

CITY OF BEXLEY
FRANKLIN COUNTY, OHIO

REGULAR AUDIT

**FOR THE YEAR ENDED
DECEMBER 31, 2022**

OHIO AUDITOR OF STATE
KEITH FABER



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

We have reviewed the *Independent Auditor's Report* of the City of Bexley, Franklin County, prepared by Julian & Grube, Inc., for the audit period January 1, 2022 through December 31, 2022. 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.

The Auditor of State is conducting an investigation, which is on-going as of the date of this report. Dependent on the outcome of the investigation, results may be reported on at a later date.

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.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

September 25, 2023

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**CITY OF BEXLEY
FRANKLIN COUNTY, OHIO**

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Independent Auditor's Report

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

To the Members of the City Council and Mayor:

Report on the Audit of the Financial Statements

Opinions

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, 2022, 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.

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, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund, Roads and Sidewalks Fund, and the ARPA Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the City of Bexley and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Bexley's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Bexley's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Bexley's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the 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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 17, 2023 on our consideration of the City of Bexley's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Bexley's 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.
August 17, 2023

CITY OF BEXLEY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2022

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, 2022. 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 2022 are as follows:

- The total net position of the City increased \$7,770,359 over the prior year's net position. Net position of governmental activities increased \$7,718,984 or 22.56% from 2021's net position and net position of business-type activities increased \$51,375 or 0.32% over 2021's net position.
- General revenues accounted for \$22,713,738 or 80.49% of total governmental activities revenues. Program specific revenues accounted for \$5,504,446 or 19.51% of total governmental activities revenue.
- The City had \$20,499,200 in expenses related to governmental activities; \$5,504,446 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 \$22,713,738 were adequate to offset the remaining expenses of the governmental activities of \$14,994,754.
- The general fund had revenues of \$22,047,011 in 2022. This represents an increase of \$3,386,505 from 2021. The expenditures and other financing uses of the general fund, which totaled \$21,540,988 in 2022, increased \$2,716,485 from 2021. The net increase in fund balance for the general fund was \$506,023 or 5.68%.
- The roads and sidewalks fund had \$2,016,366 in revenues and \$1,514,706 in expenditures and other financing uses in 2022. The net increase in fund balance for the roads and sidewalks fund was \$501,660 or 68.81% due to a decrease in capital related projects.
- The American Rescue Plan Act (ARPA) fund had \$153,443 in revenues and \$153,443 in expenditures in 2022. The fund balance for the ARPA fund remained zero as revenues equaled expenditures. The ARPA fund reported \$1,286,434 in unearned grant revenues. These revenues will be recognized as expenditures are made.
- Net position for the business-type activities, which are composed of the water, sewer, and refuse enterprise operations, increased in 2022 by \$51,375 over the prior year.
- The water enterprise fund had operating revenues of \$2,910,021 and operating expenses of \$2,901,428. The water fund additionally had \$24,549 in non-operating expenses. The net position of the water fund decreased \$15,956 or 0.24% during 2022.
- The sewer enterprise fund had operating revenues of \$2,748,996 and operating expenses of \$2,397,188. The sewer fund had \$54,634 in non-operating expenses. The net position of the sewer fund increased \$297,174 or 3.95% during 2022.
- The refuse enterprise fund had operating revenues of \$1,377,772 and operating expenses of \$1,609,364. The net position of the refuse fund decreased \$231,592 or 14.08% during 2022.

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.

CITY OF BEXLEY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2022

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 2022?" 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.

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.

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.

CITY OF BEXLEY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2022

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 ARPA 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.

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.

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. Custodial funds are the City's only fiduciary fund type.

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.

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/OPEB liability/asset and the City's schedule of contributions to OPERS and OP&F.

CITY OF BEXLEY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Government-Wide Financial Analysis

The statement of net position provides the perspective of the City as a whole. The table that follows provides a summary of the City's net position at December 31, 2022 compared to 2021.

| | Net Position | | | | | |
|---------------------------------------|--------------------------------|----------------------|---------------------------------|----------------------|----------------------|----------------------|
| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
| | <u>2022</u> | <u>2021</u> | <u>2022</u> | <u>2021</u> | <u>2022</u> | <u>2021</u> |
| <u>Assets</u> | | | | | | |
| Current and other assets | \$ 29,311,449 | \$ 23,327,237 | \$ 7,558,176 | \$ 8,233,312 | \$ 36,869,625 | \$ 31,560,549 |
| Capital assets, net | <u>49,012,088</u> | <u>48,952,285</u> | <u>20,539,916</u> | <u>18,751,213</u> | <u>69,552,004</u> | <u>67,703,498</u> |
| Total assets | <u>78,323,537</u> | <u>72,279,522</u> | <u>28,098,092</u> | <u>26,984,525</u> | <u>106,421,629</u> | <u>99,264,047</u> |
| <u>Deferred outflows of resources</u> | <u>5,129,939</u> | <u>3,741,088</u> | <u>421,050</u> | <u>247,701</u> | <u>5,550,989</u> | <u>3,988,789</u> |
| <u>Liabilities</u> | | | | | | |
| Current and other liabilities | 2,757,486 | 1,853,952 | 1,153,728 | 1,065,560 | 3,911,214 | 2,919,512 |
| Long-term liabilities: | | | | | | |
| Due within one year | 2,430,028 | 1,664,512 | 421,551 | 465,240 | 2,851,579 | 2,129,752 |
| Due in more than one year | <u>25,954,989</u> | <u>29,828,935</u> | <u>10,426,126</u> | <u>9,368,202</u> | <u>36,381,115</u> | <u>39,197,137</u> |
| Total liabilities | <u>31,142,503</u> | <u>33,347,399</u> | <u>12,001,405</u> | <u>10,899,002</u> | <u>43,143,908</u> | <u>44,246,401</u> |
| <u>Deferred inflows of resources</u> | <u>10,376,520</u> | <u>8,457,742</u> | <u>608,391</u> | <u>475,253</u> | <u>10,984,911</u> | <u>8,932,995</u> |
| <u>Net Position</u> | | | | | | |
| Net investment in capital assets | 32,871,876 | 31,618,567 | 10,159,701 | 9,471,571 | 43,031,577 | 41,090,138 |
| Restricted for: | | | | | | |
| Capital projects | 454,033 | 295,218 | - | - | 454,033 | 295,218 |
| Transportation | 1,413,181 | 917,565 | - | - | 1,413,181 | 917,565 |
| Police programs | 32,391 | 29,725 | - | - | 32,391 | 29,725 |
| Main Street improvements | 349,861 | 338,168 | - | - | 349,861 | 338,168 |
| Other purposes | 76,706 | 116,000 | - | - | 76,706 | 116,000 |
| Unrestricted (deficit) | <u>6,736,405</u> | <u>900,226</u> | <u>5,749,645</u> | <u>6,386,400</u> | <u>12,486,050</u> | <u>7,286,626</u> |
| Total net position | <u>\$ 41,934,453</u> | <u>\$ 34,215,469</u> | <u>\$ 15,909,346</u> | <u>\$ 15,857,971</u> | <u>\$ 57,843,799</u> | <u>\$ 50,073,440</u> |

The net pension liability/asset is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City'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, the net pension asset, and the net OPEB asset.

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/asset 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.

CITY OF BEXLEY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2022

GASB 68 and GASB 75 require the net pension liability/asset and the net OPEB liability/asset 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.

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/asset and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2022, the City's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$57,843,799. At year-end, net position was \$41,934,453 and \$15,909,346 for the governmental activities and the business-type activities, respectively.

Current and other assets increased 16.82% from the prior year primarily in the area of equity in pooled cash and investments due to current year operations. Capital assets remained comparable to the prior year as additions slightly exceeded depreciation expense. During 2022, the City continued the South Cassingham and Vernon Road improvement project and began the South Drexel and Grandon Ave.

CITY OF BEXLEY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 65.36% 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, 2022, was \$32,871,876 and \$10,159,701 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.

Deferred outflows of resources increased \$1,562,200 from 2021. This increase was primarily in the area of changes in assumptions reported by the Ohio Public Employees Retirement System (OPERS). The City reports its proportionate share of the OPERS deferred outflows of resources in the financial statements.

Total liabilities decreased \$1,102,493 or 2.49% from 2021. Current liabilities at December 31, 2022 increased \$991,702 from 2021 primarily due to an increase in unearned revenue for grant revenue received, but not earned. Long-term obligations decreased \$2,094,195 or 5.07% as the City saw a decrease in the net OPEB liability. The City reports its proportionate share of the OPERS and OP&F net pension liability and net OPEB liability in the financial statements.

A portion of the City's net position, \$2,326,172, 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 balance of \$6,736,405 and a balance of \$5,749,645 in the business-type activities.

The table below shows the comparative analysis of changes in net position for 2022 compared to 2021.

| | Change in Net Position | | | | | |
|---|--------------------------------|-------------------|---------------------------------|------------------|-------------------|-------------------|
| | <u>Governmental Activities</u> | | <u>Business-type Activities</u> | | <u>Total</u> | |
| | <u>2022</u> | <u>2021</u> | <u>2022</u> | <u>2021</u> | <u>2022</u> | <u>2021</u> |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 3,623,275 | \$ 2,361,649 | \$ 7,036,359 | \$ 6,904,822 | \$ 10,659,634 | \$ 9,266,471 |
| Operating grants and contributions | 1,006,867 | 1,142,433 | - | 250 | 1,006,867 | 1,142,683 |
| Capital grants and contributions | <u>874,304</u> | <u>930,704</u> | <u>-</u> | <u>-</u> | <u>874,304</u> | <u>930,704</u> |
| Total program revenues | <u>5,504,446</u> | <u>4,434,786</u> | <u>7,036,359</u> | <u>6,905,072</u> | <u>12,540,805</u> | <u>11,339,858</u> |
| General revenues: | | | | | | |
| Property taxes | 3,128,526 | 3,166,645 | - | - | 3,128,526 | 3,166,645 |
| Income taxes | 17,866,140 | 15,805,335 | - | - | 17,866,140 | 15,805,335 |
| Revenue in lieu of taxes | 430,625 | 434,907 | - | - | 430,625 | 434,907 |
| Other local taxes | 166,466 | 158,041 | - | - | 166,466 | 158,041 |
| Grants and entitlements | 1,418,935 | 1,082,631 | - | - | 1,418,935 | 1,082,631 |
| Investment earnings | 241,008 | 180,689 | - | - | 241,008 | 180,689 |
| Net (decrease) in FMV of investments | (583,294) | (252,104) | - | - | (583,294) | (252,104) |
| Other | <u>45,332</u> | <u>70,739</u> | <u>430</u> | <u>1,368</u> | <u>45,762</u> | <u>72,107</u> |
| Total general revenues | <u>22,713,738</u> | <u>20,646,883</u> | <u>430</u> | <u>1,368</u> | <u>22,714,168</u> | <u>20,648,251</u> |
| Total revenues | <u>28,218,184</u> | <u>25,081,669</u> | <u>7,036,789</u> | <u>6,906,440</u> | <u>35,254,973</u> | <u>31,988,109</u> |

