,331</u>	<u>23,955,281</u>
Change in net position	1,024,345	2,039,829	847,836	1,243,149	1,872,181	3,282,978
Net position at beginning of year (restated)	<u>16,896,370</u>	N/A	<u>13,734,833</u>	N/A	<u>30,631,203</u>	N/A
Net position at end of year	<u>\$ 17,920,715</u>	<u>\$ 16,896,370</u>	<u>\$ 14,582,669</u>	<u>\$ 13,734,833</u>	<u>\$ 32,503,384</u>	<u>\$ 30,631,203</u>

CITY OF BEXLEY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$57,866 and \$5,679 computed under GASB 45 for governmental activities and business-type activities, respectively. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of \$890,161 and \$23,558 for governmental and business-type activities, respectively.

Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

	Governmental Activities	Business-Type Activities
Total 2018 program expenses under GASB 75	\$ 19,995,194	\$ 6,240,137
OPEB expense under GASB 75	(890,161)	(23,558)
2018 contractually required contributions	24,632	1,086
Adjusted 2018 program expenses	19,129,665	6,217,665
Total 2017 program expenses under GASB 45	17,751,163	6,204,118
Increase (decrease) in program expenses not related to OPEB	\$ 1,378,502	\$ 13,547

Governmental Activities

The net position of the governmental activities increased \$1,024,345 in 2018.

General government expenses totaled \$4,612,075 and were partially funded by \$406,669 in direct charges to consumers of City services. General government expenses increased \$861,107 or 22.96% from 2017 primarily due to an increase in the development and City garage departments.

Security of persons and property, which includes police department operations, accounted for \$9,344,505 or 46.73% of the total expenses of the City's governmental activities. Security of persons and property expenses were partially funded by \$74,226 in direct charges to users of the services. Security of persons and property expenses increased 15.01% due to increasing benefit costs associated with police operations.

Transportation expenses totaled \$2,325,622 and were funded by operating grants and contributions of \$677,396 and capital grants and contributions of \$1,742,041. Capital grants and contributions increased due to an increase in OPWC grant funding related to the South Roosevelt and Asbourne improvement project as well as the South Roosevelt and Stanwood improvement project. Transportation expenses decreased 3.62% due primarily to a decrease in street maintenance and repair expenses.

Leisure time activity expenses totaled \$2,995,587 and were partially funded by \$2,136,093 in direct charges to consumers of City services and \$48,557 in operating grants and contributions. Leisure time activity expenses increased 9.74% from the prior year primarily related recreation and swimming pool operations.

The state and federal government contributed to the City a total of \$725,953 in operating grants and contributions and \$1,742,041 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of these totals, \$2,419,437 subsidized transportation programs.

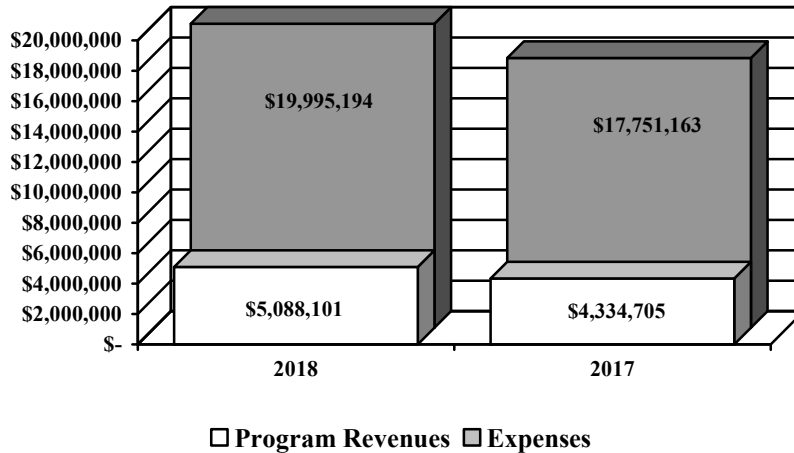
CITY OF BEXLEY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

General revenues totaled \$15,931,438 and amounted to 75.79% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$13,878,032, as well as grants and entitlements not restricted to specific programs, including local government, making up \$1,181,870.

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

Governmental Activities – Program Revenues vs. Total Expenses



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 2018 compared to 2017.

Governmental Activities

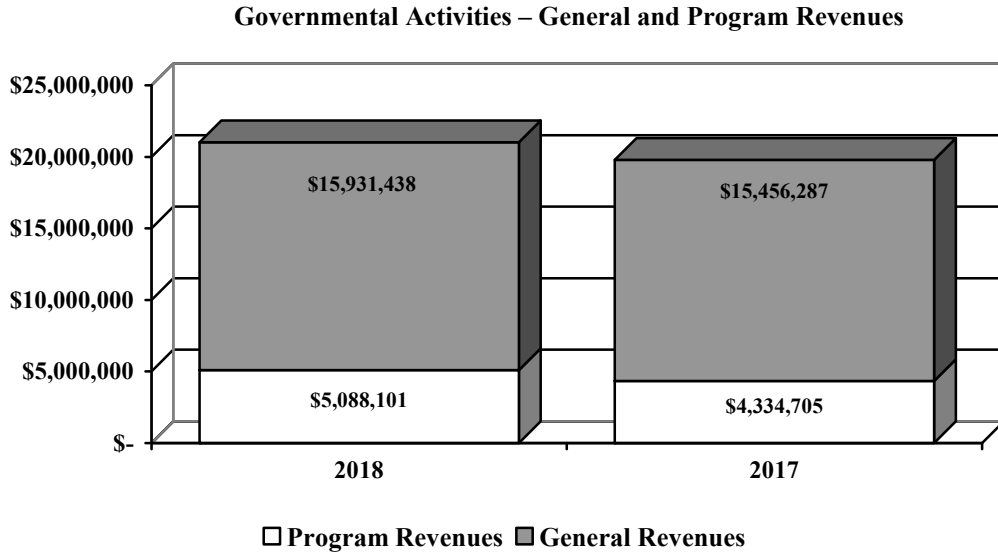
	2018		2017	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Expenses:				
General government	\$ 4,612,075	\$ 4,205,406	\$ 3,750,968	\$ 3,460,042
Security of persons and property	9,344,505	9,270,279	8,124,740	8,053,946
Public health and welfare	115,594	115,594	109,300	109,300
Transportation	2,325,622	(93,815)	2,412,938	534,472
Community environment	821	821	822	822
Leisure time activities	2,995,587	810,937	2,729,675	645,760
Interest and fiscal charges	585,025	585,025	608,506	608,506
Other	15,965	12,846	14,214	3,610
Total Expenses	\$ 19,995,194	\$ 14,907,093	\$ 17,751,163	\$ 13,416,458

The dependence upon general revenues for governmental activities is apparent, as 74.55% of expenses are supported through taxes and other general revenues.

CITY OF BEXLEY, OHIO

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

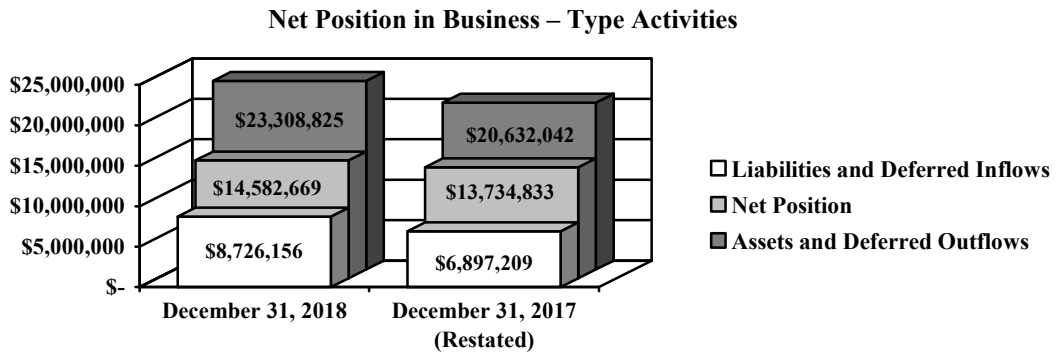
The chart below illustrates the City’s program revenues versus general revenues for 2018 and 2017.



Business-type Activities

Business-type activities include the water, sewer and refuse enterprise funds. These programs had program revenues of \$7,084,811, general revenues of \$3,162, and expenses of \$6,240,137 for 2018.

The graph below shows the business-type activities assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at year-end. The net position at December 31, 2017 has been restated as described in Note 3.



Overall, expenses of the business-type activities increased 0.58% due to an increase in water related contract services. Charges for services revenue increased 0.72% from the prior year due to increased charges for services related to water operation. Capital grants and contributions decreased due to OPWC funding received for the South Roosevelt Avenue and Ashbourne Area Improvements project and the South Roosevelt and Stanwood Improvements project.

CITY OF BEXLEY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018

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.

The City's governmental funds (as presented on the balance sheet on page 22) reported a combined fund balance of \$9,121,026, which is \$509,312 less than last year's total of \$9,630,338. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2018 for all major and nonmajor governmental funds.

	Fund Balance 12/31/18	Fund Balance 12/31/17	Increase (Decrease)
Major funds:			
General	\$ 5,846,872	\$ 6,498,793	\$ (651,921)
Roads and sidewalks	308,049	242,432	65,617
Bond retirement	398,076	491,211	(93,135)
Nonmajor governmental funds	<u>2,568,029</u>	<u>2,397,902</u>	<u>170,127</u>
Total	<u>\$ 9,121,026</u>	<u>\$ 9,630,338</u>	<u>\$ (509,312)</u>

General Fund

The City's general fund balance decreased \$651,921 during 2018. The table that follows assists in illustrating the revenues of the general fund.

	2018 Amount	2017 Amount	Increase/ (Decrease)	Percentage Change
Revenues				
Municipal income taxes	\$ 11,865,776	\$ 12,142,791	\$ (277,015)	(2.28) %
Property and other local taxes	949,638	906,173	43,465	4.80 %
Intergovernmental	720,005	559,175	160,830	28.76 %
Charges for services	1,896,691	1,782,629	114,062	6.40 %
Licenses and permits	369,747	272,302	97,445	35.79 %
Fines and forfeitures	71,653	67,453	4,200	6.23 %
Investment income	195,588	131,424	64,164	48.82 %
Net increase (decrease) in FMV of investments	(82,672)	(33,482)	(49,190)	(146.91) %
Rental income	242,521	266,742	(24,221)	(9.08) %
Contributions and donations	35,057	36,628	(1,571)	(4.29) %
Miscellaneous	<u>295,452</u>	<u>102,404</u>	<u>193,048</u>	188.52 %
Total	<u>\$ 16,559,456</u>	<u>\$ 16,234,239</u>	<u>\$ 325,217</u>	2.00 %

CITY OF BEXLEY, OHIO

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

Revenue of the general fund increased \$325,217 or 2.00%. Tax revenue (income tax, property taxes, and other local taxes) represents 77.39% of all general fund revenue. Income tax revenue decreased \$277,015 from the prior year due to decreased collections by the City. Investment income increased 48.82% from investment income in 2017, due to earnings on the City’s bank and investment accounts. The City received \$170,000 in rental revenue from the CIC in 2017, contributing to a decrease in rental income of 9.08%. Charges for services revenue increased 6.40% from 2017 due to increased fees collected from the Jeffery Mansion programs. Licenses and permits revenue increased 35.79% from 2017 as more building permits were issued during the year. Intergovernmental revenue increased 28.76% due to increased grant funding.

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

	2018 Amount	2017 Amount	Increase/ (Decrease)	Percentage Change
<u>Expenditures</u>				
General government	\$ 4,036,694	\$ 3,119,016	\$ 917,678	29.42 %
Security of persons and property	7,242,707	6,726,599	516,108	7.67 %
Public health and welfare	115,594	109,300	6,294	5.76 %
Leisure time activities	2,384,034	2,193,142	190,892	8.70 %
Other	15,965	14,214	1,751	12.32 %
Capital outlay	353,758	110,747	243,011	219.43 %
Debt service	-	2,168	(2,168)	(100.00) %
Total	\$ 14,148,752	\$ 12,275,186	\$ 1,873,566	15.26 %

General fund expenditures increased \$1,873,566 or 15.26%. General government expenditures increased due to increased spending by the City garage department. Security of persons and property expenditures increased due to increased costs related to police operations. Public health and welfare expenditures increased due to increased contracted services from the Franklin County Health Department. Leisure time activities expenditures increased as additional costs were incurred related to recreation programs. Capital outlay expenditures increased due to an increase in recreational program and police capital outlays. Debt service expenditures decreased as the City paid off its Tomcat scrubber capital lease.

Roads and Sidewalks Fund

The roads and sidewalks fund had \$1,260,714 in revenues and other financing sources and \$1,195,097 in expenditures and other financing uses during 2018. The balance of the roads and sidewalks fund increased \$65,617 during 2018 from a balance of \$242,432 to a balance of \$308,049.

Bond Retirement Fund

The bond retirement fund had \$2,112,579 in other financing sources (transfers in) and \$2,205,714 in expenditures during 2018. The balance of the bond retirement fund decreased \$93,135 during 2018 from a balance of \$491,211 to a balance of \$398,076.

CITY OF BEXLEY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018

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 \$14,383,800 were \$765,981 lower than final budgeted revenues and other financing sources of \$15,149,781 while actual expenditures and other financing uses of \$15,275,564 were \$725,036 less than final budgeted expenditures and other financing uses of \$16,000,600. Budgeted revenues and other financing sources were increased by \$78,392 from the original budget to the final budget, while budgeted expenditures and other financing uses were increased by \$1,240,264.

Proprietary Funds

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

Capital Assets and Debt Administration

Capital Assets

At the end of 2018, the City had \$59,400,031 (net of accumulated depreciation) invested in land, construction in progress, land improvements, buildings and improvements, equipment, vehicles, and infrastructure. Of this total, \$43,971,269 was reported in the governmental activities and \$15,428,762 was reported in business-type activities.

The following table shows December 31, 2018 balances compared to December 31, 2017:

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

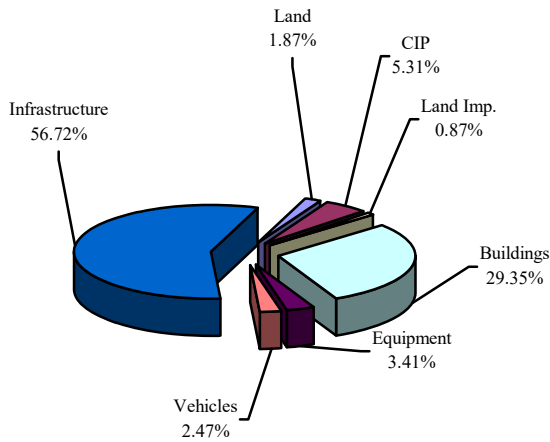
	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 823,893	\$ 823,893	\$ -	\$ -	\$ 823,893	\$ 823,893
Construction in Progress	2,334,422	4,453,746	3,386,280	2,727,443	5,720,702	7,181,189
Land improvements	382,574	420,706	-	-	382,574	420,706
Buildings and improvements	12,905,299	13,418,925	379,875	402,625	13,285,174	13,821,550
Equipment	1,500,614	910,733	117,536	138,098	1,618,150	1,048,831
Vehicles	1,085,304	912,342	235,919	226,030	1,321,223	1,138,372
Infrastructure	24,939,163	21,603,836	11,309,152	9,445,083	36,248,315	31,048,919
Totals	\$ 43,971,269	\$ 42,544,181	\$ 15,428,762	\$ 12,939,279	\$ 59,400,031	\$ 55,483,460

CITY OF BEXLEY, OHIO

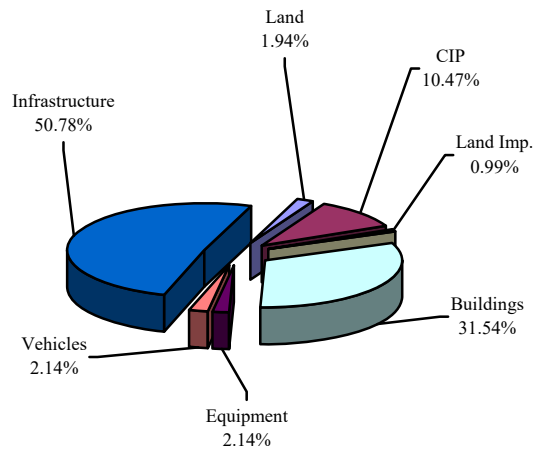
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

The following graphs show the breakdown of governmental capital assets by category for 2018 and 2017.

**Capital Assets - Governmental Activities
December 31, 2018**



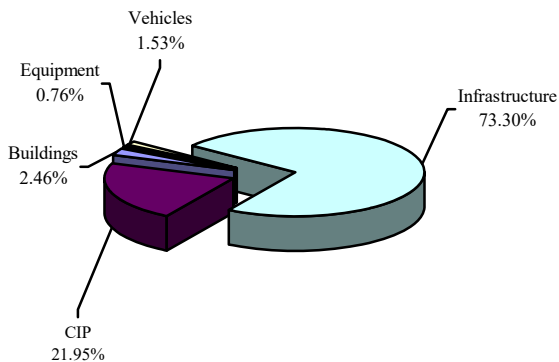
**Capital Assets - Governmental Activities
December 31, 2017**



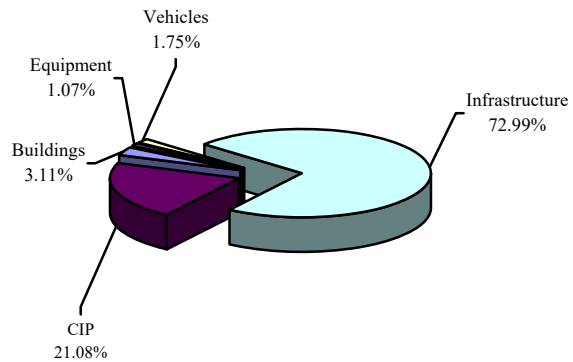
Infrastructure primarily includes roads. These items are immovable and of value only to the City; however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 56.72% of the City's total governmental capital assets.

The following graphs show the breakdown of business-type capital assets by category for 2018 and 2017.

**Capital Assets - Business-Type Activities
December 31, 2018**



**Capital Assets - Business-Type Activities
December 31, 2017**



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 73.30% of the City's total business-type capital assets.

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

CITY OF BEXLEY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018

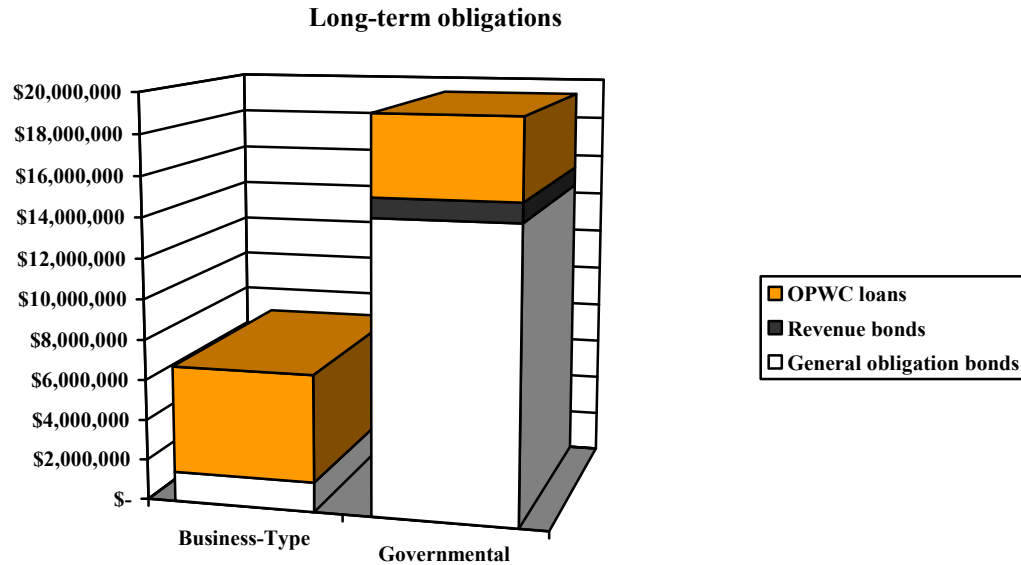
Debt Administration

During 2018, the City issued \$200,143 in OPWC loans in the governmental activities and \$2,136,281 in the business-type activities.

The City had the following long-term obligations outstanding at December 31, 2018 and 2017.

	Governmental Activities		Business-type Activities	
	2018	2017	2018	2017
General obligation bonds	\$ 14,389,851	\$ 15,863,811	\$ 1,467,450	\$ 1,570,350
Revenue bonds	955,000	1,000,000	-	-
OPWC loans	<u>3,896,144</u>	<u>4,055,546</u>	<u>5,290,363</u>	<u>3,356,633</u>
Total long-term obligations	<u>\$ 19,240,995</u>	<u>\$ 20,919,357</u>	<u>\$ 6,757,813</u>	<u>\$ 4,926,983</u>

A comparison of the long-term obligations by category as of December 31, 2018 is depicted in the chart below.



Further detail on the City's long-term obligations can be found in Note 10 to the basic 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 2019 year. For 2019 in the general fund, the City anticipates receipts of \$14,446,091 and disbursements of \$14,293,419. The City had unassigned fund balance in the general fund, on the modified accrual basis of accounting, amounting to \$4,496,575 at December 31, 2018.

CITY OF BEXLEY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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.

CITY OF BEXLEY, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets:				
Equity in pooled cash and investments	\$ 7,676,621	\$ 6,288,954	\$ 13,965,575	\$ 192,107
Cash with fiscal agent	47,556	-	47,556	-
Cash in segregated accounts	9,064	-	9,064	-
Receivables:				
Municipal income taxes	3,979,226	-	3,979,226	-
Property taxes	2,982,041	-	2,982,041	-
Other local taxes	44,804	-	44,804	-
Revenue in lieu of taxes	579,962	-	579,962	-
Accounts	-	1,221,610	1,221,610	29,017
Special assessments	48,582	-	48,582	-
Accrued interest	56,919	-	56,919	-
Due from other governments	873,991	-	873,991	-
Notes	-	62,131	62,131	-
Materials and supplies inventory	38,027	9,850	47,877	-
Other assets	-	-	-	5,095
Net pension asset (see Note 12)	1,408	163	1,571	-
Inventory held for future distribution	-	-	-	288,612
Capital assets:				
Land and construction in progress	3,158,315	3,386,280	6,544,595	1,608,801
Depreciable capital assets, net	40,812,954	12,042,482	52,855,436	888,615
Total capital assets, net	43,971,269	15,428,762	59,400,031	2,497,416
Total assets	60,309,470	23,011,470	83,320,940	3,012,247
Deferred outflows of resources:				
Unamortized deferred charges on debt refunding	485,816	108,218	594,034	-
Pension (see Note 12)	2,749,978	147,974	2,897,952	-
OPEB (see Note 13)	1,278,565	41,163	1,319,728	-
Total deferred outflows of resources	4,514,359	297,355	4,811,714	-
Liabilities:				
Accounts payable	205,993	116,075	322,068	5,005
Contracts payable	36,267	2,746	39,013	-
Accrued wages and benefits payable	292,218	12,511	304,729	-
Vacation balances payable	291,078	18,168	309,246	-
Due to other governments	79,877	832,705	912,582	51,313
Accrued interest payable	49,754	4,699	54,453	-
Long-term liabilities:				
Due within one year	1,427,230	259,046	1,686,276	-
Due in more than one year:				
Net pension liability (see Note 12)	11,523,791	451,748	11,975,539	-
Net OPEB liability (see Note 13)	9,721,627	311,238	10,032,865	-
Other amounts due in more than one year	18,180,877	6,517,478	24,698,355	-
Total liabilities	41,808,712	8,526,414	50,335,126	56,318
Deferred inflows of resources:				
Property taxes levied for next fiscal year	2,924,475	-	2,924,475	-
Revenue in lieu of taxes levied for next fiscal year	579,962	-	579,962	-
Pension (see Note 12)	1,307,402	151,882	1,459,284	-
OPEB (see Note 13)	282,563	47,860	330,423	-
Total deferred inflows of resources	5,094,402	199,742	5,294,144	-
Net position:				
Net investment in capital assets	25,179,823	8,776,421	33,956,244	2,497,416
Restricted for:				
Capital projects	246,702	-	246,702	-
Transportation projects	430,427	-	430,427	-
Police programs	23,370	-	23,370	-
Main Street public improvements	185,806	-	185,806	-
Other purposes	13,940	-	13,940	101,389
Unrestricted	(8,159,353)	5,806,248	(2,353,105)	357,124
Total net position	\$ 17,920,715	\$ 14,582,669	\$ 32,503,384	\$ 2,955,929

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Governmental activities:				
General government.	\$ 4,612,075	\$ 406,669	\$ -	\$ -
Security of persons and property	9,344,505	74,226	-	-
Public health and welfare	115,594	-	-	-
Transportation.	2,325,622	-	677,396	1,742,041
Community environment	821	-	-	-
Leisure time activity.	2,995,587	2,136,093	48,557	-
Other	15,965	3,119	-	-
Interest and fiscal charges.	585,025	-	-	-
Total governmental activities	<u>19,995,194</u>	<u>2,620,107</u>	<u>725,953</u>	<u>1,742,041</u>
Business-type activities:				
Water	2,658,199	2,637,138	-	446,506
Sewer	2,396,915	2,659,319	-	60,888
Refuse	1,185,023	1,280,960	-	-
Total business-type activities.	<u>6,240,137</u>	<u>6,577,417</u>	<u>-</u>	<u>507,394</u>
Total primary government	<u>\$ 26,235,331</u>	<u>\$ 9,197,524</u>	<u>\$ 725,953</u>	<u>\$ 2,249,435</u>
Component unit:				
Bexley Community Improvement Corporation	<u>\$ 384,753</u>	<u>\$ 385,140</u>	<u>\$ -</u>	<u>\$ -</u>

General revenues:

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

Total general revenues

Change in net position.