- continued

CITY OF BEXLEY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

| | Change in Net Position | | | | | |
|-----------------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | Governmental Activities | | Business-type Activities | | Total | |
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Expenses: | | | | | | |
| General government | 4,574,286 | 3,823,294 | - | - | 4,574,286 | 3,823,294 |
| Security of persons and property | 9,354,425 | 9,800,978 | - | - | 9,354,425 | 9,800,978 |
| Public health and welfare | 131,569 | 130,146 | - | - | 131,569 | 130,146 |
| Transportation | 2,533,627 | 2,391,908 | - | - | 2,533,627 | 2,391,908 |
| Leisure time activity | 3,380,733 | 2,001,531 | - | - | 3,380,733 | 2,001,531 |
| Interest and fiscal charges | 524,560 | 286,889 | - | - | 524,560 | 286,889 |
| Water | - | - | 2,924,979 | 2,800,598 | 2,924,979 | 2,800,598 |
| Sewer | - | - | 2,451,362 | 2,274,711 | 2,451,362 | 2,274,711 |
| Refuse | - | - | 1,609,073 | 1,274,826 | 1,609,073 | 1,274,826 |
| Total expenses | <u>20,499,200</u> | <u>18,434,746</u> | <u>6,985,414</u> | <u>6,350,135</u> | <u>27,484,614</u> | <u>24,784,881</u> |
| Change in net position | 7,718,984 | 6,646,923 | 51,375 | 556,305 | 7,770,359 | 7,203,228 |
| Net position at beginning of year | <u>34,215,469</u> | <u>27,568,546</u> | <u>15,857,971</u> | <u>15,301,666</u> | <u>50,073,440</u> | <u>42,870,212</u> |
| Net position at end of year | <u>\$ 41,934,453</u> | <u>\$ 34,215,469</u> | <u>\$ 15,909,346</u> | <u>\$ 15,857,971</u> | <u>\$ 57,843,799</u> | <u>\$ 50,073,440</u> |

Governmental Activities

The net position of the governmental activities increased \$7,718,984 in 2022.

Expenses of the governmental activities increased \$2,064,454 or 11.20%. This increase is mainly due to the increase in costs of goods and services due to rising inflation.

General government expenses totaled \$4,574,286 and were partially funded by \$392,172 in direct charges to consumers of City services and \$153,638 in operating and capital grants and contributions. General government expenses increased \$750,992 or 19.64% from 2021.

Security of persons and property, which includes police department operations, accounted for \$9,354,425 or 45.63% of the total expenses of the City's governmental activities. Security of persons and property expenses were partially funded by \$41,243 in direct charges to users of the services and \$686 in operating grants and contributions. During 2022, security of persons and property expense decreased \$446,553.

Transportation expenses totaled \$2,533,627 and were partially funded by \$19,450 in direct charges to users of the City's services, operating grants and contributions of \$819,708, and capital grants and contributions of \$872,970. Capital grants and contributions increased due to the City receiving more OPWC grant funding due to more ongoing OPWC projects. Transportation expenses increased 5.92%.

Leisure time activity expenses totaled \$3,380,733 and were partially funded by \$3,170,410 in direct charges to consumers of City services, \$33,030 in operating grants and contributions, and \$1,139 in capital grants and contributions. Capital grants and contributions decreased due to the City receiving a \$100,000 donation for improvements to Jeffery Mansion in 2021. Leisure time activity expenses increased 68.91%.

CITY OF BEXLEY, OHIO

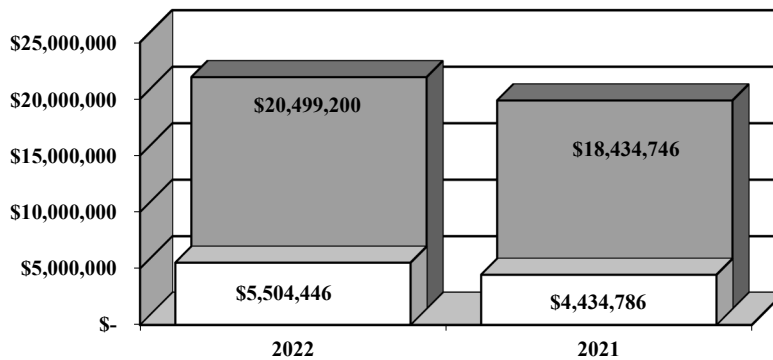
**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

The state and federal government contributed to the City a total of \$1,006,867 in operating grants and contributions and \$874,304 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of these totals, \$1,692,678 subsidized transportation programs and \$153,638 subsidized general government.

General revenues totaled \$22,713,738 and amounted to 80.49% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$20,994,666, as well as grants and entitlements not restricted to specific programs, including local government, making up \$1,418,935.

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



□ Program Revenues □ Expenses

The following table shows, for the governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements for 2022 compared to 2021.

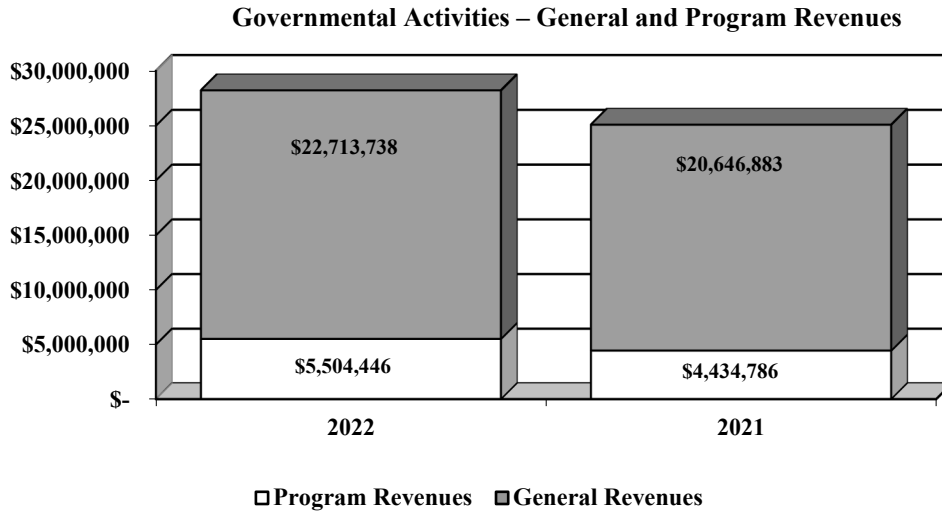
| | Governmental Activities | | | |
|----------------------------------|--------------------------------|----------------------|------------------------|----------------------|
| | 2022 | | 2021 | |
| | Total Cost of Services | Net Cost of Services | Total Cost of Services | Net Cost of Services |
| Program Expenses: | | | | |
| General government | \$ 4,574,286 | \$ 4,028,476 | \$ 3,823,294 | \$ 3,354,188 |
| Security of persons and property | 9,354,425 | 9,312,496 | 9,800,978 | 9,750,499 |
| Public health and welfare | 131,569 | 131,569 | 130,146 | 130,146 |
| Transportation | 2,533,627 | 821,499 | 2,391,908 | 631,728 |
| Leisure time activities | 3,380,733 | 176,154 | 2,001,531 | (146,572) |
| Interest and fiscal charges | 524,560 | 524,560 | 286,889 | 279,971 |
| Total Expenses | \$ 20,499,200 | \$ 14,994,754 | \$ 18,434,746 | \$ 13,999,960 |

The dependence upon general revenues for governmental activities is apparent, as 73.15% 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, 2022**

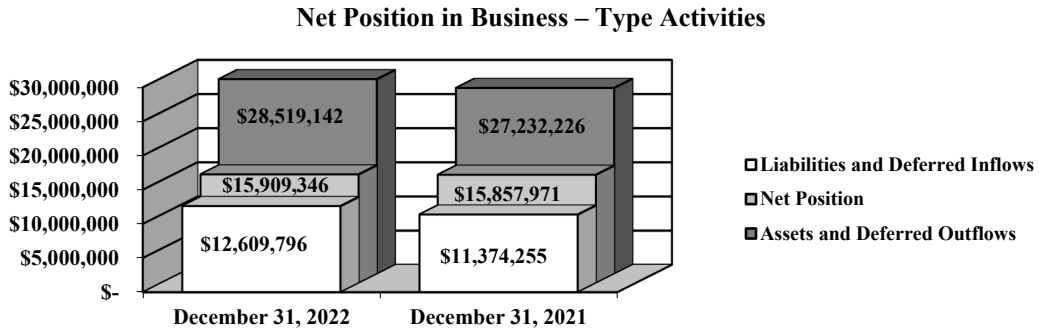
The chart below illustrates the City’s program revenues versus general revenues for 2022 and 2021.



Business-Type Activities

Business-type activities include the water, sewer and refuse enterprise funds. These programs had program revenues of \$7,036,359, general revenues of \$430, and expenses of \$6,985,414 for 2022.

The graph below shows the business-type activities assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at year-end.



Expenses of the business-type activities increased \$635,279 or 10.00%. This increase is primarily due to an increase in refuse operations.

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.

CITY OF BEXLEY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

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 reported a combined fund balance of \$18,082,101, which is \$3,512,678 more than last year's total of \$14,569,423. The following schedule indicates the fund balances and the total change in fund balances as of December 31, 2022 for all major and nonmajor governmental funds.

| | Fund Balance 12/31/22 | Fund Balance 12/31/21 | Increase |
|-----------------------------|-----------------------------|-----------------------------|---------------------|
| Major funds: | | | |
| General | \$ 9,408,165 | \$ 8,902,142 | \$ 506,023 |
| Roads and sidewalks | 1,230,691 | 729,031 | 501,660 |
| Nonmajor governmental funds | <u>7,443,245</u> | <u>4,938,250</u> | <u>2,504,995</u> |
| Total | <u>\$ 18,082,101</u> | <u>\$ 14,569,423</u> | <u>\$ 3,512,678</u> |

General Fund

The City's general fund balance increased \$506,023 during 2022. The table that follows assists in illustrating the revenues of the general fund.

| | 2022 Amount | 2021 Amount | Increase/ (Decrease) | Percentage Change |
|---|----------------------|----------------------|-------------------------|----------------------|
| Revenues | | | | |
| Municipal income taxes | \$ 16,670,700 | \$ 14,514,119 | \$ 2,156,581 | 14.86 % |
| Property and other local taxes | 753,764 | 725,705 | 28,059 | 3.87 % |
| Intergovernmental | 1,302,605 | 1,179,296 | 123,309 | 10.46 % |
| Charges for services | 2,829,149 | 1,603,462 | 1,225,687 | 76.44 % |
| Licenses and permits | 391,074 | 412,420 | (21,346) | (5.18) % |
| Fines and forfeitures | 38,577 | 37,648 | 929 | 2.47 % |
| Investment income | 230,775 | 186,321 | 44,454 | 23.86 % |
| Net (decrease) in FMV of investments | (583,294) | (252,104) | (331,190) | 131.37 % |
| Rental income | 341,261 | 167,830 | 173,431 | 103.34 % |
| Contributions and donations | 23,730 | 15,070 | 8,660 | 57.47 % |
| Miscellaneous | 48,670 | 70,739 | (22,069) | (31.20) % |
| Total | <u>\$ 22,047,011</u> | <u>\$ 18,660,506</u> | <u>\$ 3,386,505</u> | 18.15 % |

Revenue of the general fund increased \$3,386,505 or 18.15%. Tax revenue (income tax, property taxes, and other local taxes) represents 79.03% of all general fund revenue. Income tax revenue increased \$2,156,581 from the prior year due to increased collections by the City as business income increased. Investment income increased 23.86% from investment income in 2021, due to increases in interest rates on the City's investments. The City received \$341,261 in rental revenue from the CIC in 2022, contributing to an increase in rental income of 103.34%. Charges for services revenue increased 76.44% from 2021 due to increased fees collected from the Jeffery Mansion programs and more people going to the swimming pool. Licenses and permits revenue decreased 5.18% from 2021 as less building permits were issued during the year. Intergovernmental revenue increased 10.46% due to increased grant funding. Miscellaneous revenue decreased due to decreased refunds and reimbursements received.

CITY OF BEXLEY, OHIO

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

| | <u>2022</u> <u>Amount</u> | <u>2021</u> <u>Amount</u> | <u>Increase/</u> <u>(Decrease)</u> | <u>Percentage</u> <u>Change</u> |
|----------------------------------|------------------------------|------------------------------|---------------------------------------|------------------------------------|
| <u>Expenditures</u> | | | | |
| General government | \$ 5,026,547 | \$ 4,854,903 | \$ 171,644 | 3.54 % |
| Security of persons and property | 8,396,108 | 8,300,099 | 96,009 | 1.16 % |
| Public health and welfare | 131,569 | 130,146 | 1,423 | 1.09 % |
| Leisure time activities | 3,423,683 | 2,612,214 | 811,469 | 31.06 % |
| Capital outlay | <u>1,753</u> | <u>8,233</u> | <u>(6,480)</u> | <u>(78.71) %</u> |
| Total | <u>\$ 16,979,660</u> | <u>\$ 15,905,595</u> | <u>\$ 1,074,065</u> | 6.75 % |

General fund expenditures increased \$1,074,065 or 6.75%. General government expenditures increased due to an increase in goods and services due to inflation. Leisure time activities expenditures increased as the City had many community recreation activities during the year. Capital outlay expenditures decreased due to the City completing projects in 2021.

Roads and Sidewalks Fund

The roads and sidewalks fund had \$2,016,366 in revenues and \$1,514,706 in expenditures and other financing uses in 2022. The net increase in fund balance for the roads and sidewalks fund was \$501,660 or 68.81% due to a decrease in capital related projects.

ARPA Fund

The ARPA fund had \$153,443 in revenues and \$153,443 in expenditures in 2022. The fund balance for the ARPA fund remained zero as revenues equaled expenditures. The ARPA fund reported \$1,286,434 in unearned grant revenues. These revenues will be recognized as expenditures are made.

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 \$20,408,594 were \$1,441,240 higher than final budgeted revenues and other financing sources of \$18,967,354 while actual expenditures and other financing uses of \$20,398,730 were \$1,294,024 less than final budgeted expenditures and other financing uses of \$21,692,754. Budgeted revenues and other financing sources were increased by \$481,865 from the original budget to the final budget, while budgeted expenditures and other financing uses were increased by \$2,170,954.

Proprietary Funds

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

CITY OF BEXLEY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

Capital Assets and Debt Administration

Capital Assets

At the end of 2022, the City had \$69,552,004 (net of accumulated depreciation) invested in land, construction in progress, land improvements, buildings and improvements, equipment, vehicles, and infrastructure. Of this total, \$49,012,088 was reported in the governmental activities and \$20,539,916 was reported in business-type activities.

The following table shows December 31, 2022 balances compared to December 31, 2021:

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

| | Governmental Activities | | Business-Type Activities | | Total | |
|----------------------------|-------------------------|----------------------|--------------------------|----------------------|----------------------|----------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Land | \$ 840,713 | \$ 840,713 | \$ - | \$ - | \$ 840,713 | \$ 840,713 |
| Construction in Progress | 3,619,181 | 6,240,520 | 3,329,330 | 1,591,641 | 6,948,511 | 7,832,161 |
| Land improvements | 264,405 | 300,297 | - | - | 264,405 | 300,297 |
| Buildings and improvements | 15,286,836 | 11,762,298 | 288,875 | 311,625 | 15,575,711 | 12,073,923 |
| Equipment | 1,909,642 | 1,632,855 | 53,198 | 68,639 | 1,962,840 | 1,701,494 |
| Vehicles | 792,591 | 861,393 | 354,883 | 403,055 | 1,147,474 | 1,264,448 |
| Infrastructure | <u>26,298,720</u> | <u>27,314,209</u> | <u>16,513,630</u> | <u>16,376,253</u> | <u>42,812,350</u> | <u>43,690,462</u> |
| Totals | <u>\$ 49,012,088</u> | <u>\$ 48,952,285</u> | <u>\$ 20,539,916</u> | <u>\$ 18,751,213</u> | <u>\$ 69,552,004</u> | <u>\$ 67,703,498</u> |

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 53.66% of the City's total governmental capital assets.

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 80.40% 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.

Debt Administration

During 2022, the City issued \$365,868 in OPWC loans in the governmental activities and \$1,539,617 in the business-type activities.

The City had the following long-term obligations outstanding at December 31, 2022 and 2021.

| | Governmental Activities | | Business-type Activities | |
|-----------------------------|-------------------------|----------------------|--------------------------|---------------------|
| | 2022 | 2021 | 2022 | 2021 |
| General obligation bonds | \$ 10,907,084 | \$ 12,231,852 | \$ 957,867 | \$ 1,159,660 |
| Revenue bonds | 755,000 | 810,000 | - | - |
| OPWC loans | <u>4,746,077</u> | <u>4,645,603</u> | <u>9,487,274</u> | <u>8,233,454</u> |
| Total long-term obligations | <u>\$ 16,408,161</u> | <u>\$ 17,687,455</u> | <u>\$ 10,445,141</u> | <u>\$ 9,393,114</u> |

CITY OF BEXLEY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2022

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 2023 year. For 2023 in the general fund, the City anticipates receipts of \$20,857,199 and disbursements of \$20,911,734. The City had unassigned fund balance in the general fund, on the modified accrual basis of accounting, amounting to \$7,075,049 at December 31, 2022.

Contacting the City's Financial Management

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

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CITY OF BEXLEY

STATEMENT OF NET POSITION
DECEMBER 31, 2022

| | Primary Government | | | Component Unit |
|---|-------------------------|--------------------------|---------------|----------------|
| | Governmental Activities | Business-type Activities | Total | |
| Assets: | | | | |
| Equity in pooled cash and investments..... | \$ 18,498,447 | \$ 6,011,968 | \$ 24,510,415 | \$ 649,425 |
| Cash with fiscal agent..... | 90,250 | - | 90,250 | - |
| Cash in segregated accounts..... | 2,888 | - | 2,888 | - |
| Receivables: | | | | |
| Municipal income taxes..... | 5,079,147 | - | 5,079,147 | - |
| Property taxes..... | 3,200,983 | - | 3,200,983 | - |
| Accounts..... | - | 1,340,306 | 1,340,306 | 4,621 |
| Other local taxes..... | 38,815 | - | 38,815 | - |
| Revenue in lieu of taxes..... | 597,972 | - | 597,972 | - |
| Special assessments..... | 41,297 | - | 41,297 | - |
| Accrued interest..... | 48,413 | - | 48,413 | 11,303 |
| Due from other governments..... | 849,715 | - | 849,715 | - |
| Notes receivable..... | - | 50,295 | 50,295 | - |
| Leases receivable..... | - | - | - | 2,069,788 |
| Materials and supplies inventory..... | 45,402 | 11,761 | 57,163 | - |
| Other assets..... | - | - | - | 5,095 |
| Net pension asset..... | 53,594 | 8,974 | 62,568 | - |
| Net OPEB asset..... | 770,390 | 129,008 | 899,398 | - |
| Inventory held for future distribution..... | - | - | - | 409,417 |
| Internal balance..... | (5,864) | 5,864 | - | - |
| Capital assets: | | | | |
| Land and construction in progress..... | 4,459,894 | 3,329,330 | 7,789,224 | 1,701,301 |
| Depreciable capital assets, net..... | 44,552,194 | 17,210,586 | 61,762,780 | 1,148,177 |
| Total capital assets, net..... | 49,012,088 | 20,539,916 | 69,552,004 | 2,849,478 |
| Total assets..... | 78,323,537 | 28,098,092 | 106,421,629 | 5,999,127 |
| Deferred outflows of resources: | | | | |
| Unamortized deferred charges on debt refunding..... | 291,488 | 64,926 | 356,414 | - |
| Pension..... | 3,963,742 | 331,956 | 4,295,698 | - |
| OPEB..... | 874,709 | 24,168 | 898,877 | - |
| Total deferred outflows of resources..... | 5,129,939 | 421,050 | 5,550,989 | - |
| Liabilities: | | | | |
| Accounts payable..... | 555,284 | 189,841 | 745,125 | 9,509 |
| Accrued wages and benefits payable..... | 218,270 | 16,984 | 235,254 | - |
| Vacation balances payable..... | 416,962 | 29,383 | 446,345 | - |
| Due to other governments..... | 79,418 | 915,606 | 995,024 | 30,000 |
| Accrued interest payable..... | 34,728 | 1,914 | 36,642 | - |
| Claims payable..... | 165,789 | - | 165,789 | - |
| Deposits held and due to others..... | 601 | - | 601 | - |
| Unearned revenue..... | 1,286,434 | - | 1,286,434 | - |
| Long-term liabilities: | | | | |
| Due within one year..... | 2,430,028 | 421,551 | 2,851,579 | - |
| Due greater than one year: | | | | |
| Net Pension Liability..... | 10,091,669 | 349,007 | 10,440,676 | - |
| Net OPEB Liability..... | 1,404,889 | - | 1,404,889 | - |
| Other amounts due in more than one year..... | 14,458,431 | 10,077,119 | 24,535,550 | 425,244 |
| Total liabilities..... | 31,142,503 | 12,001,405 | 43,143,908 | 464,753 |
| Deferred inflows of resources: | | | | |
| Property taxes levied for the next fiscal year..... | 3,125,160 | - | 3,125,160 | - |
| Revenue in lieu of taxes levied for next fiscal year..... | 597,972 | - | 597,972 | - |
| Unamortized deferred gain on debt refunding..... | 23,539 | - | 23,539 | - |
| Leases..... | - | - | - | 2,022,044 |
| Pension..... | 5,215,382 | 455,364 | 5,670,746 | - |
| OPEB..... | 1,414,467 | 153,027 | 1,567,494 | - |
| Total deferred inflows of resources..... | 10,376,520 | 608,391 | 10,984,911 | 2,022,044 |
| Net position: | | | | |
| Net investment in capital assets..... | 32,871,876 | 10,159,701 | 43,031,577 | 2,424,234 |
| Restricted for: | | | | |
| Capital projects..... | 454,033 | - | 454,033 | - |
| Transportation projects..... | 1,413,181 | - | 1,413,181 | - |
| Police programs..... | 32,391 | - | 32,391 | - |
| Main street public improvements..... | 349,861 | - | 349,861 | - |
| Other purposes..... | 76,706 | - | 76,706 | 357,765 |
| Unrestricted..... | 6,736,405 | 5,749,645 | 12,486,050 | 730,331 |
| Total net position..... | \$ 41,934,453 | \$ 15,909,346 | \$ 57,843,799 | \$ 3,512,330 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