Net position at beginning of year (restated)

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	Component Unit
\$ (4,205,406)	\$ -	\$ (4,205,406)	\$ -
(9,270,279)	-	(9,270,279)	-
(115,594)	-	(115,594)	-
93,815	-	93,815	-
(821)	-	(821)	-
(810,937)	-	(810,937)	-
(12,846)	-	(12,846)	-
(585,025)	-	(585,025)	-
<u>(14,907,093)</u>	<u>-</u>	<u>(14,907,093)</u>	<u>-</u>
-	425,445	425,445	-
-	323,292	323,292	-
-	95,937	95,937	-
<u>-</u>	<u>844,674</u>	<u>844,674</u>	<u>-</u>
(14,907,093)	844,674	(14,062,419)	-
-	-	-	387
753,950	-	753,950	-
767,401	-	767,401	-
461,214	-	461,214	-
11,895,467	-	11,895,467	-
268,230	-	268,230	-
185,691	-	185,691	-
1,181,870	-	1,181,870	-
204,835	-	204,835	-
(82,672)	-	(82,672)	-
295,452	3,162	298,614	-
<u>15,931,438</u>	<u>3,162</u>	<u>15,934,600</u>	<u>-</u>
1,024,345	847,836	1,872,181	387
<u>16,896,370</u>	<u>13,734,833</u>	<u>30,631,203</u>	<u>2,955,542</u>
<u>\$ 17,920,715</u>	<u>\$ 14,582,669</u>	<u>\$ 32,503,384</u>	<u>\$ 2,955,929</u>

CITY OF BEXLEY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2018

	General	Roads and Sidewalks	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and investments	\$ 4,446,495	\$ 313,132	\$ 398,076	\$ 2,518,918	\$ 7,676,621
Cash with fiscal agent	-	-	-	47,556	47,556
Cash in segregated accounts	8,378	-	-	686	9,064
Receivables:					
Municipal income taxes	3,979,226	-	-	-	3,979,226
Property taxes	504,392	1,998,476	-	479,173	2,982,041
Other local taxes	44,804	-	-	-	44,804
Revenue in lieu of taxes	-	-	-	579,962	579,962
Special assessments	-	-	-	48,582	48,582
Accrued interest	56,919	-	-	-	56,919
Due from other governments	578,560	9,298	-	286,133	873,991
Materials and supplies inventory	6,300	-	-	31,727	38,027
Total assets	<u>\$ 9,625,074</u>	<u>\$ 2,320,906</u>	<u>\$ 398,076</u>	<u>\$ 3,992,737</u>	<u>\$ 16,336,793</u>
Liabilities:					
Accounts payable	\$ 146,869	\$ -	\$ -	\$ 59,124	\$ 205,993
Contracts payable	25,684	5,083	-	5,500	36,267
Accrued wages and benefits payable	278,569	-	-	13,649	292,218
Due to other governments	43,088	-	-	36,789	79,877
Total liabilities	<u>494,210</u>	<u>5,083</u>	<u>-</u>	<u>115,062</u>	<u>614,355</u>
Deferred inflows of resources:					
Property taxes levied for next fiscal year	494,655	1,959,897	-	469,923	2,924,475
Revenue in lieu of taxes levied for next fiscal year	-	-	-	579,962	579,962
Delinquent property tax revenue not available	9,737	38,579	-	9,250	57,566
Income tax revenue not available	2,258,376	-	-	-	2,258,376
Intergovernmental revenue not available	503,292	9,298	-	201,929	714,519
Accrued interest not available	17,932	-	-	-	17,932
Special assessments revenue not available	-	-	-	48,582	48,582
Total deferred inflows of resources	<u>3,283,992</u>	<u>2,007,774</u>	<u>-</u>	<u>1,309,646</u>	<u>6,601,412</u>
Total liabilities and deferred inflows of resources	<u>3,778,202</u>	<u>2,012,857</u>	<u>-</u>	<u>1,424,708</u>	<u>7,215,767</u>
Fund balances:					
Nonspendable	17,791	-	-	31,727	49,518
Restricted	-	308,049	-	1,096,453	1,404,502
Committed	-	-	-	25,339	25,339
Assigned	1,332,506	-	398,076	1,414,510	3,145,092
Unassigned	<u>4,496,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,496,575</u>
Total fund balances	<u>5,846,872</u>	<u>308,049</u>	<u>398,076</u>	<u>2,568,029</u>	<u>9,121,026</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,625,074</u>	<u>\$ 2,320,906</u>	<u>\$ 398,076</u>	<u>\$ 3,992,737</u>	<u>\$ 16,336,793</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2018

Total governmental fund balances		\$	9,121,026
<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.			43,971,269
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.			
Municipal income taxes receivable	\$	2,258,376	
Delinquent property taxes receivable		57,566	
Intergovernmental receivable		714,519	
Special assessments receivable		48,582	
Accrued interest receivable		17,932	
Total			3,096,975
Accrued interest is not due and payable in the current period and therefore is not reported in the governmental funds.			(49,754)
Unamortized deferred amounts on refundings are not recognized in the governmental funds.			485,816
Unamortized premiums on bond issuances are not recognized in the funds.			(737,301)
The net pension asset is not available to pay for current period expenditures; therefore, the asset is not reported in the governmental funds.			1,408
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/ outflows are not reported in the governmental funds:			
Deferred outflows of resources - pension		2,749,978	
Deferred inflows of resources - pension		(1,307,402)	
Net pension liability		(11,523,791)	
Total			(10,081,215)
The net OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/ outflows are not reported in the governmental funds:			
Deferred outflows of resources		1,278,565	
Deferred inflows of resources		(282,563)	
Net OPEB liability		(9,721,627)	
Total			(8,725,625)
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		(367,112)	
Vacation balances payable		(291,078)	
General obligation bonds payable		(13,652,550)	
Revenue bonds payable		(955,000)	
OPWC loans payable		(3,896,144)	
Total			(19,161,884)
Net position of governmental activities		\$	<u>17,920,715</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2018

	General	Roads and Sidewalks	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Municipal income taxes	\$ 11,865,776	\$ -	\$ -	\$ -	\$ 11,865,776
Property taxes	763,947	749,601	-	463,423	1,976,971
Other local taxes	185,691	-	-	-	185,691
Intergovernmental	720,005	106,097	-	2,389,929	3,216,031
Charges for services	1,896,691	-	-	423	1,897,114
Licenses and permits	369,747	-	-	1,973	371,720
Fines and forfeitures	71,653	-	-	2,473	74,126
Special assessments	-	-	-	2,550	2,550
Revenue in lieu of taxes	-	-	-	268,230	268,230
Investment income	195,588	-	-	7,237	202,825
Net decrease in fair value of investments	(82,672)	-	-	-	(82,672)
Rental income	242,521	-	-	-	242,521
Contributions and donations	35,057	-	-	10,750	45,807
Other	295,452	105,016	-	2,750	403,218
Total revenues	<u>16,559,456</u>	<u>960,714</u>	<u>-</u>	<u>3,149,738</u>	<u>20,669,908</u>
Expenditures:					
Current:					
General government	4,036,694	-	-	9,845	4,046,539
Security of persons and property	7,242,707	-	-	601,860	7,844,567
Public health and welfare	115,594	-	-	-	115,594
Transportation	-	8,962	-	792,165	801,127
Leisure time activity	2,384,034	-	-	12,691	2,396,725
Other	15,965	-	-	-	15,965
Capital outlay	353,758	619,571	-	2,782,440	3,755,769
Debt service:					
Principal retirement	-	-	1,651,513	155,132	1,806,645
Interest and fiscal charges	-	-	554,201	45,015	599,216
Total expenditures	<u>14,148,752</u>	<u>628,533</u>	<u>2,205,714</u>	<u>4,399,148</u>	<u>21,382,147</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,410,704</u>	<u>332,181</u>	<u>(2,205,714)</u>	<u>(1,249,410)</u>	<u>(712,239)</u>
Other financing sources (uses):					
Sale of capital assets	2,784	-	-	-	2,784
Loan issuance	-	-	-	200,143	200,143
Transfers in	-	300,000	2,112,579	1,380,059	3,792,638
Transfers (out)	(3,065,409)	(566,564)	-	(160,665)	(3,792,638)
Total other financing sources (uses)	<u>(3,062,625)</u>	<u>(266,564)</u>	<u>2,112,579</u>	<u>1,419,537</u>	<u>202,927</u>
Net change in fund balances	(651,921)	65,617	(93,135)	170,127	(509,312)
Fund balances at beginning of year	<u>6,498,793</u>	<u>242,432</u>	<u>491,211</u>	<u>2,397,902</u>	<u>9,630,338</u>
Fund balances at end of year	<u>\$ 5,846,872</u>	<u>\$ 308,049</u>	<u>\$ 398,076</u>	<u>\$ 2,568,029</u>	<u>\$ 9,121,026</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

Net change in fund balances - total governmental funds		\$ (509,312)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period.		
Capital asset additions	\$ 3,702,555	
Current year depreciation	<u>(2,254,586)</u>	
Total		1,447,969
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals trade-ins, and donations) is to decrease net position.		
		(20,881)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Municipal income taxes	29,691	
Delinquent property taxes	5,594	
Intergovernmental revenues	273,023	
Special assessments	32,076	
Investment income	<u>9,247</u>	
Total		349,631
The issuance of loans are reported as an other financing source in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase the liabilities on the statement of net position.		
		(200,143)
Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments made during the year were:		
Bonds	1,447,100	
OPWC loans	<u>359,545</u>	
Total		1,806,645
In the statement of activities, interest is accrued on outstanding bonds, whereas in the funds, an interest expenditure is reported when due. The following items resulted in more interest being reported on the statement of activities:		
Decrease in accrued interest payable	3,598	
Amortization of deferred amounts on refunding	(61,267)	
Amortization of bond premiums	<u>71,860</u>	
Total		14,191
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,100,242	
OPEB	<u>24,632</u>	
Total		1,124,874
Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(1,998,803)	
OPEB	<u>(890,161)</u>	
Total		(2,888,964)
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	(44,494)	
Increase in compensated absences payable	<u>(55,171)</u>	
Total		(99,665)
Change in net position of governmental activities		<u>\$ 1,024,345</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Municipal income taxes	\$ 12,394,609	\$ 12,459,078	\$ 11,829,140	\$ (629,938)
Property taxes	800,466	804,629	763,947	(40,682)
Other local taxes	196,154	197,174	187,205	(9,969)
Licenses and permits	387,422	389,437	369,747	(19,690)
Fines and forfeitures	73,191	73,572	69,852	(3,720)
Intergovernmental	826,154	830,451	788,463	(41,988)
Investment income	191,904	192,902	183,149	(9,753)
Rental income	178,127	179,053	170,000	(9,053)
Other	20,219	20,325	19,297	(1,028)
Total revenues	<u>15,068,246</u>	<u>15,146,621</u>	<u>14,380,800</u>	<u>(765,821)</u>
Expenditures:				
Current:				
General government	3,207,560	4,279,665	4,017,544	262,121
Security of persons and property	7,660,909	7,116,145	6,818,607	297,538
Public health and welfare	220,186	220,186	115,594	104,592
Leisure time activity.	1,808,338	532,228	471,443	60,785
Total expenditures.	<u>12,896,993</u>	<u>12,148,224</u>	<u>11,423,188</u>	<u>725,036</u>
Excess of revenues over expenditures	<u>2,171,253</u>	<u>2,998,397</u>	<u>2,957,612</u>	<u>(40,785)</u>
Other financing sources (uses):				
Sale of capital assets.	2,917	2,932	2,784	(148)
Transfers in	226	228	216	(12)
Transfers (out).	(1,863,343)	(3,852,376)	(3,852,376)	-
Total other financing sources (uses)	<u>(1,860,200)</u>	<u>(3,849,216)</u>	<u>(3,849,376)</u>	<u>(160)</u>
Net change in fund balances.	311,053	(850,819)	(891,764)	(40,945)
Fund balance at beginning of year	2,072,235	2,072,235	2,072,235	-
Prior year encumbrances appropriated	512,879	512,879	512,879	-
Fund balance at end of year	<u>\$ 2,896,167</u>	<u>\$ 1,734,295</u>	<u>\$ 1,693,350</u>	<u>\$ (40,945)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 ROADS AND SIDEWALKS
 FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 761,220	\$ 761,220	\$ 749,601	\$ (11,619)
Intergovernmental	107,742	107,742	106,097	(1,645)
Other	106,644	106,644	105,016	(1,628)
Total revenues	<u>975,606</u>	<u>975,606</u>	<u>960,714</u>	<u>(14,892)</u>
Expenditures:				
Current:				
Transportation	5,660	12,000	8,962	3,038
Capital outlay	585,828	979,488	927,523	51,965
Total expenditures	<u>591,488</u>	<u>991,488</u>	<u>936,485</u>	<u>55,003</u>
Excess (deficiency) of revenues over (under) expenditures	<u>384,118</u>	<u>(15,882)</u>	<u>24,229</u>	<u>40,111</u>
Other financing uses:				
Transfers in	304,650	304,650	300,000	(4,650)
Transfers (out).	(566,564)	(566,564)	(566,564)	-
Total other financing uses	<u>(261,914)</u>	<u>(261,914)</u>	<u>(266,564)</u>	<u>(4,650)</u>
Net change in fund balances	122,204	(277,796)	(242,335)	35,461
Fund balance (deficit) at beginning of year	249,813	249,813	249,813	-
Prior year encumbrances appropriated	61,088	61,088	61,088	-
Fund balance (deficit) at end of year	<u>\$ 433,105</u>	<u>\$ 33,105</u>	<u>\$ 68,566</u>	<u>\$ 35,461</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY, OHIO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2018

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Refuse	Total
Assets:				
Current assets:				
Equity in pooled cash and investments	\$ 1,353,552	\$ 3,530,551	\$ 1,404,851	\$ 6,288,954
Receivables:				
Accounts	575,614	645,996	-	1,221,610
Notes	62,131	-	-	62,131
Materials and supplies inventory	1,240	1,240	7,370	9,850
Net pension asset (see Note 12)	87	67	9	163
Total current assets	<u>1,992,624</u>	<u>4,177,854</u>	<u>1,412,230</u>	<u>7,582,708</u>
Noncurrent assets:				
Capital assets:				
Land and construction in progress	3,022,624	363,656	-	3,386,280
Depreciable capital assets, net	8,026,436	3,889,798	126,248	12,042,482
Total noncurrent assets	<u>11,049,060</u>	<u>4,253,454</u>	<u>126,248</u>	<u>15,428,762</u>
Total assets	<u>13,041,684</u>	<u>8,431,308</u>	<u>1,538,478</u>	<u>23,011,470</u>
Deferred outflows of resources:				
Unamortized deferred charges on debt refunding	16,784	91,434	-	108,218
Pension (see Note 12)	61,763	73,346	12,865	147,974
OPEB (see Note 13)	12,867	27,019	1,277	41,163
Total deferred outflows of resources	<u>91,414</u>	<u>191,799</u>	<u>14,142</u>	<u>297,355</u>
Liabilities:				
Current liabilities:				
Accounts payable	23,938	1,608	90,529	116,075
Contracts payable	2,746	-	-	2,746
Accrued wages and benefits payable	6,017	5,813	681	12,511
Due to other governments	388,509	444,044	152	832,705
Accrued interest payable	2,652	2,047	-	4,699
Vacation balances payable	15,593	2,575	-	18,168
Compensated absences payable - current	437	95	-	532
General obligation bonds payable - current	59,300	48,600	-	107,900
OPWC loans payable - current	121,313	29,301	-	150,614
Total current liabilities	<u>620,505</u>	<u>534,083</u>	<u>91,362</u>	<u>1,245,950</u>
Long-term liabilities:				
Compensated absences payable	14,948	3,231	-	18,179
General obligation bonds payable	799,750	559,800	-	1,359,550
OPWC loans payable	4,666,302	473,447	-	5,139,749
Net pension liability (see Note 12)	242,311	185,390	24,047	451,748
Net OPEB liability (see Note 13)	166,944	127,727	16,567	311,238
Total long-term liabilities	<u>5,890,255</u>	<u>1,349,595</u>	<u>40,614</u>	<u>7,280,464</u>
Total liabilities	<u>6,510,760</u>	<u>1,883,678</u>	<u>131,976</u>	<u>8,526,414</u>
Deferred inflows of resources:				
Pension (see Note 12)	77,826	46,512	27,544	151,882
OPEB (see Note 13)	23,073	9,515	15,272	47,860
Total deferred inflows of resources	<u>100,899</u>	<u>56,027</u>	<u>42,816</u>	<u>199,742</u>
Net position:				
Net investment in capital assets	5,416,433	3,233,740	126,248	8,776,421
Unrestricted	1,105,006	3,449,662	1,251,580	5,806,248
Total net position	<u>\$ 6,521,439</u>	<u>\$ 6,683,402</u>	<u>\$ 1,377,828</u>	<u>\$ 14,582,669</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2018

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Refuse	Total
Operating revenues:				
Charges for services	\$ 2,637,138	\$ 2,659,319	\$ 1,280,960	\$ 6,577,417
Other	2,982	-	180	3,162
Total operating revenues	<u>2,640,120</u>	<u>2,659,319</u>	<u>1,281,140</u>	<u>6,580,579</u>
Operating expenses:				
Personal services	357,962	266,399	35,601	659,962
Contract services	1,986,741	1,911,061	992,570	4,890,372
Materials and supplies	53,131	35,558	51,437	140,126
Depreciation	221,821	150,966	19,627	392,414
Other	5,799	13,394	85,788	104,981
Total operating expenses	<u>2,625,454</u>	<u>2,377,378</u>	<u>1,185,023</u>	<u>6,187,855</u>
Operating income	14,666	281,941	96,117	392,724
Non-operating expenses:				
Interest and fiscal charges	(32,745)	(19,537)	-	(52,282)
Income before contributions	(18,079)	262,404	96,117	340,442
Capital contributions	446,506	60,888	-	507,394
Change in net position	428,427	323,292	96,117	847,836
Net position at beginning of year (restated) . . .	<u>6,093,012</u>	<u>6,360,110</u>	<u>1,281,711</u>	<u>13,734,833</u>
Net position at end of year	<u>\$ 6,521,439</u>	<u>\$ 6,683,402</u>	<u>\$ 1,377,828</u>	<u>\$ 14,582,669</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2018

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Refuse	Total
Cash flows from operating activities:				
Cash received from customers	\$ 2,659,496	\$ 2,678,178	\$ 1,280,960	\$ 6,618,634
Cash received from other operations	2,982	-	180	3,162
Cash payments for personal services	(340,156)	(225,309)	(39,402)	(604,867)
Cash payments for contractual services.	(1,970,650)	(1,869,880)	(987,936)	(4,828,466)
Cash payments for materials and supplies	(53,758)	(36,143)	(61,405)	(151,306)
Cash payments for other expenses	(5,799)	(13,374)	(79,302)	(98,475)
Net cash provided by operating activities.	<u>292,115</u>	<u>533,472</u>	<u>113,095</u>	<u>938,682</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(2,377,912)	(512,767)	-	(2,890,679)
Capital contributions	446,506	60,888	-	507,394
OPWC loan proceeds	1,922,625	213,656	-	2,136,281
Principal retirement on bonds	(57,300)	(45,600)	-	(102,900)
Principal retirement on OPWC loans	(158,598)	(43,953)	-	(202,551)
Interest and fiscal charges	(28,274)	(10,745)	-	(39,019)
Net cash used in capital and related financing activities.	<u>(252,953)</u>	<u>(338,521)</u>	<u>-</u>	<u>(591,474)</u>
Net increase in cash and cash equivalents	39,162	194,951	113,095	347,208
Cash and cash equivalents at beginning of year . . .	1,314,390	3,335,600	1,291,756	5,941,746
Cash and cash equivalents at end of year.	<u>\$ 1,353,552</u>	<u>\$ 3,530,551</u>	<u>\$ 1,404,851</u>	<u>\$ 6,288,954</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 14,666	\$ 281,941	\$ 96,117	\$ 392,724
Adjustments:				
Depreciation.	221,821	150,966	19,627	392,414
Changes in assets and liabilities:				
Decrease in accounts receivable	22,358	18,859	-	41,217
(Increase) in materials and supplies inventory.	(26)	(26)	(153)	(205)
Decrease in deferred outflows of resources - pension . . .	95,148	12,444	33,152	140,744
(Increase) in deferred outflows of resources - OPEB . . .	(9,636)	(25,253)	(595)	(35,484)
(Increase) in net pension asset	(77)	(61)	(7)	(145)
Increase in accounts payable.	14,982	524	1,305	16,811
Increase (decrease) in accrued wages and benefits payable.	(1,151)	485	(685)	(1,351)
Increase in deferred inflows of resources - pension . . .	68,475	39,402	27,053	134,930
Increase in deferred inflows of resources - OPEB . . .	23,073	9,515	15,272	47,860
(Decrease) in net pension liability	(148,517)	(28,270)	(58,520)	(235,307)
Increase (decrease) in net OPEB liability	(4,359)	34,078	(19,623)	10,096
Increase in due to other governments	683	40,383	152	41,218
Increase (decrease) in compensated absences payable . .	(2,775)	150	-	(2,625)
(Decrease) in vacation balances payable.	(2,550)	(1,665)	-	(4,215)
Net cash provided by operating activities.	<u>\$ 292,115</u>	<u>\$ 533,472</u>	<u>\$ 113,095</u>	<u>\$ 938,682</u>

Noncash Transactions:

At December 31, 2018 and 2017, the Water fund had purchased \$2,746 and \$11,527, respectively, in capital assets on account.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY, OHIO

**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
DECEMBER 31, 2018**

	<u>Agency</u>
Assets:	
Equity in pooled cash and investments	\$ 15,800
Cash in segregated accounts.	<u>22,545</u>
Total assets	<u>\$ 38,345</u>
Liabilities:	
Deposits held and due to others	\$ 35,048
Undistributed assets	<u>3,297</u>
Total liabilities.	<u>\$ 38,345</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 1 - DESCRIPTION OF THE CITY AND REPORTING ENTITY

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization’s Governing Board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization’s resources; or (3) the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government’s financial statements incomplete or misleading.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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

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

DISCRETELY PRESENTED COMPONENT UNIT

Bexley Community Improvement Corporation

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

Information relative to the component unit is presented in Note 19.

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 123 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 64 political subdivisions in and around Franklin, Ross, Fayette, Delaware, Pickaway, Madison, Licking, and Fairfield counties, Ohio. The purpose of the organization is to improve the quality of life for member communities by improving housing conditions, to promote and support livability/sustainability measures as a means of addressing regional growth challenges, and to administer and facilitate the availability of regional environmental infrastructure program funding to the full advantage of MORPC's members.

Information in the following notes to the basic financial statements is applicable to the primary government.

B. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

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

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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

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

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

C. Fund Accounting

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

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

The following are the City's major governmental funds:

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

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

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

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

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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

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

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

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

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

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

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

D. Measurement Focus

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

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current deferred outflows of resources, current liabilities, and current deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. The governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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

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

E. Basis of Accounting

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

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 12 and 13 for deferred outflows of resources related to the City’s net pension liability and net OPEB liability, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2018, but which were levied to finance 2019 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes, but is not limited to, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 12 and 13 for deferred inflows of resources related to the City's net pension liability and net OPEB liability, respectively. These deferred inflow of resources are only reported on the government-wide statement of net position.

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

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

F. Cash and Cash Equivalents

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

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

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

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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

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

During 2018, the City invested in STAR Ohio. 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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides NAV per share that approximates fair value.

For 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Interest income is distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue credited to the general fund during 2018 amounted to \$195,588, which includes \$125,650 assigned from other funds.

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

G. Materials and Supplies Inventory

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

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

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

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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

H. Capital Assets

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

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

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

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

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

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

I. Compensated Absences

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

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

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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

J. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner 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, and capital leases are recognized as liabilities on the governmental fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

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.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. The City Council has authorized the City Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. Fund balance is also assigned for any 2019 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 on the statement of activities. Payments for interfund services provided and used are not eliminated. Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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

CITY OF BEXLEY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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

N. Net Position

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

O. Estimates

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

P. Operating Revenues and Expenses

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

Q. Contributions of Capital

Capital contributions on the proprietary fund financial statements arise from contributions from governmental activities, from outside contributions of capital assets, from grants, or from outside contributions of resources restricted to capital acquisition and construction. The City recognized \$446,506 and \$60,888 in capital contributions during 2018 in the water and sewer enterprise funds, respectively.

R. Budgets and Budgetary Accounting

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

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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

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

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

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2018.

T. Pensions/Other Postemployment Benefits (OPEB)

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles/Restatement of Net Position

For fiscal year 2018, the City has implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", GASB Statement No. 85, "Omnibus 2017" and GASB Statement No. 86, "Certain Debt Extinguishments Issues".

GASB Statement No. 75 improves the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The implementation of GASB Statement No. 75 effected the City's postemployment benefit plan disclosures, as presented in Note 13 to the basic financial statements, and added required supplementary information which is presented after the notes to the basic financial statements.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and OPEB. The implementation of GASB Statement No. 85 did not have an effect on the financial statements of the City.

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the City.

A net position restatement is required in order to implement GASB Statement No 75. The governmental activities and business-type activities at January 1, 2018 have been restated as follows:

	Governmental Activities	Business-Type Activities	Water Fund	Sewer Fund	Refuse Fund
Net position as previously reported	\$ 24,756,466	\$ 14,030,296	\$ 6,261,084	\$ 6,451,993	\$ 1,317,219
Deferred outflows - payments subsequent to measurement date	57,866	5,679	3,231	1,766	682
Net OPEB liability	<u>(7,917,962)</u>	<u>(301,142)</u>	<u>(171,303)</u>	<u>(93,649)</u>	<u>(36,190)</u>
Restated net position at January 1, 2018	<u>\$ 16,896,370</u>	<u>\$ 13,734,833</u>	<u>\$ 6,093,012</u>	<u>\$ 6,360,110</u>	<u>\$ 1,281,711</u>

Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available. The restatement had no effect on fund balances.