| | Expenses | Program Revenues | | |
|---|----------------------|--------------------------------|------------------------------------|----------------------------------|
| | | Charges for Services and Sales | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental activities: | | | | |
| General government..... | \$ 4,574,286 | \$ 392,172 | \$ 153,443 | \$ 195 |
| Security of persons and property..... | 9,354,425 | 41,243 | 686 | - |
| Public health and welfare..... | 131,569 | - | - | - |
| Transportation..... | 2,533,627 | 19,450 | 819,708 | 872,970 |
| Leisure time activity..... | 3,380,733 | 3,170,410 | 33,030 | 1,139 |
| Interest and fiscal charges..... | 524,560 | - | - | - |
| Total governmental activities..... | <u>20,499,200</u> | <u>3,623,275</u> | <u>1,006,867</u> | <u>874,304</u> |
| Business-type activities: | | | | |
| Water..... | 2,924,979 | 2,909,591 | - | - |
| Sewer..... | 2,451,362 | 2,748,996 | - | - |
| Refuse..... | 1,609,073 | 1,377,772 | - | - |
| Total business-type activities..... | <u>6,985,414</u> | <u>7,036,359</u> | <u>-</u> | <u>-</u> |
| Total primary government..... | <u>\$ 27,484,614</u> | <u>\$ 10,659,634</u> | <u>\$ 1,006,867</u> | <u>\$ 874,304</u> |
| Component unit: | | | | |
| Bexley Community Improvement Corporation..... | <u>\$ 461,062</u> | <u>\$ 436,021</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

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 |
| \$ (4,028,476) | \$ - | \$ (4,028,476) | \$ - |
| (9,312,496) | - | (9,312,496) | - |
| (131,569) | - | (131,569) | - |
| (821,499) | - | (821,499) | - |
| (176,154) | - | (176,154) | - |
| (524,560) | - | (524,560) | - |
| <u>(14,994,754)</u> | <u>-</u> | <u>(14,994,754)</u> | <u>-</u> |
| - | (15,388) | (15,388) | - |
| - | 297,634 | 297,634 | - |
| - | (231,301) | (231,301) | - |
| - | 50,945 | 50,945 | - |
| <u>(14,994,754)</u> | <u>50,945</u> | <u>(14,943,809)</u> | <u>-</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>(25,041)</u> |
| 584,841 | - | 584,841 | - |
| 1,988,109 | - | 1,988,109 | - |
| 555,576 | - | 555,576 | - |
| 17,866,140 | - | 17,866,140 | - |
| 430,625 | - | 430,625 | - |
| 166,466 | - | 166,466 | - |
| 1,418,935 | - | 1,418,935 | - |
| 241,008 | - | 241,008 | 109,465 |
| (583,294) | - | (583,294) | - |
| 45,332 | 430 | 45,762 | 19,225 |
| <u>22,713,738</u> | <u>430</u> | <u>22,714,168</u> | <u>128,690</u> |
| 7,718,984 | 51,375 | 7,770,359 | 103,649 |
| <u>34,215,469</u> | <u>15,857,971</u> | <u>50,073,440</u> | <u>3,408,681</u> |
| <u>\$ 41,934,453</u> | <u>\$ 15,909,346</u> | <u>\$ 57,843,799</u> | <u>\$ 3,512,330</u> |

CITY OF BEXLEY

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2022

| | General | Roads and Sidewalks | ARPA | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|---------------------|---------------------|-----------------------------|--------------------------|
| Assets: | | | | | |
| Equity in pooled cash and investments..... | \$ 8,096,596 | \$ 1,288,973 | \$ 1,291,984 | \$ 7,345,945 | \$ 18,023,498 |
| Cash with fiscal agent..... | - | - | - | 90,250 | 90,250 |
| Cash in segregated accounts..... | 2,715 | - | - | 173 | 2,888 |
| Receivables: | | | | | |
| Municipal income taxes..... | 5,079,147 | - | - | - | 5,079,147 |
| Property taxes..... | 597,308 | 2,036,233 | - | 567,442 | 3,200,983 |
| Other local taxes..... | 38,815 | - | - | - | 38,815 |
| Revenue in lieu of taxes..... | - | - | - | 597,972 | 597,972 |
| Special assessments..... | - | - | - | 41,297 | 41,297 |
| Accrued interest..... | 48,413 | - | - | - | 48,413 |
| Due from other governments..... | 459,998 | 6,060 | - | 383,657 | 849,715 |
| Materials and supplies inventory..... | 7,522 | - | - | 37,880 | 45,402 |
| Total assets..... | <u>\$ 14,330,514</u> | <u>\$ 3,331,266</u> | <u>\$ 1,291,984</u> | <u>\$ 9,064,616</u> | <u>\$ 28,018,380</u> |
| Liabilities: | | | | | |
| Accounts payable..... | \$ 386,211 | \$ 58,282 | \$ 5,550 | \$ 105,241 | \$ 555,284 |
| Accrued wages and benefits payable..... | 188,588 | - | - | 13,757 | 202,345 |
| Compensated absences payable..... | 7,022 | - | - | - | 7,022 |
| Due to other governments..... | 52,681 | - | - | 24,270 | 76,951 |
| Deposits held and due to others..... | 601 | - | - | - | 601 |
| Unearned revenue..... | - | - | 1,286,434 | - | 1,286,434 |
| Total liabilities..... | <u>635,103</u> | <u>58,282</u> | <u>1,291,984</u> | <u>143,268</u> | <u>2,128,637</u> |
| Deferred inflows of resources: | | | | | |
| Property taxes levied for the next fiscal year..... | 583,159 | 1,988,000 | - | 554,001 | 3,125,160 |
| Revenue in lieu of taxes..... | | | | | |
| levied for next fiscal year..... | - | - | - | 597,972 | 597,972 |
| Delinquent property tax revenue not available..... | 14,149 | 48,233 | - | 13,441 | 75,823 |
| Income tax revenue not available..... | 3,298,414 | - | - | - | 3,298,414 |
| Intergovernmental revenue not available..... | 361,325 | 6,060 | - | 271,392 | 638,777 |
| Accrued interest not available..... | 25,982 | - | - | - | 25,982 |
| Special assessments revenue not available..... | - | - | - | 41,297 | 41,297 |
| Miscellaneous revenue not available..... | 4,217 | - | - | - | 4,217 |
| Total deferred inflows of resources..... | <u>4,287,246</u> | <u>2,042,293</u> | <u>-</u> | <u>1,478,103</u> | <u>7,807,642</u> |
| Total liabilities and deferred inflows of resources.... | <u>4,922,349</u> | <u>2,100,575</u> | <u>1,291,984</u> | <u>1,621,371</u> | <u>9,936,279</u> |
| Fund balances: | | | | | |
| Nonspendable..... | 21,348 | - | - | 37,880 | 59,228 |
| Restricted..... | - | 1,230,691 | - | 1,481,094 | 2,711,785 |
| Committed..... | - | - | - | 2,429,751 | 2,429,751 |
| Assigned..... | 2,311,768 | - | - | 3,494,520 | 5,806,288 |
| Unassigned..... | 7,075,049 | - | - | - | 7,075,049 |
| Total fund balances..... | <u>9,408,165</u> | <u>1,230,691</u> | <u>-</u> | <u>7,443,245</u> | <u>18,082,101</u> |
| Total liabilities, deferred inflows of resources and fund balances..... | <u>\$ 14,330,514</u> | <u>\$ 3,331,266</u> | <u>\$ 1,291,984</u> | <u>\$ 9,064,616</u> | <u>\$ 28,018,380</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2022