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.

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.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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.

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

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Cash in Segregated Accounts

At year end, the City had \$31,609 held outside of the City treasury. These depository accounts were established for Employee Flex Spending and Mayor's Court. The segregated cash accounts are reported in the general fund, mayor's court computer fund (a nonmajor governmental fund) and the agency funds. These depository accounts are included in "deposits with financial institutions" in the footnotes that follow.

B. Cash with Fiscal Agent

At year end, the City had \$47,556 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, 2018. This amount is not included in the City's depository balance below.

C. Deposits with Financial Institutions

At December 31, 2018, the carrying amount of all City deposits was \$934,143 and the bank balance of all City deposits was \$1,268,213. Of the bank balance, \$471,255 was covered by the FDIC and \$796,958 was collateralized through the Ohio Pooled Collateral System (OPCS).

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. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City's and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2018, the City's financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Investments

As of December 31, 2018, the City had the following investments:

Measurement/ Investment type	Measurement Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
<i>Fair Value:</i>						
FFCB	\$ 1,540,562	\$ 499,685	\$ -	\$ 738,630	\$ -	\$ 302,247
FHLB	3,486,458	249,433	496,560	448,859	492,715	1,798,891
FHLMC	5,057,720	497,505	991,570	-	1,231,468	2,337,177
FNMA	2,472,318	-	2,472,318	-	-	-
U.S. Treasury Money Market Mutual Funds	411,783	411,783	-	-	-	-
<i>Amortized Cost:</i>						
STAR Ohio	<u>110,000</u>	<u>110,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 13,078,841</u>	<u>\$ 1,768,406</u>	<u>\$ 3,960,448</u>	<u>\$ 1,187,489</u>	<u>\$ 1,724,183</u>	<u>\$ 4,438,315</u>

The weighted average of maturity of investments is 1.64 years.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City's investments in U.S. Treasury money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The City's investments in federal agency securities (FFCB, FHLB, FHLMC, FNMA) are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

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

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

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 City Auditor 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, 2018:

Measurement/ Investment type	Measurement Amount	% of Total
<i>Fair Value:</i>		
FFCB	\$ 1,540,562	11.78
FHLB	3,486,458	26.66
FHLMC	5,057,720	38.67
FNMA	2,472,318	18.90
U.S. Treasury Money Market Mutual Funds	411,783	3.15
<i>Amortized Cost:</i>		
STAR Ohio	110,000	0.84
Total	\$ 13,078,841	100.00

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, 2018:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 934,143
Cash with fiscal agent	47,556
Investments	13,078,841
Total	\$ 14,060,540

<u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 7,733,241
Business-type activities	6,288,954
Agency fund	38,345
Total	\$ 14,060,540

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 5 - MUNICIPAL INCOME TAX

The City levies and collects an income tax of two and one-half percent on all income earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 65 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. The City utilizes the Regional Income Tax Agency (RITA) for the collection of income taxes on its behalf. Income tax revenue recognized in the general fund amounted to \$11,865,776 in 2018.

NOTE 6 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended December 31, 2018, consisted of the following, as reported on the fund financial statements.

Transfers from:	Transfers to:			Total
	Roads and sidewalks Fund	Bond Retirement Fund	Nonmajor Governmental Funds	
General fund	\$ 300,000	\$ 1,428,750	\$ 1,336,659	\$ 3,065,409
Roads and sidewalks	-	523,164	43,400	566,564
Nonmajor governmental funds	-	160,665	-	160,665
Total	<u>\$ 300,000</u>	<u>\$ 2,112,579</u>	<u>\$ 1,380,059</u>	<u>\$ 3,792,638</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. All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 7 - PROPERTY TAXES AND TAX ABATEMENTS

A. Property Taxes

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

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the 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. 2018 public utility property taxes became a lien December 31, 2017, are levied after October 1, 2018, and are collected in 2019 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, 2018 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 2018 operations and the collection of delinquent taxes has been offset by deferred inflow of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is a deferred inflow of resources.

The full tax rate for all City operations for the year ended December 31, 2018 was \$7.85 per \$1,000 of assessed value. The assessed values of real property and public utility personal property upon which 2018 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 533,413,160
Commercial/industrial/public utility	23,643,880
<u>Public utility</u>	
Personal	<u>6,494,680</u>
Total assessed value	<u><u>\$ 563,551,720</u></u>

B. Taxes Abatements

As of December 31, 2018, the City provides property tax abatements through a Community Reinvestment Area (CRA) program.

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

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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

The City has entered into agreements to abate property taxes through this program. During 2018, the City's property tax revenues were reduced as a result of these agreements as follows:

<u>Tax Abatement Program</u>	<u>City Taxes Abated</u>
CRA	\$ <u>16,891</u>

NOTE 8 - RECEIVABLES

Receivables at December 31, 2018, consisted of property taxes, revenue in lieu of taxes, other local taxes, municipal income taxes, accounts, accrued interest, special assessments, notes and amounts due from other governments arising from grants, entitlements or shared revenues.

A summary of the principal items of intergovernmental receivables follows:

<u>Governmental activities:</u>	<u>Amount</u>
Local government	\$ 210,133
Grants	333,511
Homestead and rollback	84,348
Auto license	31,426
Gasoline tax	179,718
Permissive motor vehicle license tax	<u>34,855</u>
Total due from other governments	<u>\$ 873,991</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, 2018, the City has reported a \$62,131 note receivable from Capital University (the "University") related to water line improvements being performed as part of the College and South Cassady Improvement project financed through the OPWC. The University signed a promissory note on October 28, 2014 to pay the City \$76,926 in consideration for the City performing certain water improvements that could potentially benefit future growth of the University. The promissory note calls for annual payments of \$2,959 beginning December 1, 2014 and continuing for a 26-year period. The City reports this activity as a capital contribution in the water enterprise fund. During 2018, the City received the \$2,959 payment and applied the amount received to the principle payment required on the OPWC loan.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 9 - CAPITAL ASSETS

A. Governmental activities

Governmental activities capital asset activity for the year ended December 31, 2018, was as follows:

<u>Governmental activities:</u>	Balance 12/31/17	Additions	Disposals	Balance 12/31/18
<i>Capital assets, not being depreciated:</i>				
Land	\$ 823,893	\$ -	\$ -	\$ 823,893
Construction in progress	4,453,746	1,942,184	(4,061,508)	2,334,422
Total capital assets, not being depreciated	<u>5,277,639</u>	<u>1,942,184</u>	<u>(4,061,508)</u>	<u>3,158,315</u>
<i>Capital assets being depreciated:</i>				
Land improvements	893,947	-	-	893,947
Buildings and improvements	17,225,356	-	-	17,225,356
Equipment	2,580,552	814,521	(103,866)	3,291,207
Vehicles	1,964,190	326,279	(16,900)	2,273,569
Infrastructure	42,447,397	4,681,079	-	47,128,476
Total capital assets being depreciated	<u>65,111,442</u>	<u>5,821,879</u>	<u>(120,766)</u>	<u>70,812,555</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(473,241)	(38,132)	-	(511,373)
Buildings and improvements	(3,806,431)	(513,626)	-	(4,320,057)
Equipment	(1,669,819)	(203,759)	82,985	(1,790,593)
Vehicles	(1,051,848)	(153,317)	16,900	(1,188,265)
Infrastructure	(20,843,561)	(1,345,752)	-	(22,189,313)
Total accumulated depreciation	<u>(27,844,900)</u>	<u>(2,254,586)</u>	<u>99,885</u>	<u>(29,999,601)</u>
Total capital assets being depreciated, net	<u>37,266,542</u>	<u>3,567,293</u>	<u>(20,881)</u>	<u>40,812,954</u>
Governmental activities capital assets, net	<u>\$ 42,544,181</u>	<u>\$ 5,509,477</u>	<u>\$ (4,082,389)</u>	<u>\$ 43,971,269</u>

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

<u>Governmental activities:</u>	
General government	\$ 189,240
Security of persons and property	308,893
Leisure time activities	306,835
Community environment	821
Transportation	1,448,797
Total depreciation expense	<u>\$ 2,254,586</u>

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 9 - CAPITAL ASSETS - (Continued)

B. Business-type activities

Business-type activities capital asset activity for the year ended December 31, 2018, was as follows:

	Balance 12/31/17	Additions	Disposals	Balance 12/31/18
<u>Business-type activities:</u>				
<i>Capital assets, not being depreciated:</i>				
Construction in progress	\$ 2,727,443	\$ 2,643,675	\$ (1,984,838)	\$ 3,386,280
Total capital assets, not being depreciated	<u>2,727,443</u>	<u>2,643,675</u>	<u>(1,984,838)</u>	<u>3,386,280</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	455,000	-	-	455,000
Equipment	207,871	-	-	207,871
Vehicles	467,265	48,465	-	515,730
Infrastructure	<u>14,439,008</u>	<u>2,174,596</u>	<u>-</u>	<u>16,613,604</u>
Total capital assets being depreciated	<u>15,569,144</u>	<u>2,223,061</u>	<u>-</u>	<u>17,792,205</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(52,375)	(22,750)	-	(75,125)
Equipment	(69,774)	(20,562)	-	(90,336)
Vehicles	(241,235)	(38,576)	-	(279,811)
Infrastructure	<u>(4,993,925)</u>	<u>(310,526)</u>	<u>-</u>	<u>(5,304,451)</u>
Total accumulated depreciation	<u>(5,357,309)</u>	<u>(392,414)</u>	<u>-</u>	<u>(5,749,723)</u>
Total capital assets being depreciated, net	<u>10,211,835</u>	<u>1,830,647</u>	<u>-</u>	<u>12,042,482</u>
Business-type activities capital assets, net	<u>\$ 12,939,278</u>	<u>\$ 4,474,322</u>	<u>\$ (1,984,838)</u>	<u>\$ 15,428,762</u>

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

<u>Business-type activities:</u>	
Water	\$ 221,821
Sewer	150,966
Refuse	<u>19,627</u>
Total depreciation expense	<u>\$ 392,414</u>

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 10 - LONG-TERM OBLIGATIONS

Bonded debt and other long-term obligations payable activity for the year ended December 31, 2018, was as follows. The long-term obligations at December 31, 2017 have been restated as described in Note 3.

<u>Business-Type Activities</u>	Interest Rate	Restated Balance 12/31/17	Increase	Decrease	Balance 12/31/18	Due Within One Year
General Obligation Bonds:						
Series 2008 Various Purpose Refunding Bonds, \$1,017,500	3.0%-4.0%	\$ 266,200	\$ -	\$ (48,400)	\$ 217,800	\$ 51,700
Series 2010 General Obligation Bonds, \$1,168,750	2.0%-4.0%	840,650	-	(52,700)	787,950	54,400
Series 2015 Various Purpose Refunding Bonds, \$467,100	2.0%-4.0%	463,500	-	(1,800)	461,700	1,800
Total General Obligation Bonds		<u>1,570,350</u>	<u>-</u>	<u>(102,900)</u>	<u>1,467,450</u>	<u>107,900</u>
Ohio Public Works Commission (OPWC) Loans:						
2005 Main Street Sewer Project, \$474,500	0.00%	201,663	-	(35,588)	166,075	23,725
2009 Sheridan/Francis Avenue Water Project, \$249,022	0.00%	193,684	-	(13,835)	179,849	9,223
2009 Sheridan/Francis Avenue Sewer Project, \$5,929	0.00%	4,611	-	(330)	4,281	219
2012 College and South Cassady Water Project, \$817,142	0.00%	714,998	-	(43,776)	671,222	29,184
2013 East Main Water Project, \$108,436	0.00%	100,303	-	(8,133)	92,170	5,422
2013 East Main Sewer Project, \$33,365	0.00%	30,863	-	(2,502)	28,361	1,668
2014 Northeast Quadrant Water Project, \$829,967	0.00%	799,228	-	(46,109)	753,119	30,739
2014 Northeast Quadrant Sewer Project, \$99,597	0.00%	95,908	-	(5,533)	90,375	3,689
2016 East Broad Street Water Project, \$1,255,000	0.00%	1,215,375	-	(46,745)	1,168,630	46,745
2018 S. Roosevelt & Ashbourne Sewer Project, \$450,000	0.00%	-	191,418	-	191,418	-
2018 S. Roosevelt & Ashbourne Water Project, \$3,300,000	0.00%	-	1,403,735	-	1,403,735	-
2018 S. Roosevelt & Stanwood Sewer Project, \$111,600	0.00%	-	22,238	-	22,238	-
2018 S. Roosevelt & Stanwood Water Project, \$2,604,030	0.00%	-	518,890	-	518,890	-
Total OPWC Loans		<u>3,356,633</u>	<u>2,136,281</u>	<u>(202,551)</u>	<u>5,290,363</u>	<u>150,614</u>
Net Pension Liability		687,055	-	(235,307)	451,748	-
Net OPEB Liability		301,142	10,096	-	311,238	-
Compensated Absences		21,336	-	(2,625)	18,711	532
Total Business-Type Activities		<u>\$ 5,936,516</u>	<u>\$ 2,146,377</u>	<u>\$ (543,383)</u>	<u>\$ 7,539,510</u>	<u>\$ 259,046</u>

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

<u>Governmental Activities</u>	<u>Interest Rate</u>	<u>Restated Balance 12/31/17</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance 12/31/18</u>	<u>Due Within One Year</u>
<u>General Obligation Bonds</u>						
Series 2008 Various Purpose Refunding and Improvement Bonds, \$7,912,500	3.0-4.0%	\$ 1,613,800	\$ -	\$ (551,600)	\$ 1,062,200	\$ 253,300
Premium on Refunding Bonds		30,774	-	(3,077)	27,697	-
Series 2009 Capital Facilities Bonds, \$7,400,000	2.5-5.0%	1,440,000	-	(340,000)	1,100,000	355,000
Premium on Bonds		121,430	-	(11,039)	110,391	-
Series 2010 General Obligation Bonds, \$5,706,250	2.0-4.0%	4,104,350	-	(257,300)	3,847,050	265,600
Premium on Bonds		26,201	-	(2,183)	24,018	-
Series 2013 Capital Facilities Bonds, \$1,400,000	2.90%	885,000	-	(135,000)	750,000	140,000
Series 2014 Various Purpose Construction Bonds, \$2,625,000	1.5-4.0%	2,325,000	-	(100,000)	2,225,000	100,000
Premium on Bonds		56,001	-	(3,310)	52,691	-
Series 2015 Various Purpose Refunding Bonds, \$4,722,900	2.0-4.0%	4,686,500	-	(18,200)	4,668,300	18,200
Premium on Refunding Bonds		574,755	-	(52,251)	522,504	-
Total G.O. Bonds		<u>15,863,811</u>	<u>-</u>	<u>(1,473,960)</u>	<u>14,389,851</u>	<u>1,132,100</u>
<u>Revenue Bonds</u>						
Series 2013 Nontax Revenue Bonds, \$1,150,000	4.50%	1,000,000	-	(45,000)	955,000	45,000
<u>Ohio Public Works Commission (OPWC) Loans:</u>						
2006 North Cassady Avenue Reconstruction, \$1,468,415	0.00%	807,628	-	(110,132)	697,496	73,421
2008 Maryland Avenue Reconstruction, \$672,734	0.00%	358,793	-	(67,274)	291,519	44,849
2009 Sheridan/Francis Avenue Reconstruction, \$337,958	0.00%	262,856	-	(18,775)	244,081	12,517
2012 College and South Cassady Improvements, \$1,906,666	0.00%	1,668,334	-	(102,143)	1,566,191	68,095
2012 East Main Improvements, \$275,262	0.00%	254,618	-	(20,645)	233,973	13,763
2014 Northeast Quadrant Improvements, \$730,368	0.00%	703,317	-	(40,576)	662,741	27,050
2018 S. Roosevelt & Stanwood Improvements, \$1,004,412	0.00%	-	200,143	-	200,143	-
Total OPWC Loans		<u>4,055,546</u>	<u>200,143</u>	<u>(359,545)</u>	<u>3,896,144</u>	<u>239,695</u>
Net Pension Liability		12,745,270	115,220	(1,336,699)	11,523,791	-
Net OPEB Liability		7,917,962	1,803,665	-	9,721,627	-
Compensated Absences		311,941	58,259	(3,088)	367,112	10,435
Total Governmental Activities		<u>\$ 41,894,530</u>	<u>\$ 2,177,287</u>	<u>\$ (3,218,292)</u>	<u>\$ 40,853,525</u>	<u>\$ 1,427,230</u>

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Legal Debt Margin

The City's overall legal debt margin was \$44,454,322, with an unvoted debt margin of \$30,995,345 at December 31, 2018.

Future Debt Service Requirements

As of December 31, 2018, the 2018 S. Roosevelt and Ashbourne OPWC loan and the 2018 S. Roosevelt & Stanwood OPWC are not closed and not all monies available have been borrowed (the City had drawn \$1,595,153 of the \$3,750,000 and \$541,128 of the \$2,715,630 permissible borrowings, respectively). As such, no amortization schedule is available, therefore, these loans are not included in the schedule below. Annual debt service requirements to maturity for business-type long-term obligations are:

Year Ending December 31,	Business-type Activities					
	Water General Obligation Bonds		Sewer General Obligation Bonds		Sewer OPWC Loans	Water OPWC Loans
	Principal	Interest	Principal	Interest	Principal	Principal
2019	\$ 59,300	\$ 31,823	\$ 48,600	\$ 24,556	\$ 29,301	\$ 121,313
2020	61,200	29,973	50,600	22,389	29,302	121,313
2021	63,000	28,004	51,600	20,089	29,302	121,313
2022	68,900	25,856	85,600	17,701	29,302	121,313
2023	68,900	23,464	61,600	14,264	29,301	121,314
2024 - 2028	381,350	77,329	310,400	35,776	75,334	606,569
2029 - 2033	156,400	9,452	-	-	27,885	606,561
2034 - 2038	-	-	-	-	22,769	585,686
2039 - 2043	-	-	-	-	16,596	459,608
Totals	<u>\$ 859,050</u>	<u>\$ 225,901</u>	<u>\$ 608,400</u>	<u>\$ 134,775</u>	<u>\$ 289,092</u>	<u>\$ 2,864,990</u>

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CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

As of December 31, 2018, the 2018 S. Roosevelt & Stanwood OPWC is not closed and not all monies available have been borrowed (the City had drawn \$200,143 of the \$1,004,412 permissible borrowings). As such, no amortization schedule is available, therefore, this loan is not included in the schedule below. Annual debt service requirements to maturity for governmental activities long-term obligations are:

Year Ending December 31,	Governmental Activities				
	General Obligation Bonds		Revenue Bonds		OPWC Loans
	Principal	Interest	Principal	Interest	Principal
2019	\$ 1,132,100	\$ 490,087	\$ 45,000	\$ 42,975	\$ 239,695
2020	1,163,200	453,167	50,000	40,950	239,695
2021	1,200,400	414,664	50,000	38,700	239,696
2022	1,205,500	373,996	55,000	36,450	239,696
2023	1,284,500	336,438	755,000	33,975	239,695
2024 - 2028	5,888,250	1,025,420	-	-	1,004,797
2029 - 2033	1,593,600	169,798	-	-	607,131
2034 - 2038	185,000	6,475	-	-	559,583
2039 - 2043	-	-	-	-	326,013
Totals	<u>\$ 13,652,550</u>	<u>\$ 3,270,045</u>	<u>\$ 955,000</u>	<u>\$ 193,050</u>	<u>\$ 3,696,001</u>

Series 2008 Various Purpose Refunding Bonds and Improvement Bonds

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

In 2015, the City advance refunded a portion of the Series 2008 Various Purpose Refunding Bonds and Improvement Bonds with the issuance of the Series 2015 Various Purpose Refunding Bonds. The portion of the bonds refunded were as follows: (1) \$1,569,900 of the governmental activities portion of the Series 2008 Various Purpose Refunding Bonds and Improvement Bonds and (2) \$320,100 of the business-type activities portion of the Series 2008 Various Purpose Refunding Bonds. At December 31, 2018, the remaining balance (non-refunded portion) of the governmental activities and business-type activities portions of the Series 2008 Various Purpose Refunding Bonds and Improvement Bonds were \$1,062,200 and \$217,800, respectively. The final maturity date of the remaining bonds is December 1, 2022.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Series 2009 Capital Facilities Bonds

On April 7, 2009, the City issued \$7,400,000 in Series 2009 Capital Facilities General Obligation Bonds for the purpose of paying the costs of constructing, furnishing and equipping a police station and related facilities, landscaping and otherwise improving the site and acquiring related interests in real estate (2.5 - 5.0 percent). Principal and interest is paid from the bond retirement fund. During 2015, the City advanced refunded \$3,220,000 of the Series 2009 Capital Facilities bonds with the issuance of the Series 2015 Various Purpose Refunding Bonds. At December 31, 2018, the remaining balance (non-refunded portion) of the Series 2009 Capital facilities bonds was \$1,100,000. The final maturity date of the remaining bonds is December 1, 2021. Principal and interest payments are paid from the bond retirement fund.

Series 2010 Bonds

On June 24, 2010, the City issued \$6,875,000 in Series 2010 General Obligation Bonds for the purpose of improving municipal streets by reconstructing, resurfacing, repairing, and improving the same as well as related sidewalks and water improvements. The bonds bear interest rates ranging between 2.0 percent and 4.0 percent and maturity on December 1, 2030. Of this amount, \$1,168,750 was an obligation of the business-type activities and \$5,706,250 was an obligation of the governmental activities. Principal and interest payments related to the governmental activities portion are paid from the bond retirement fund. Principal and interest payments related to the business-type activities portion are paid from the water enterprise fund.

Series 2013 Capital Facilities Bonds

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

Series 2013 Nontax Revenue Bonds

On October 18, 2013, the City issued \$1,150,000 in Series 2013 Special Obligation Nontax Revenue Bonds for the purpose of paying the costs of acquiring approximately one acre of real property and the improvements located thereupon which real property is generally located at the intersection of East Main Street and College Avenue, all in support of economic development and creating or preserving jobs and employment opportunities and improving the economic welfare of the people of the City. The bonds bear an interest rate of 4.5 percent. Principal and interest payments are made from the economic development bond service fund (a nonmajor governmental fund). The Series 2013 Nontax Revenue Bonds are payable solely from non-tax revenues and are payable through December 1, 2023. The 2018 principal and interest payments on the bonds required 5.5 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,148,050. For 2018, principal and interest paid and net revenues were \$90,000 and \$1,649,309, respectively.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Series 2014 Various Purpose Construction Bonds

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

Series 2015 Various Purpose Refunding Bonds

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

As part of the advance refunding, the City deposited \$5,916,901 into an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The refunded bonds were not included in the City's outstanding debt since the City has satisfied its obligations through the refunding (in-substance defeased). The assets held in trust as a result of the refunding are not included in the financial statements. The balance of the refunded bonds was \$5,110,000 at December 31, 2018.

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

Ohio Public Works Commission (OPWC) Loans

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

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

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

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

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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

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

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

In 2016, the City received loan proceeds from OPWC for East Broad Street Water Improvement Project. This is a zero percent interest general obligation loan. Principal payments are due semi-annually and will be paid from the water enterprise fund. The loan has a final maturity in 2043.

In 2018, the City received loan proceeds from OPWC for South Roosevelt and Ashbourne Project. This is a zero percent interest general obligation loan. When completed, principal payments will be due semi-annually and paid 88% from the water enterprise fund and 12% from the sewer enterprise fund. The City may borrow up to \$3,750,000 and at December 31, 2018, the City had outstanding borrowings of \$1,595,153. At December 31, 2018, the loan remains open and final loan amount has not been determined as the City has \$2,154,847 remaining to be drawn on the loan. No principal payments were made in 2018.

In 2018, the City received loan proceeds from OPWC for South Roosevelt and Stanwood Project. This is a zero percent interest general obligation loan. When completed, principal payments will be due semi-annually and paid 70% from the water enterprise fund, 3% from the sewer enterprise fund, and 27% from the street maintenance and repair fund (a nonmajor governmental fund). The City may borrow up to \$3,720,042 and at December 31, 2018, the City had outstanding borrowings of \$741,271. At December 31, 2018, the loan remains open and final loan amount has not been determined as the City has \$2,978,771 remaining to be drawn on the loan. No principal payments were made in 2018.

Net Pension Liability and Net OPEB Liability

The City's net pension liability and net OPEB liability is described in Notes 12 and 13, respectively. The City pays obligations related to employee compensation from the fund benefitting from their service.

Compensated Absences

Compensated absences will be paid from the general fund, street maintenance and repair fund (a nonmajor governmental fund), and water and sewer enterprise funds. See Note 11 for detail on compensated absences.

CITY OF BEXLEY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 11 - EMPLOYEE BENEFITS

Compensated Absences

Vacation leave is earned at rates which vary depending upon length of service. For 2018, all employees may carry over 80 hours of vacation leave per year. City employees are paid for earned, unused vacation leave at the time of termination of employment.

Sick leave is earned at rates which vary depending upon length of service and can be accumulated up to a limit of 2,100 hours. Upon termination, employees are paid for one-eighth of their accumulated sick leave balance up to 320 hours and one-fourth of their accumulated sick leave balance for hours in excess of 320 hours. Employees are paid based on the pay rate in effect when the hours were earned on a first-in, first-out basis.

Health Care Benefits

During 2018, 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 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability/Asset

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

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

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

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.00% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 2.25%.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.00% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 2.25% COLA adjustment on the defined benefit portion of their benefit.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

	State and Local
2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2018 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0 %
Total Employer	14.0 %
Employee	10.0 %

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

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$581,885 for 2018. Of this amount, \$14,747 is reported as due to other governments.