| | | |
|--|--------------|-------------------|
| Total governmental fund balances | \$ | 18,082,101 |
| <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. | | 49,012,088 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds. | | |
| Municipal income taxes receivable | \$ 3,298,414 | |
| Delinquent property taxes receivable | 75,823 | |
| Other local taxes | 4,217 | |
| Intergovernmental receivable | 638,777 | |
| Special assessments receivable | 41,297 | |
| Accrued interest receivable | 25,982 | |
| Total | | 4,084,510 |
| An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position. The net assets of the internal service fund, including internal balance of (\$5,864) are: | | 284,904 |
| Accrued interest is not due and payable in the current period and therefore is not reported in the governmental funds. | | (34,728) |
| Unamortized deferred charges on refundings are not recognized in the governmental funds. | | 291,488 |
| Unamortized deferred gains on refundings are not recognized in the governmental funds. | | (23,539) |
| Unamortized premiums on bond issuances are not recognized in the funds. | | (352,951) |
| The net pension asset/liability is not due and receivable/payable in the current period; therefore, the asset, liability and related deferred inflows/outflows are not reported in the governmental funds: | | |
| Net pension asset | 53,594 | |
| Deferred outflows of resources - pension | 3,963,742 | |
| Deferred inflows of resources - pension | (5,215,382) | |
| Net pension liability | (10,091,669) | |
| Total | | (11,289,715) |
| The net OPEB asset/liability is not due and receivable/payable in the current period; therefore, the asset, liability and related deferred inflows/outflows are not reported in the governmental funds: | | |
| Net OPEB asset | 770,390 | |
| Deferred outflows of resources | 874,709 | |
| Deferred inflows of resources | (1,414,467) | |
| Net OPEB liability | (1,404,889) | |
| Total | | (1,174,257) |
| 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 | (473,276) | |
| Vacation balances payable | (416,962) | |
| General obligation bonds payable | (10,554,133) | |
| Revenue bonds payable | (755,000) | |
| OPWC loans payable | (4,746,077) | |
| Total | | (16,945,448) |
| Net position of governmental activities | \$ | 41,934,453 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

| | General | Roads and Sidewalks | ARPA | Nonmajor Governmental Funds | Total Governmental Funds |
|---|---------------------|------------------------|----------------|-----------------------------------|--------------------------------|
| Revenues: | | | | | |
| Municipal income taxes..... | \$ 16,670,700 | \$ - | \$ - | \$ - | \$ 16,670,700 |
| Property taxes..... | 583,655 | 1,983,972 | - | 554,450 | 3,122,077 |
| Other local taxes..... | 170,109 | - | - | - | 170,109 |
| Charges for services..... | 2,829,149 | 19,450 | - | - | 2,848,599 |
| Licenses and permits..... | 391,074 | - | - | 2,650 | 393,724 |
| Fines and forfeitures..... | 38,577 | - | - | 3,621 | 42,198 |
| Intergovernmental..... | 1,302,605 | 12,944 | 153,443 | 1,787,503 | 3,256,495 |
| Special assessments..... | - | - | - | 70,184 | 70,184 |
| Investment income..... | 230,775 | - | - | 2,244 | 233,019 |
| Rental income..... | 341,261 | - | - | - | 341,261 |
| Contributions and donations..... | 23,730 | - | - | 6,939 | 30,669 |
| Revenue in lieu of taxes..... | - | - | - | 430,625 | 430,625 |
| Net (decrease) in fair value of investments..... | (583,294) | - | - | - | (583,294) |
| Other..... | 48,670 | - | - | 162 | 48,832 |
| Total revenues..... | 22,047,011 | 2,016,366 | 153,443 | 2,858,378 | 27,075,198 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government..... | 5,026,547 | - | 153,443 | 8,518 | 5,188,508 |
| Security of persons and property..... | 8,396,108 | - | - | 769,449 | 9,165,557 |
| Public health and welfare..... | 131,569 | - | - | - | 131,569 |
| Transportation..... | - | 26,539 | - | 951,452 | 977,991 |
| Leisure time activity..... | 3,423,683 | - | - | - | 3,423,683 |
| Capital outlay..... | 1,753 | 723,263 | - | 2,229,854 | 2,954,870 |
| Debt service: | | | | | |
| Principal retirement..... | - | - | - | 1,589,601 | 1,589,601 |
| Interest and fiscal charges..... | - | - | - | 496,609 | 496,609 |
| Total expenditures..... | 16,979,660 | 749,802 | 153,443 | 6,045,483 | 23,928,388 |
| Excess (deficiency) of revenues over (under) expenditures..... | 5,067,351 | 1,266,564 | - | (3,187,105) | 3,146,810 |
| Other financing sources (uses): | | | | | |
| Transfers in..... | - | - | - | 5,536,092 | 5,536,092 |
| Transfers (out)..... | (4,561,328) | (764,904) | - | (209,860) | (5,536,092) |
| Loan issuance..... | - | - | - | 365,868 | 365,868 |
| Total other financing sources (uses)..... | (4,561,328) | (764,904) | - | 5,692,100 | 365,868 |
| Net change in fund balances..... | 506,023 | 501,660 | - | 2,504,995 | 3,512,678 |
| Fund balances at beginning of year..... | 8,902,142 | 729,031 | - | 4,938,250 | 14,569,423 |
| Fund balances at end of year..... | \$ 9,408,165 | \$ 1,230,691 | \$ - | \$ 7,443,245 | \$ 18,082,101 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY

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, 2022

| | | |
|---|--------------------|-------------------------|
| Net change in fund balances - total governmental funds | \$ | 3,512,678 |
| <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 | \$ 2,962,216 | |
| Current year depreciation | <u>(2,876,638)</u> | |
| Total | | 85,578 |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net assets. | | |
| | | (25,775) |
| 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 | 1,195,440 | |
| Delinquent property taxes | 6,449 | |
| Intergovernmental revenues | 7,198 | |
| Special assessments | (72,691) | |
| Investment income | 10,233 | |
| Other local taxes | <u>(3,643)</u> | |
| Total | | 1,142,986 |
| 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. | | |
| | | (365,868) |
| 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 | 1,324,207 | |
| OPWC loans | <u>265,394</u> | |
| Total | | 1,589,601 |
| 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 | 2,276 | |
| Amortization of deferred charges on refunding | (90,548) | |
| Amortization of deferred gains on refunding | 4,760 | |
| Amortization of bond premiums | <u>55,561</u> | |
| Total | | (27,951) |
| 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 | 1,367,802 | |
| OPEB | <u>31,527</u> | |
| Total | | 1,399,329 |
| Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB asset/liability are reported as pension/OPEB expense in the statement of activities. | | |
| Pension | (153,817) | |
| OPEB | <u>648,874</u> | |
| Total | | 495,057 |
| 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. | | |
| (Increase) in vacation balances payable | (44,043) | |
| (Increase) in compensated absences payable | <u>(60,303)</u> | |
| Total | | <u>(104,346)</u> |
| The internal service fund used by management to charge the costs of self-insurance to to individual funds is not reported in the government-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund, including internal balance activity of (\$1,749), is allocated among the governmental activities. | | |
| | | 17,695 |
| Change in net position of governmental activities | \$ | <u>7,718,984</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2022

| | Budgeted Amounts | | Actual | Variance with Final Budget Positive (Negative) |
|--|------------------|---------------|---------------|---|
| | Original | Final | | |
| Revenues: | | | | |
| Municipal income taxes..... | \$ 15,566,737 | \$ 15,985,727 | \$ 17,238,046 | \$ 1,252,319 |
| Property taxes..... | 582,668 | 582,668 | 583,655 | 987 |
| Other local taxes..... | 149,587 | 153,613 | 165,647 | 12,034 |
| Charges for services..... | 59,159 | 60,751 | 65,510 | 4,759 |
| Licenses and permits..... | 353,158 | 362,663 | 391,074 | 28,411 |
| Fines and forfeitures..... | 36,090 | 37,062 | 39,965 | 2,903 |
| Intergovernmental..... | 1,176,319 | 1,207,980 | 1,302,613 | 94,633 |
| Investment income..... | 192,116 | 197,287 | 212,742 | 15,455 |
| Rental income..... | 198,670 | 204,017 | 220,000 | 15,983 |
| Other..... | 153,723 | 157,860 | 170,227 | 12,367 |
| Total revenues..... | 18,468,227 | 18,949,628 | 20,389,479 | 1,439,851 |
| Expenditures: | | | | |
| Current: | | | | |
| General government..... | 5,840,652 | 6,214,455 | 5,301,984 | 912,471 |
| Security of persons and property..... | 9,034,429 | 8,443,634 | 8,164,425 | 279,209 |
| Public health and welfare..... | 133,638 | 133,638 | 133,677 | (39) |
| Leisure time activity..... | 928,696 | 885,566 | 783,183 | 102,383 |
| Total expenditures..... | 15,937,415 | 15,677,293 | 14,383,269 | 1,294,024 |
| Excess of revenues over expenditures..... | 2,530,812 | 3,272,335 | 6,006,210 | 2,733,875 |
| Other financing sources (uses): | | | | |
| Sale of capital assets..... | 17,262 | 17,726 | 19,115 | 1,389 |
| Transfers (out)..... | (3,584,385) | (6,015,461) | (6,015,461) | - |
| Total other financing sources (uses)..... | (3,567,123) | (5,997,735) | (5,996,346) | 1,389 |
| Net change in fund balances..... | (1,036,311) | (2,725,400) | 9,864 | 2,735,264 |
| Fund balances at beginning of year..... | 3,265,577 | 3,265,577 | 3,265,577 | - |
| Prior year encumbrances appropriated..... | 941,978 | 941,978 | 941,978 | - |
| Fund balance at end of year..... | \$ 3,171,244 | \$ 1,482,155 | \$ 4,217,419 | \$ 2,735,264 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY

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, 2022

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|--|-------------------------|-------------------|-------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Property taxes..... | \$ 1,982,083 | \$ 1,982,082 | \$ 1,983,972 | \$ 1,890 |
| Charges for services..... | 154,498 | 109,578 | 19,450 | (90,128) |
| Intergovernmental..... | 102,819 | 72,925 | 12,944 | (59,981) |
| Total revenues..... | <u>2,239,400</u> | <u>2,164,585</u> | <u>2,016,366</u> | <u>(148,219)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Transportation..... | 27,000 | 27,000 | 26,539 | 461 |
| Capital outlay..... | 1,473,319 | 1,473,319 | 1,012,513 | 460,806 |
| Total expenditures..... | <u>1,500,319</u> | <u>1,500,319</u> | <u>1,039,052</u> | <u>461,267</u> |
| Excess of revenues over expenditures..... | <u>739,081</u> | <u>664,266</u> | <u>977,314</u> | <u>313,048</u> |
| Other financing uses: | | | | |
| Transfers (out)..... | (698,880) | (764,904) | (764,904) | - |
| Total other financing uses..... | <u>(698,880)</u> | <u>(764,904)</u> | <u>(764,904)</u> | <u>-</u> |
| Net change in fund balances..... | 40,201 | (100,638) | 212,410 | 313,048 |
| Fund balances at beginning of year..... | 562,642 | 562,642 | 562,642 | - |
| Prior year encumbrances appropriated..... | 174,169 | 174,169 | 174,169 | - |
| Fund balance at end of year..... | <u>\$ 777,012</u> | <u>\$ 636,173</u> | <u>\$ 949,221</u> | <u>\$ 313,048</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 ARPA FUND
 FOR THE YEAR ENDED DECEMBER 31, 2022

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> |
|---|-------------------------|-------------------|---------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Intergovernmental..... | \$ 722,737 | \$ 722,737 | \$ 725,443 | \$ 2,706 |
| Expenditures: | | | | |
| Current: | | | | |
| General government..... | 1,442,744 | 1,442,744 | 303,521 | 1,139,223 |
| Net change in fund balances..... | (720,007) | (720,007) | 421,922 | 1,141,929 |
| Fund balances at beginning of year..... | <u>713,186</u> | <u>713,186</u> | <u>713,186</u> | <u>-</u> |
| Fund balance (deficit) at end of year..... | <u>\$ (6,821)</u> | <u>\$ (6,821)</u> | <u>\$ 1,135,108</u> | <u>\$ 1,141,929</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2022

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|---|---|--------------|--------------|---------------|---|
| | Water | Sewer | Refuse | Total | |
| Assets: | | | | | |
| Current assets: | | | | | |
| Equity in pooled cash and investments..... | \$ 1,274,850 | \$ 3,458,062 | \$ 1,279,056 | \$ 6,011,968 | \$ 474,949 |
| Receivables: | | | | | |
| Accounts..... | 639,445 | 700,861 | - | 1,340,306 | - |
| Notes receivable..... | 50,295 | - | - | 50,295 | - |
| Materials and supplies inventory..... | 1,481 | 1,481 | 8,799 | 11,761 | - |
| Total current assets..... | 1,966,071 | 4,160,404 | 1,287,855 | 7,414,330 | 474,949 |
| Noncurrent assets: | | | | | |
| Net pension asset (see Note 12)..... | 4,583 | 2,773 | 1,618 | 8,974 | - |
| Net OPEB asset (see Note 13)..... | 65,885 | 39,863 | 23,260 | 129,008 | - |
| Capital assets: | | | | | |
| Land and construction in progress..... | 2,844,184 | 485,146 | - | 3,329,330 | - |
| Depreciable capital assets, net..... | 11,711,178 | 5,195,756 | 303,652 | 17,210,586 | - |
| Total noncurrent assets..... | 14,625,830 | 5,723,538 | 328,530 | 20,677,898 | - |
| Total assets..... | 16,591,901 | 9,883,942 | 1,616,385 | 28,092,228 | 474,949 |
| Deferred outflows of resources: | | | | | |
| Unamortized deferred charges on debt refunding.... | 10,068 | 54,858 | - | 64,926 | - |
| Pension (see Note 12)..... | 174,386 | 62,959 | 94,611 | 331,956 | - |
| OPEB (see Note 13)..... | 13,018 | 1,960 | 9,190 | 24,168 | - |
| Total deferred outflows of resources..... | 197,472 | 119,777 | 103,801 | 421,050 | - |
| Liabilities: | | | | | |
| Current liabilities: | | | | | |
| Accounts payable..... | 6,326 | 47,630 | 135,885 | 189,841 | - |
| Accrued wages and benefits payable..... | 9,794 | 5,140 | 2,050 | 16,984 | 15,925 |
| Due to other governments..... | 435,858 | 479,278 | 470 | 915,606 | 2,467 |
| Accrued interest payable..... | 633 | 1,281 | - | 1,914 | - |
| Vacation balances payable..... | 24,677 | 4,706 | - | 29,383 | - |
| Compensated absences payable - current..... | 1,885 | 184 | - | 2,069 | - |
| General obligation bonds payable - current..... | 61,815 | 71,870 | - | 133,685 | - |
| OPWC loans payable - current..... | 245,756 | 40,041 | - | 285,797 | - |
| Claims payable..... | - | - | - | - | 165,789 |
| Total current liabilities..... | 786,744 | 650,130 | 138,405 | 1,575,279 | 184,181 |
| Long-term liabilities: | | | | | |
| Compensated absences payable..... | 46,882 | 4,578 | - | 51,460 | - |
| General obligation bonds payable..... | 438,018 | 386,164 | - | 824,182 | - |
| OPWC loans payable..... | 8,345,660 | 855,817 | - | 9,201,477 | - |
| Net pension liability (see Note 12)..... | 178,241 | 107,841 | 62,925 | 349,007 | - |
| Total long-term liabilities..... | 9,008,801 | 1,354,400 | 62,925 | 10,426,126 | - |
| Total liabilities..... | 9,795,545 | 2,004,530 | 201,330 | 12,001,405 | 184,181 |
| Deferred inflows of resources: | | | | | |
| Pension (see Note 12)..... | 237,529 | 138,159 | 79,676 | 455,364 | - |
| OPEB (see Note 13)..... | 81,668 | 45,350 | 26,009 | 153,027 | - |
| Total deferred inflows of resources..... | 319,197 | 183,509 | 105,685 | 608,391 | - |
| Net position: | | | | | |
| Net investment in capital assets..... | 5,474,181 | 4,381,868 | 303,652 | 10,159,701 | - |
| Unrestricted..... | 1,200,450 | 3,433,812 | 1,109,519 | 5,743,781 | 290,768 |
| Total net position..... | \$ 6,674,631 | \$ 7,815,680 | \$ 1,413,171 | \$ 15,903,482 | \$ 290,768 |
| Adjustment to reflect the consolidation of the internal service funds activities related to enterprise funds. | | | | 5,864 | |
| Net position of business-type activities | | | | \$ 15,909,346 | |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|---|--|---------------------|---------------------|------------------|---|
| | Water | Sewer | Refuse | Total | |
| Operating revenues: | | | | | |
| Charges for services..... | \$ 2,909,591 | \$ 2,748,996 | \$ 1,377,772 | \$ 7,036,359 | 1,202,203 |
| Other operating revenues..... | 430 | - | - | 430 | - |
| Total operating revenues..... | <u>2,910,021</u> | <u>2,748,996</u> | <u>1,377,772</u> | <u>7,036,789</u> | <u>1,202,203</u> |
| Operating expenses: | | | | | |
| Personal services..... | 367,838 | 190,076 | 130,150 | 688,064 | 18,392 |
| Contract services..... | 2,100,978 | 1,956,117 | 1,328,996 | 5,386,091 | - |
| Materials and supplies..... | 87,895 | 46,387 | 52,212 | 186,494 | - |
| Claims expense..... | - | - | - | - | 1,164,367 |
| Depreciation..... | 338,335 | 187,326 | 40,032 | 565,693 | - |
| Other..... | 6,382 | 17,282 | 57,974 | 81,638 | - |
| Total operating expenses..... | <u>2,901,428</u> | <u>2,397,188</u> | <u>1,609,364</u> | <u>6,907,980</u> | <u>1,182,759</u> |
| Operating income (loss)..... | <u>8,593</u> | <u>351,808</u> | <u>(231,592)</u> | <u>128,809</u> | <u>19,444</u> |
| Nonoperating expenses: | | | | | |
| Interest and fiscal charges..... | <u>(24,549)</u> | <u>(54,634)</u> | <u>-</u> | <u>(79,183)</u> | <u>-</u> |
| Change in net position..... | (15,956) | 297,174 | (231,592) | 49,626 | 19,444 |
| Net position at beginning of year..... | <u>6,690,587</u> | <u>7,518,506</u> | <u>1,644,763</u> | | <u>271,324</u> |
| Net position at end of year..... | <u>\$ 6,674,631</u> | <u>\$ 7,815,680</u> | <u>\$ 1,413,171</u> | | <u>\$ 290,768</u> |
| Adjustment to reflect the consolidation of internal service funds activities related to enterprise funds. | | | | <u>1,749</u> | |
| Change in net position of business-type activities. | | | | <u>\$ 51,375</u> | |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2022

| | Business-type Activities - Enterprise Funds | | | | Governmental Activities - Internal Service Funds |
|--|---|----------------------------|----------------------------|----------------------------|---|
| | Water | Sewer | Refuse | Total | |
| Cash flows from operating activities: | | | | | |
| Cash received from customers..... | \$ 2,907,924 | \$ 2,739,131 | \$ 1,377,772 | \$ 7,024,827 | 1,202,203 |
| Cash received from other operations..... | 430 | - | - | 430 | - |
| Cash payments for personal services..... | (465,523) | (279,266) | (138,966) | (883,755) | - |
| Cash payments for contractual services..... | (2,076,694) | (1,962,274) | (1,284,240) | (5,323,208) | - |
| Cash payments for materials and supplies..... | (90,109) | (42,351) | (47,596) | (180,056) | - |
| Cash payments for claims..... | - | - | - | - | (1,128,852) |
| Cash payments for other expenses..... | (6,382) | (16,446) | (57,214) | (80,042) | - |
| Net cash provided by (used in) operating activities.. | <u>269,646</u> | <u>438,794</u> | <u>(150,244)</u> | <u>558,196</u> | <u>73,351</u> |
| Cash flows from capital and related financing activities: | | | | | |
| Acquisition of capital assets..... | (1,410,188) | (925,458) | (18,750) | (2,354,396) | - |
| OPWC loan proceeds..... | 1,272,858 | 266,759 | - | 1,539,617 | - |
| Principal retirement on bonds..... | (186,627) | (15,166) | - | (201,793) | - |
| Principal retirement on OPWC loans..... | (245,755) | (40,042) | - | (285,797) | - |
| Interest and fiscal charges..... | (5,243) | (22,703) | - | (27,946) | - |
| Net cash used in capital and related financing activities..... | <u>(574,955)</u> | <u>(736,610)</u> | <u>(18,750)</u> | <u>(1,330,315)</u> | <u>-</u> |
| Net increase (decrease) in cash and investments..... | (305,309) | (297,816) | (168,994) | (772,119) | 73,351 |
| Cash and cash equivalents at beginning of year..... | 1,580,159 | 3,755,878 | 1,448,050 | 6,784,087 | 401,598 |
| Cash and cash equivalents at end of year..... | <u>\$ 1,274,850</u> | <u>\$ 3,458,062</u> | <u>\$ 1,279,056</u> | <u>\$ 6,011,968</u> | <u>\$ 474,949</u> |
| Reconciliation of operating income (loss) to net cash provided by (used in) operating activities: | | | | | |
| Operating income (loss)..... | \$ 8,593 | \$ 351,808 | \$ (231,592) | \$ 128,809 | \$ 19,444 |
| Adjustments: | | | | | |
| Depreciation..... | 338,335 | 187,326 | 40,032 | 565,693 | - |
| Changes in assets and liabilities: | | | | | |
| (Increase) in accounts receivable..... | (1,667) | (9,865) | - | (11,532) | - |
| Decrease in due from other funds..... | 45,148 | - | - | 45,148 | - |
| (Increase) in materials and supplies inventory..... | (110) | (110) | (652) | (872) | - |
| (Increase) in deferred outflows of resources - pension..... | (126,005) | (27,853) | (82,414) | (236,272) | - |
| (Increase) decrease in deferred outflows of resources - OPEB..... | 6,660 | 10,869 | (3,152) | 14,377 | - |
| (Increase) in net pension asset..... | (2,376) | (889) | (1,264) | (4,529) | - |
| (Increase) in net OPEB asset..... | (40,658) | (18,337) | (19,219) | (78,214) | - |
| Increase in accounts payable..... | 361 | 35,529 | 51,384 | 87,274 | - |
| Increase in accrued wages and benefits payable..... | 4,025 | 1,854 | 1,455 | 7,334 | 3,675 |
| Increase in deferred inflows of resources - pension..... | 87,818 | 41,785 | 56,543 | 186,146 | - |
| Increase (decrease) in deferred inflows of resources - OPEB..... | (30,429) | (31,149) | 8,570 | (53,008) | - |
| Increase (decrease) in net pension liability..... | (28,225) | (68,342) | 29,851 | (66,716) | - |
| Increase (decrease) in due to other governments..... | (22,510) | 11,977 | 214 | (10,319) | 2,284 |
| Increase in compensated absences payable..... | 26,820 | 2,104 | - | 28,924 | - |
| (Decrease) in due to other funds..... | - | (48,194) | - | (48,194) | - |
| Increase in vacation balances payable..... | 3,866 | 281 | - | 4,147 | - |
| Increase in claims payable..... | - | - | - | - | 47,948 |
| Net cash provided by (used in) operating activities..... | <u>\$ 269,646</u> | <u>\$ 438,794</u> | <u>\$ (150,244)</u> | <u>\$ 558,196</u> | <u>\$ 73,351</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY