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

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

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.50% for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit.

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

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

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

	Police
2018 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee	12.25 %
2018 Actual Contribution Rates	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	0.50 %
Total Employer	19.50 %
Employee	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$578,565 for 2018. Of this amount, \$26,687 is reported as due to other governments.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The net pension liability and net pension asset for the OPERS Traditional Pension Plan, Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2017, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2017, and was determined by rolling forward the total pension liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net pension liability or asset was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

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

	OPERS - Traditional	OPERS - Member- Directed	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.02614900%	0.03724500%	0.11832100%	
Proportion of the net pension liability/asset current measurement date	<u>0.02783000%</u>	<u>0.04500300%</u>	<u>0.12398600%</u>	
Change in proportionate share	<u>0.00168100%</u>	<u>0.00775800%</u>	<u>0.00566500%</u>	
Proportionate share of the net pension liability	\$ 4,365,987	\$ -	\$ 7,609,552	\$ 11,975,539
Proportionate share of the net pension asset	-	(1,571)	-	(1,571)
Pension expense	1,097,883	(510)	1,001,859	2,099,232

Of the \$2,099,232 pension expense, \$1,998,803 relates to the governmental activities and \$100,429 relates to the business-type activities.

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CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS - Traditional</u>	<u>Member- Directed</u>	<u>OP&F</u>	<u>Total</u>
Deferred outflows of resources				
Differences between expected and actual experience	\$ 4,459	\$ 3,056	\$ 115,480	\$ 122,995
Changes of assumptions	521,763	186	331,590	853,539
Changes in employer's proportionate percentage/difference between employer contributions	272,488	-	488,480	760,968
City contributions subsequent to the measurement date	555,651	26,234	578,565	1,160,450
Total deferred outflows of resources	<u>\$ 1,354,361</u>	<u>\$ 29,476</u>	<u>\$ 1,514,115</u>	<u>\$ 2,897,952</u>
	<u>OPERS - Traditional</u>	<u>OPERS - Member- Directed</u>	<u>OP&F</u>	<u>Total</u>
Deferred inflows of resources				
Differences between expected and actual experience	\$ 86,040	\$ -	\$ 13,767	\$ 99,807
Net difference between projected and actual earnings on pension plan investments	937,321	443	263,230	1,200,994
Changes in employer's proportionate percentage/difference between employer contributions	45,949	-	112,534	158,483
Total deferred inflows of resources	<u>\$ 1,069,310</u>	<u>\$ 443</u>	<u>\$ 389,531</u>	<u>\$ 1,459,284</u>

\$1,160,450 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2019. Of this amount, \$1,100,242 relates to governmental activities and \$60,208 relates to business-type activities.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Year Ending December 31:	OPERS - Traditional	OPERS - Member- Directed	OP&F	Total
2019	\$ 519,306	\$ 349	\$ 285,851	\$ 805,506
2020	8,000	338	216,646	224,984
2021	(412,744)	280	(55,541)	(468,005)
2022	(385,162)	290	(63,522)	(448,394)
2023	-	425	130,597	131,022
Thereafter	-	1,117	31,988	33,105
Total	<u>\$ (270,600)</u>	<u>\$ 2,799</u>	<u>\$ 546,019</u>	<u>\$ 278,218</u>

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67.

Wage inflation	3.25%
Future salary increases, including inflation COLA or ad hoc COLA	3.25% to 10.75% including wage inflation Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2018, then 2.15% simple
Investment rate of return	7.50%
Actuarial cost method	Individual entry age

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82% for 2017.

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	23.00 %	2.20 %
Domestic equities	19.00	6.37
Real estate	10.00	5.26
Private equity	10.00	8.97
International equities	20.00	7.88
Other investments	18.00	5.26
Total	100.00 %	5.66 %

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.50%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the City's proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.50%, as well as what the City's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.50%) or one-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 7,752,881	\$ 4,365,987	\$ 1,542,339
Member-Directed Plan	(900)	(1,571)	(2,250)

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2017 is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2017, are presented below. The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the investment rate of return from 8.25% to 8.00%, (b) projected salary increases decreased from 4.25% - 11.00% to 3.75% - 10.50%, (c) payroll increases decreased from 3.75% to 3.25%, (d) inflation assumptions decreased from 3.25% to 2.75% and (e) Cost of Living Adjustments (COLAs) decreased from 2.60% to 2.20%.

CITY OF BEXLEY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Valuation date	January 1, 2017
Actuarial cost method	Entry age normal
Investment rate of return	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25%
Inflation assumptions	2.75%
Cost of living adjustments	2.20% and 3.00% simple

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

The most recent experience study was completed for the five-year period ended December 31, 2016. The recommended assumption changes based on this experience study were adopted by OPF's Board and were effective beginning with the January 1, 2017 actuarial valuation.

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

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CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OPF's target asset allocation as of December 31, 2017 are summarized below:

Asset Class	Target Allocation	10 Year Expected Real Rate of Return **	30 Year Expected Real Rate of Return **
Cash and Cash Equivalents	- %		
Domestic Equity	16.00	4.22 %	5.39 %
Non-US Equity	16.00	4.41	5.59
Private Markets	8.00	6.67	8.08
Core Fixed Income *	23.00	1.57	2.71
High Yield Fixed Income	7.00	2.94	4.71
Private Credit	5.00	6.93	7.26
Global Inflation			
Protected Securities *	17.00	0.98	2.52
Master Limited Partnerships	8.00	7.50	7.93
Real Assets	8.00	6.88	7.24
Private Real Estate	12.00	5.58	6.34
Total	<u>120.00 %</u>		

Note: assumptions are geometric.

* levered 2x

** numbers include inflation

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - The total pension liability was calculated using the discount rate of 8.00%. A discount rate of 8.25% was used in the prior measurement period. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00%), or one percentage point higher (9.00%) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$ 10,548,874	\$ 7,609,552	\$ 5,212,318

NOTE 13 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

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

The City's contractually required contribution was \$10,493 for 2018. Of this amount, \$266 is reported as due to other governments.

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

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 75.

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 information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

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 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

OP&F maintains funds for health care in two separate accounts. There is one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. An Internal Revenue Code 401(h) account is maintained for Medicare Part B reimbursements.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2018, the portion of employer contributions allocated to health care was 0.5 percent 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 pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also 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.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

The City's contractually required contribution to OP&F was \$15,225 for 2018. Of this amount, \$702 is reported as due to other governments.

Net OPEB Liabilities, OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2017, and was determined by rolling forward the total OPEB liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net OPEB liability prior measurement date	0.02576800%	0.11832100%	
Proportion of the net OPEB liability current measurement date	<u>0.02770000%</u>	<u>0.12398600%</u>	
Change in proportionate share	<u>0.00193200%</u>	<u>0.00566500%</u>	
Proportionate share of the net OPEB liability	\$ 3,008,015	\$ 7,024,850	\$ 10,032,865
OPEB expense	\$ 321,430	\$ 592,289	\$ 913,719

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Of the \$913,719 reported as OPEB expense, \$890,161 relates to governmental activities and \$23,558 relates to business-type activities.

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 2,344	\$ -	\$ 2,344
Changes of assumptions	219,015	685,478	904,493
Changes in employer's proportionate percentage/ difference between employer contributions	160,389	226,784	387,173
City contributions subsequent to the measurement date	10,493	15,225	25,718
Total deferred outflows of resources	<u>\$ 392,241</u>	<u>\$ 927,487</u>	<u>\$ 1,319,728</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 35,430	\$ 35,430
Net difference between projected and actual earnings on pension plan investments	224,077	46,241	270,318
Changes in employer's proportionate percentage/ difference between employer contributions	24,675	-	24,675
Total deferred inflows of resources	<u>\$ 248,752</u>	<u>\$ 81,671</u>	<u>\$ 330,423</u>

\$25,718 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2019. Of the amount, \$24,632 relates to governmental activities and \$1,086 relates to business-type activities.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Year Ending December 31:	OPERS	OP&F	Total
2019	\$ 114,699	\$ 116,632	\$ 231,331
2020	114,699	116,632	231,331
2021	(40,382)	116,632	76,250
2022	(56,020)	116,632	60,612
2023	-	128,191	128,191
Thereafter	-	235,872	235,872
Total	\$ 132,996	\$ 830,591	\$ 963,587

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

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

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
Total	100.00 %	4.98 %

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Discount Rate A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
City's proportionate share of the net OPEB liability	\$ 3,996,279	\$ 3,008,015	\$ 2,208,521

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$ 2,878,030	\$ 3,008,015	\$ 3,142,288

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Current measurement date	3.24 percent
Prior measurement date	3.79 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes. Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	16.00	5.21
Non-US Equity	16.00	5.40
Core Fixed Income*	20.00	2.37
Global Inflation Protected Securities*	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Timber	5.00	6.87
Master Limited Partnerships	8.00	7.36
Total	120.00 %	

Note: Assumptions are geometric.

*levered 2x

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Discount Rate - The total OPEB liability was calculated using the discount rate of 3.24 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 3.16 percent at December 31, 2017 and 3.71 percent at December 31, 2016, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.24 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to projected costs through 2025, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.24 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.24 percent), or one percentage point higher (4.24 percent) than the current rate.

	1% Decrease (2.24%)	Current Discount Rate (3.24%)	1% Increase (4.24%)
City's proportionate share of the net OPEB liability	\$ 8,781,176	\$ 7,024,850	\$ 5,673,475

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Net OPEB liability is sensitive to changes in the health care cost trend rate. The trend rate is the annual rate at which the cost of covered medical services is assumed to increase from the current year to the next year. Beginning in 2017, the per-capita costs are assumed to change by the following percentages each year:

	Non-Medicare	Non-AARP	AARP	Rx Drug	Medicare Part B
Year					
2017	-0.47%	-2.50%	4.50%	-0.47%	5.20%
2018	7.00%	7.00%	4.50%	7.00%	5.10%
2019	6.50%	6.50%	4.50%	6.50%	5.00%
2020	6.00%	6.00%	4.50%	6.00%	5.00%
2021	5.50%	5.50%	4.50%	5.50%	5.00%
2022	5.00%	5.00%	4.50%	5.00%	5.00%
2023 and Later	4.50%	4.50%	4.50%	4.50%	5.00%

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

To illustrate the potential impact, the following table presents the net OPEB liability calculated using the current healthcare cost trend current rates as outlined in the table above, a one percent decrease in the trend rates and a one percent increase in the trend rates.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$ 5,457,048	\$ 7,024,850	\$ 9,137,771

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, 2018, to December 31, 2018, 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 and roads and sidewalks fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance

	General	Roads and Sidewalks
Budget basis	\$ (891,764)	\$ (242,335)
Net adjustment for revenue accruals	(101,768)	-
Net adjustment for expenditure accruals	(750,111)	63,386
Net adjustment for other sources/uses	776,967	-
Funds budgeted elsewhere	9,958	-
Adjustment for encumbrances	304,797	244,566
GAAP basis	\$ (651,921)	\$ 65,617

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

CITY OF BEXLEY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

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 (less those included in payables) in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 371,015
Roads and sidewalks	239,483
Nonmajor governmental	<u>1,283,558</u>
Total	<u>\$ 1,894,056</u>

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CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

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	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Materials and supplies inventory	\$ 6,300	\$ -	\$ -	\$ 31,727	\$ 38,027
Unclaimed monies	<u>11,491</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,491</u>
Total nonspendable	<u>17,791</u>	<u>-</u>	<u>-</u>	<u>31,727</u>	<u>49,518</u>
Restricted:					
Police programs	-	-	-	23,370	23,370
Police pension	-	-	-	161,951	161,951
Streets and transportation	-	308,049	-	650,490	958,539
Capital improvements	-	-	-	246,702	246,702
Other purposes	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,940</u>	<u>13,940</u>
Total restricted	<u>-</u>	<u>308,049</u>	<u>-</u>	<u>1,096,453</u>	<u>1,404,502</u>
Committed:					
Community environment	-	-	-	21,797	21,797
Leisure time activity	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,542</u>	<u>3,542</u>
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,339</u>	<u>25,339</u>
Assigned:					
Debt service	-	-	398,076	3,315	401,391
Capital improvements	55,689	-	-	1,411,195	1,466,884
General government	455,602	-	-	-	455,602
Security of persons and property	68,864	-	-	-	68,864
Community environment	1,263	-	-	-	1,263
Leisure time activity	749,372	-	-	-	749,372
Other purposes	<u>1,716</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,716</u>
Total assigned	<u>1,332,506</u>	<u>-</u>	<u>398,076</u>	<u>1,414,510</u>	<u>3,145,092</u>
Unassigned	<u>4,496,575</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,496,575</u>
Total fund balances	<u>\$ 5,846,872</u>	<u>\$ 308,049</u>	<u>\$ 398,076</u>	<u>\$ 2,568,029</u>	<u>\$ 9,121,026</u>

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 19 - BEXLEY COMMUNITY IMPROVEMENT CORPORATION

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

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

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

Summary of Significant Accounting Policies

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

A. Basis of Accounting

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

B. Basis of Presentation

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

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

C. Federal Income Tax

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

CITY OF BEXLEY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE 19 - BEXLEY COMMUNITY IMPROVEMENT CORPORATION - (Continued)

D. Cash and Cash Equivalents

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

E. Accrued Liabilities

The CIC recognizes expenses due, but unpaid as of December 31, 2018.

F. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. At December 31, 2018, the CIC did not have any capital related debt.

Net position is reported as restricted when there are limitations imposed on the use of resources either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The CIC has \$101,389 of restricted net position related to contributions received from the City of Bexley that are restricted for future land assembly in the Ferndale/Mayfield Area.

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

G. Estimates

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

H. Capital Assets

Capital assets are capitalized at cost and updated for additions and deletions during the year. Donated capital assets are recorded at their acquisition values on the date received. The CIC maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

All reported capital assets, except for land, are depreciated. Buildings are depreciated over their estimated useful lives. Leasehold improvements are depreciated over the term of the lease agreement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	20 Years
Leasehold improvements	5 Years

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 19 - BEXLEY COMMUNITY IMPROVEMENT CORPORATION - (Continued)

Deposits

At December 31, 2018, the carrying amount of the CIC's deposits was \$192,107. As of December 31, 2018, the entire bank balance of \$192,107 was covered by the Federal Insurance Deposit Corporation (FDIC). There are no significant statutory restrictions regarding the deposits and investments of funds held by the not-for-profit corporation.

Inventory Held for Future Distribution

The City of Bexley has contributed \$390,000 to the CIC for future land assembly in the Ferndale/Mayfield Area. During 2017, the CIC purchased land and buildings in the Ferndale/Mayfield Area totaling \$185,553. During 2018, the CIC incurred additional expenses related to the property in the amount of \$103,059. The property acquired is not used by the CIC in its operations but is being held for future distribution to the City of Bexley. The inventory held for future distribution is reported at cost and depreciation is not recognized. Inventory held for future distribution is reported as a noncurrent asset as the CIC does not intend to distribute the property in the subsequent year.

Litigation

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

Development Agreement

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

Ground Lease

On October 11, 2013, the CIC entered into a ground lease with Continental Bexley GE, LLC for the land owned by the CIC. The ground lease was established for the purposes of developing the site for commercial purposes, including operation of a grocery by Giant Eagle. The ground lease has a 50-year term. During 2018, the CIC received \$50,000 in ground lease payments and subsequently disbursed \$50,000 to the City of Bexley. Payments received and disbursed under the ground lease have been recorded as operating revenue and expense, respectively, in the CIC's financial statements.

Risk Management

The CIC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to contracted personnel; and natural disasters. For 2018, the CIC was covered under the City of Bexley's property and casualty insurance policy. Settled claims have not exceeded commercial coverage since inception of the CIC. There has been no significant reductions in coverage from the prior year.

Related Party Transactions

During 2018, the CIC made \$120,000 in payments to the City of Bexley related to the operation of Bexley Square. These payments have been recorded as a nonoperating expense in the CIC's financial statements.

During 2018, the CIC collected and passed-through \$50,000 in ground lease payments to the City of Bexley.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2018

NOTE 19 - BEXLEY COMMUNITY IMPROVEMENT CORPORATION - (Continued)

Capital Assets

Capital asset activity for the year ended December 31, 2018, was as follows:

	Balance 1/1/18	Additions	Disposals	Balance 12/31/18
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,608,801	\$ -	\$ -	\$ 1,608,801
Total capital assets, not being depreciated	<u>1,608,801</u>	<u>-</u>	<u>-</u>	<u>1,608,801</u>
<i>Capital assets being depreciated:</i>				
Land improvements	858,411	-	-	858,411
Buildings	<u>201,359</u>	<u>74,880</u>	<u>-</u>	<u>276,239</u>
Total capital assets being depreciated	<u>1,059,770</u>	<u>74,880</u>	<u>-</u>	<u>1,134,650</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(94,946)	(42,921)	-	(137,867)
Buildings and improvements	<u>(60,408)</u>	<u>(47,760)</u>	<u>-</u>	<u>(108,168)</u>
Total accumulated depreciation	<u>(155,354)</u>	<u>(90,681)</u>	<u>-</u>	<u>(246,035)</u>
Net capital assets	<u>\$ 2,513,217</u>	<u>\$ (15,801)</u>	<u>\$ -</u>	<u>\$ 2,497,416</u>

Mortgage Note Payable

On September 26, 2017, the CIC entered into a mortgage note with First Financial Bank, which is used as a line of credit to support the operations of Bexley Square and other projects undertaken by the CIC. The CIC can make draws on the line of credit with a maximum borrowing of \$1.5 million. The CIC makes monthly interest payments based upon the amount drawn. During 2018, the CIC had no draws and made principal payments totaling \$322,491 on the line of credit. The following is a schedule of the line of credit activity for 2018:

	Balance 12/31/2017	Draws	Principal Payments	Balance 12/31/2018
Mortgage Note Payable	<u>\$ 322,491</u>	<u>\$ -</u>	<u>\$ (322,491)</u>	<u>\$ -</u>

Other Operating Revenues

Other Operating Revenues consist primarily of \$51,535 in expense recovery.

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF BEXLEY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>Traditional Plan:</i>					
City's proportion of the net pension liability	0.027830%	0.026149%	0.025788%	0.025523%	0.025523%
City's proportionate share of the net pension liability	\$ 4,365,987	\$ 5,937,993	\$ 4,466,808	\$ 3,078,360	\$ 3,008,828
City's covered payroll	\$ 3,938,185	\$ 3,702,725	\$ 3,356,175	\$ 3,540,033	\$ 2,946,231
City's proportionate share of the net pension liability as a percentage of its covered payroll	110.86%	160.37%	133.09%	86.96%	102.12%
Plan fiduciary net position as a percentage of the total pension liability	84.66%	77.25%	81.08%	86.45%	86.36%
<i>Member Directed Plan:</i>					
City's proportion of the net pension asset	0.045003%	0.037245%	0.037622%		
City's proportionate share of the net pension asset	\$ 1,571	\$ 155	\$ 144		
City's covered payroll	\$ 242,520	\$ 155,733	\$ 209,525		
City's proportionate share of the net pension asset as a percentage of its covered payroll	0.65%	0.10%	0.07%		
Plan fiduciary net position as a percentage of the total pension asset	124.46%	103.40%	103.91%		

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BEXLEY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability	0.12398600%	0.11832100%	0.12069100%	0.11255920%	0.11255920%
City's proportionate share of the net pension liability	\$ 7,609,552	\$ 7,494,332	\$ 7,764,126	\$ 5,831,036	\$ 5,481,986
City's covered payroll	\$ 2,892,332	\$ 2,637,900	\$ 2,953,284	\$ 2,459,305	\$ 2,723,948
City's proportionate share of the net pension liability as a percentage of its covered payroll	263.09%	284.10%	262.90%	237.10%	201.25%
Plan fiduciary net position as a percentage of the total pension liability	70.91%	68.36%	66.77%	72.20%	73.00%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BEXLEY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 555,651	\$ 511,964	\$ 444,327	\$ 402,741
Contributions in relation to the contractually required contribution	<u>(555,651)</u>	<u>(511,964)</u>	<u>(444,327)</u>	<u>(402,741)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 3,968,936	\$ 3,938,185	\$ 3,702,725	\$ 3,356,175
Contributions as a percentage of covered payroll	14.00%	13.00%	12.00%	12.00%
 <i>Member Directed Plan:</i>				
Contractually required contribution	\$ 26,234	\$ 24,252	\$ 18,688	\$ 25,143
Contributions in relation to the contractually required contribution	<u>(26,234)</u>	<u>(24,252)</u>	<u>(18,688)</u>	<u>(25,143)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 262,340	\$ 242,520	\$ 155,733	\$ 209,525
Contributions as a percentage of covered payroll	10.00%	10.00%	12.00%	12.00%

Note: Information prior to 2015 for the City's member directed plan was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 424,804	\$ 383,010	\$ 300,381	\$ 319,081	\$ 311,374	\$ 253,346
<u>(424,804)</u>	<u>(383,010)</u>	<u>(300,381)</u>	<u>(319,081)</u>	<u>(311,374)</u>	<u>(253,346)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,540,033	\$ 2,946,231	\$ 3,003,810	\$ 3,190,810	\$ 3,490,740	\$ 3,116,187
12.00%	13.00%	10.00%	10.00%	8.92%	8.13%

CITY OF BEXLEY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<i>Police:</i>				
Contractually required contribution	\$ 578,565	\$ 549,543	\$ 501,201	\$ 561,124
Contributions in relation to the contractually required contribution	<u>(578,565)</u>	<u>(549,543)</u>	<u>(501,201)</u>	<u>(561,124)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 3,045,079	\$ 2,892,332	\$ 2,637,900	\$ 2,953,284
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 467,268	\$ 432,563	\$ 227,724	\$ 299,827	\$ 306,985	\$ 316,167
<u>(467,268)</u>	<u>(432,563)</u>	<u>(227,724)</u>	<u>(299,827)</u>	<u>(306,985)</u>	<u>(316,167)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,459,305	\$ 2,723,948	\$ 1,786,071	\$ 2,351,584	\$ 2,407,725	\$ 2,479,741
19.00%	15.88%	12.75%	12.75%	12.75%	12.75%

CITY OF BEXLEY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TWO YEARS

	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.027700%	0.025768%
City's proportionate share of the net OPEB liability	\$ 3,008,015	\$ 2,602,672
City's covered payroll	\$ 4,180,705	\$ 3,858,458
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	71.95%	67.45%
Plan fiduciary net position as a percentage of the total OPEB liability	54.14%	54.05%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BEXLEY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TWO YEARS

	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.12398600%	0.11832100%
City's proportionate share of the net OPEB liability	\$ 7,024,850	\$ 5,616,432
City's covered payroll	\$ 2,892,332	\$ 2,637,900
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	242.88%	212.91%
Plan fiduciary net position as a percentage of the total OPEB liability	14.13%	15.96%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

CITY OF BEXLEY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 10,493	\$ 49,083	\$ 82,906	\$ 67,123
Contributions in relation to the contractually required contribution	<u>(10,493)</u>	<u>(49,083)</u>	<u>(82,906)</u>	<u>(67,123)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 4,231,276	\$ 4,180,705	\$ 3,858,458	\$ 3,565,700
Contributions as a percentage of covered payroll	0.25%	1.17%	2.15%	1.88%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 62,584	\$ 29,462	\$ 120,152	\$ 127,632	\$ 172,986	\$ 163,930
<u>(62,584)</u>	<u>(29,462)</u>	<u>(120,152)</u>	<u>(127,632)</u>	<u>(172,986)</u>	<u>(163,930)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,540,033	\$ 2,946,231	\$ 3,003,810	\$ 3,190,810	\$ 3,490,740	\$ 3,116,187
1.77%	1.00%	4.00%	4.00%	4.96%	5.26%

CITY OF BEXLEY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN YEARS

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<i>Police:</i>				
Contractually required contribution	\$ 15,225	\$ 14,462	\$ 13,189	\$ 15,166
Contributions in relation to the contractually required contribution	<u>(15,225)</u>	<u>(14,462)</u>	<u>(13,189)</u>	<u>(15,166)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 3,045,079	\$ 2,892,332	\$ 2,637,900	\$ 2,953,284
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.51%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 13,299	\$ 98,496	\$ 120,560	\$ 158,732	\$ 162,522	\$ 167,382
<u>(13,299)</u>	<u>(98,496)</u>	<u>(120,560)</u>	<u>(158,732)</u>	<u>(162,522)</u>	<u>(167,382)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,459,305	\$ 2,723,948	\$ 1,786,071	\$ 2,351,584	\$ 2,407,725	\$ 2,479,741
0.54%	3.62%	6.75%	6.75%	6.75%	6.75%

CITY OF BEXLEY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2018

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2018.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumptions for 2018.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2018.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017. For 2018, the following were the most significant changes of assumptions that affected the total pension since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.50% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2018.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2018.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) DROP interest rate was reduced from 4.50% to 4.00%, (b) CPI-based COLA was reduced from 2.60% to 2.20%, (c) investment rate of return was reduced from 8.25% to 8.00%, (d) salary increases were reduced from 3.75% to 3.25%, (e) payroll growth was reduced from 3.75% to 3.25% and (f) the discount rate (interest rate) was reduced from 3.79% to 3.24%.



Julian & Grube, Inc.
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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 E. Main Street
Bexley, Ohio 43209

To the Members of Council and Mayor:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Bexley, Franklin County, Ohio, as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City of Bexley's basic financial statements and have issued our report thereon dated June 24, 2019, wherein we noted as discussed in Note 3, the City of Bexley adopted Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Julian & Grube, Inc.
June 24, 2019

OHIO AUDITOR OF STATE KEITH FABER



CITY OF BEXLEY

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
SEPTEMBER 17, 2019**