STATEMENT OF FIUCIARY NET POSITION
CUSTODIAL FUND
DECEMBER 31, 2022

| | <u>Custodial</u> |
|---|------------------|
| Assets: | |
| Cash in segregated accounts..... | \$ 832 |
| Net position: | |
| Restricted for individuals, organizations and other governments.. | <u>\$ 832</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

| | <u>Custodial</u> |
|---|----------------------|
| Additions: | |
| Fines and forfeitures collected for other governments..... | \$ 9,346 |
| Deductions: | |
| Fines and forfeitures distributed to other governments..... | <u>9,892</u> |
| Net change in fiduciary net position..... | (546) |
| Net position beginning of year..... | <u>1,378</u> |
| Net position end of year..... | <u><u>\$ 832</u></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, 2022

NOTE 1 - DESCRIPTION OF THE CITY AND REPORTING ENTITY

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

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

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

The City’s management believes these financial statements present all activities for which the City is financially accountable.

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.

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

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 - DESCRIPTION OF THE CITY AND REPORTING ENTITY - (Continued)

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 Ms. Heidi McCabe, 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. Financial statements can be obtained from Mr. Shawn P. Hufstедler, Chief of Staff & Director of Operations, Mid-Ohio Regional Planning Commission, 111 Liberty Street, Suite 100, Columbus, Ohio, 43215.

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

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. 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 activities of the internal service fund is eliminated to avoid “doubling up” revenues and expenses. 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, 2022

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. The internal service fund is presented in a single column on the face of the proprietary fund financial statements. Fiduciary funds are reported by type.

B. 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.

ARPA fund - This fund accounts for and reports all transactions related to the American Rescue Plan Act money the City received from the federal government.

Other governmental funds of the City are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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 classified as either enterprise funds or internal service 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.

Internal service funds - The internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service funds report on the operations of medical self-insurance program.

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 custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The City reports one custodial fund to account for the collection and distribution of mayor's court fines and forfeitures to other local governments and agencies.

C. 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.

Like the government-wide statements, all enterprise and internal service 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.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

D. 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 custodial 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 assets 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 net pension liability/asset and net OPEB liability/asset, 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.

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 assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2022, but which were levied to finance 2023 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. 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.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

See Notes 12 and 13 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position. In addition, deferred outflows of resources include a deferred gain on debt refunding. A deferred gain 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 debt or refunding debt.

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.

E. Cash and Cash Equivalents

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

The City maintains two bank accounts that are outside of the City's internal investment pool which are reported on the financial statements as "cash in segregated accounts". The first is a checking account for Mayor's Court used for the collection and distribution of court fines and forfeitures. The second is used to account for the City's Employee Flexible Spending Account program. These monies are presented on the governmental activities statement of net position, the statement of fiduciary net position, and the governmental funds balance sheet 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 governmental activities statement of net position and the governmental funds balance sheet as "cash with fiscal agent".

During the year, investments were limited to Federal Farm Credit Bank (FFCB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal National Mortgage Association (FNMA) securities, Federal Home Loan Bank (FHLB) securities, U.S. Treasury Bills, negotiable certificates of deposit (negotiable CDs), municipal bonds, commercial paper, 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 2022, 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 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 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 2022 amounted to \$230,775, which includes \$146,886 assigned from other funds.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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.

F. 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.

G. 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 - 15 Years |
| Vehicles | 3 - 8 Years | 3 - 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.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

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

H. 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.

I. 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.

J. 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.

K. 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.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

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

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.

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.

L. 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.

M. 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.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

N. 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.

O. Operating Revenues and Expenses

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

P. Contributions of Capital

Capital contributions on the proprietary fund financial statements arise from contributions from governmental activities, from outside contributions of capital assets, from grants, or from outside contributions of resources restricted to capital acquisition and construction. The City did not have any capital contributions during 2022.

Q. Budgets and Budgetary Accounting

All funds other than custodial 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.

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.

R. 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 2022.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

S. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, net pension asset, net OPEB asset, 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.

T. Prepayments

Payments made to vendors for services that benefit future periods are recorded as prepayments in both government-wide and fund financial statements. A current asset for the prepaid amount is recorded at the time of purchase, and the expenditure is reported in the year in which services are consumed. Governmental fund balance has been presented as nonspendable equal to the balance of the prepayments at year-end.

U. Contracts Payable

Contracts payables are reported on both the government-wide statements and the fund financial statements. Contracts payable for the enterprise funds are reported on the enterprise fund financial statements. Contracts payable represent capital related obligations due of the City. For 2022, the City had no contracts payable.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For 2022, the City has implemented GASB Statement No. 87, "Leases", GASB Implementation Guide 2019-3, "Leases", GASB Implementation Guide 2020-1, "Implementation Guide Update - 2020", GASB Statement No. 91, "Conduit Debt Obligations", GASB Statement No. 92, "Omnibus 2020", GASB Statement No. 93, "Replacement of Interbank Offered Rates", GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32" and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The implementation of GASB Statement No. 87 did not have an effect on the financial statements of the City.

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the City.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the City.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the City.

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The implementation of GASB Statement No. 93 did not have an effect on the financial statements of the City.

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the City.

GASB Statement No. 99 is to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the City.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage 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; and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in 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,
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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; and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
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 deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (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.

CITY OF BEXLEY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. In accordance with Ohio Revised Code, except as noted above, 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.

A. Cash in Segregated Accounts

At year end, the City had \$3,720 held outside of the City treasury. These depository accounts were established for Employee Flexible 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 custodial 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 \$90,250 on deposit with the Franklin County Treasurer. The data regarding insurance and collateralization can be obtained from the Franklin County Annual Comprehensive Financial Report for the year ended December 31, 2022. This amount is not included in the City's depository balance below.

C. Deposits with Financial Institutions

At December 31, 2022, the carrying amount of all City deposits was \$6,060,766 and the bank balance of all City deposits was \$6,333,096. Of the bank balance, \$4,275,191 was covered by the FDIC and \$1,028,953 was covered by the Ohio Pooled Collateral System (OPCS) and \$1,028,952 was exposed to custodial credit risk because this amount was uninsured and uncollateralized.

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 2022, 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, 2022

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Investments

As of December 31, 2022, 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 | \$ 1,991,362 | \$ 495,620 | \$ 561,249 | \$ 246,525 | \$ - | \$ 687,968 |
| FHLB | 1,043,539 | 488,960 | - | - | 326,159 | 228,420 |
| FNMA | 902,880 | - | 902,880 | - | - | - |
| FHLMC | 2,489,905 | - | 822,692 | - | 503,334 | 1,163,879 |
| Negotiable CDs | 7,402,336 | 490,981 | 1,691,405 | 724,969 | 2,666,432 | 1,828,549 |
| Municipal bonds | 773,239 | - | 125,239 | - | - | 648,000 |
| Commercial paper | 3,075,530 | 3,075,530 | - | - | - | - |
| U.S. Treasury Bills | 652,390 | - | 652,390 | - | - | - |
| U.S. Treasury Money Market Mutual Funds | 22,188 | 22,188 | - | - | - | - |
| <i>Amortized Cost:</i> | | | | | | |
| STAR Ohio | 100,000 | 100,000 | - | - | - | - |
| Total | <u>\$ 18,453,369</u> | <u>\$ 4,673,279</u> | <u>\$ 4,755,855</u> | <u>\$ 971,494</u> | <u>\$ 3,495,925</u> | <u>\$ 4,556,816</u> |

The weighted average of maturity of investments is 1.43 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), U.S. Treasury Bills, commercial paper, municipal bonds, and negotiable CDs 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 and U.S. Treasury Bills were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The municipal bonds were rated AA and Aa1 by Standard & Poor's and Moody's Investor Services, respectively. The investments in commercial paper were rated A-1 and A1+ by Standard & Poor's and Moody's Investor Services, respectively. The negotiable CD's were fully covered by the FDIC. 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.

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.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2022:

| <u>Measurement/ Investment type</u> | <u>Measurement Amount</u> | <u>% of Total</u> |
|--|-------------------------------|-------------------|
| <i>Fair Value:</i> | | |
| FFCB | \$ 1,991,362 | 10.79 |
| FHLB | 1,043,539 | 5.66 |
| FNMA | 902,880 | 4.89 |
| FHLMC | 2,489,905 | 13.49 |
| Negotiable CDs | 7,402,336 | 40.11 |
| Municipal bonds | 773,239 | 4.19 |
| Commerical paper | 3,075,530 | 16.67 |
| U.S. Treasury Bills | 652,390 | 3.54 |
| U.S. Treasury Money Market Mutual Funds | 22,188 | 0.12 |
| <i>Amortized Cost:</i> | | |
| STAR Ohio | 100,000 | 0.54 |
| Total | \$ 18,453,369 | 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, 2022:

| | |
|---|---------------|
| <u>Cash and investments per note</u> | |
| Carrying amount of deposits | \$ 6,060,766 |
| Cash with fiscal agent | 90,250 |
| Investments | 18,453,369 |
| Total | \$ 24,604,385 |
| <u>Cash and investments per statement of net position</u> | |
| Governmental activities | \$ 18,591,585 |
| Business-type activities | 6,011,968 |
| Custodial fund | 832 |
| Total | \$ 24,604,385 |

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 \$16,670,700 in 2022.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 6 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended December 31, 2022, consisted of the following, as reported on the fund financial statements.

| Transfers from: | Transfers to: Nonmajor Governmental Funds |
|-----------------------------|--|
| General fund | \$ 4,561,328 |
| Roads and sidewalks | 764,904 |
| Nonmajor governmental funds | 209,860 |
| Total | \$ 5,536,092 |

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.

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. 2022 public utility property taxes became a lien December 31, 2021, are levied after October 1, 2022, and are collected in 2023 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, 2022 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 2022 operations and the collection of delinquent taxes has been offset by deferred inflow of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is a deferred inflow of resources.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

The full tax rate for all City operations for the year ended December 31, 2022 was \$5.45 per \$1,000 of assessed value. The assessed values of real property and public utility personal property upon which 2022 property tax receipts were based are as follows:

| | |
|--------------------------------------|----------------|
| <u>Real property</u> | |
| Residential/agricultural | \$ 636,367,010 |
| Commercial/industrial/public utility | 23,848,640 |
| <u>Public utility</u> | |
| Personal | 7,400,240 |
| Total assessed value | \$ 667,615,890 |

B. Taxes Abatements

As of December 31, 2022, 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.

The City has entered into agreements to abate property taxes through this program. During 2022, the City's property tax revenues were reduced as a result of these agreements as follows:

| | |
|------------------------------|---------------------|
| | City |
| <u>Tax Abatement Program</u> | <u>Taxes Abated</u> |
| CRA | \$ 19,407 |

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CITY OF BEXLEY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 8 - RECEIVABLES

Receivables at December 31, 2022, 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 | \$ 294,633 |
| Grants | 124,500 |
| Homestead and rollback | 92,849 |
| Auto license | 31,771 |
| Gasoline tax | 265,937 |
| Permissive motor vehicle license tax | <u>40,025</u> |
| Total due from other governments | <u>\$ 849,715</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, 2022, the City has reported a \$50,295 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.

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CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 9 - CAPITAL ASSETS

A. Governmental activities

Governmental activities capital asset activity for the year ended December 31, 2022, was as follows:

| | Balance 12/31/21 | Additions | Disposals | Balance 12/31/22 |
|---|----------------------|---------------------|-----------------------|----------------------|
| <u>Governmental activities:</u> | | | | |
| <i>Capital assets, not being depreciated:</i> | | | | |
| Land | \$ 840,713 | \$ - | \$ - | \$ 840,713 |
| Construction in progress | <u>6,240,520</u> | <u>1,515,705</u> | <u>(4,137,044)</u> | <u>3,619,181</u> |
| Total capital assets, not being depreciated | <u>7,081,233</u> | <u>1,515,705</u> | <u>(4,137,044)</u> | <u>4,459,894</u> |
| <i>Capital assets being depreciated:</i> | | | | |
| Land improvements | 801,715 | - | - | 801,715 |
| Buildings and improvements | 17,369,826 | 4,227,044 | - | 21,596,870 |
| Equipment | 3,841,141 | 556,555 | (192,890) | 4,204,806 |
| Vehicles | 2,730,978 | 169,910 | (70,464) | 2,830,424 |
| Infrastructure | <u>53,993,017</u> | <u>630,046</u> | <u>-</u> | <u>54,623,063</u> |
| Total capital assets being depreciated | <u>78,736,677</u> | <u>5,583,555</u> | <u>(263,354)</u> | <u>84,056,878</u> |
| <i>Less: accumulated depreciation:</i> | | | | |
| Land improvements | (501,418) | (35,892) | - | (537,310) |
| Buildings and improvements | (5,607,528) | (702,506) | - | (6,310,034) |
| Equipment | (2,208,286) | (258,458) | 171,580 | (2,295,164) |
| Vehicles | (1,869,585) | (234,247) | 65,999 | (2,037,833) |
| Infrastructure | <u>(26,678,808)</u> | <u>(1,645,535)</u> | <u>-</u> | <u>(28,324,343)</u> |
| Total accumulated depreciation | <u>(36,865,625)</u> | <u>(2,876,638)</u> | <u>237,579</u> | <u>(39,504,684)</u> |
| Total capital assets being depreciated, net | <u>41,871,052</u> | <u>2,706,917</u> | <u>(25,775)</u> | <u>44,552,194</u> |
| Governmental activities capital assets, net | <u>\$ 48,952,285</u> | <u>\$ 4,222,622</u> | <u>\$ (4,162,819)</u> | <u>\$ 49,012,088</u> |

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

| | |
|--|--------------------|
| <u>Governmental activities:</u> | |
| General government | \$ 148,846 |
| Security of persons and property | 351,194 |
| Leisure time activities | 608,791 |
| Transportation | <u>1,767,807</u> |
| Total depreciation expense | <u>\$2,876,638</u> |

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 9 - CAPITAL ASSETS - (Continued)

B. Business-type activities

Business-type activities capital asset activity for the year ended December 31, 2022, was as follows:

| <u>Business-type activities:</u> | Balance 12/31/21 | Additions | Disposals | Balance 12/31/22 |
|---|----------------------|---------------------|-------------|----------------------|
| <i>Capital assets, not being depreciated:</i> | | | | |
| Construction in progress | \$ 1,591,641 | \$ 1,737,689 | \$ - | \$ 3,329,330 |
| Total capital assets, not being depreciated | <u>1,591,641</u> | <u>1,737,689</u> | <u>-</u> | <u>3,329,330</u> |
| <i>Capital assets being depreciated:</i> | | | | |
| Buildings and improvements | 455,000 | - | - | 455,000 |
| Equipment | 207,871 | - | - | 207,871 |
| Vehicles | 717,255 | 18,750 | - | 736,005 |
| Infrastructure | <u>22,730,052</u> | <u>597,957</u> | <u>-</u> | <u>23,328,009</u> |
| Total capital assets being depreciated | <u>24,110,178</u> | <u>616,707</u> | <u>-</u> | <u>24,726,885</u> |
| <i>Less: accumulated depreciation:</i> | | | | |
| Buildings and improvements | (143,375) | (22,750) | - | (166,125) |
| Equipment | (139,232) | (15,441) | - | (154,673) |
| Vehicles | (314,200) | (66,922) | - | (381,122) |
| Infrastructure | <u>(6,353,799)</u> | <u>(460,580)</u> | <u>-</u> | <u>(6,814,379)</u> |
| Total accumulated depreciation | <u>(6,950,606)</u> | <u>(565,693)</u> | <u>-</u> | <u>(7,516,299)</u> |
| Total capital assets being depreciated, net | <u>17,159,572</u> | <u>51,014</u> | <u>-</u> | <u>17,210,586</u> |
| Business-type activities capital assets, net | <u>\$ 18,751,213</u> | <u>\$ 1,788,703</u> | <u>\$ -</u> | <u>\$ 20,539,916</u> |

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

| | |
|---|-------------------|
| <u>Business-type activities:</u> | |
| Water | \$ 338,335 |
| Sewer | 187,326 |
| Refuse | <u>40,032</u> |
| Total depreciation expense | <u>\$ 565,693</u> |

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 10 - LONG-TERM OBLIGATIONS

Bonded debt and other long-term obligations payable activity for 2022 was as follows:

| | Interest Rate | Balance 12/31/21 | Increase | Decrease | Balance 12/31/22 | Due Within One Year |
|---|------------------|----------------------|-------------------|-----------------------|----------------------|------------------------|
| Governmental Activities | | | | | | |
| <u>General Obligation Bonds:</u> | | | | | | |
| Series 2014 Various Purpose | | | | | | |
| Construction, \$2,625,000 | 1.5-4.0% | \$ 1,925,000 | \$ - | \$ (100,000) | \$ 1,825,000 | \$ 125,000 |
| Premium on Bonds | | 42,761 | - | (3,310) | 39,451 | - |
| Series 2015 Various Purpose | | | | | | |
| Refunding, \$4,722,900 | 2.0-4.0% | 4,613,700 | - | (382,200) | 4,231,500 | 700,700 |
| Premium on Refunding Bonds | | 365,751 | - | (52,251) | 313,500 | - |
| Series 2020 Capital Facilities, \$1,700,000 | 2.79% | 1,635,000 | - | (67,000) | 1,568,000 | 68,000 |
| Series 2020 Various Purpose | | | | | | |
| Refunding, \$4,360,770 | 1.28-3.63% | 3,334,640 | - | (565,007) | 2,769,633 | 330,615 |
| <u>Direct Placement:</u> | | | | | | |
| Series 2013 Capital Facilities, \$1,400,000 | 2.90% | 315,000 | - | (155,000) | 160,000 | 160,000 |
| Total General Obligation Bonds | | <u>12,231,852</u> | - | <u>(1,324,768)</u> | <u>10,907,084</u> | <u>1,384,315</u> |
| <u>Revenue Bonds:</u> | | | | | | |
| <u>Direct Placement:</u> | | | | | | |
| Series 2013 Nontax Revenue, \$1,150,000 | 4.50% | 810,000 | - | (55,000) | 755,000 | 755,000 |
| <u>Ohio Public Works Commission (OPWC) Loans:</u> | | | | | | |
| <u>Direct Borrowings:</u> | | | | | | |
| 2006 North Cassady Avenue Reconstruction, \$1,468,415 | 0.00% | 550,655 | - | (73,421) | 477,234 | 73,421 |
| 2008 Maryland Avenue Reconstruction, \$672,734 | 0.00% | 201,821 | - | (44,849) | 156,972 | 44,849 |
| 2009 Sheridan/Francis Avenue Reconstruction, \$337,958 | 0.00% | 219,047 | - | (12,517) | 206,530 | 12,517 |
| 2012 College and South Cassady Improvements, \$1,906,666 | 0.00% | 1,430,001 | - | (68,095) | 1,361,906 | 68,095 |
| 2012 East Main Improvements, \$275,262 | 0.00% | 206,447 | - | (13,763) | 192,684 | 13,763 |
| 2014 Northeast Quadrant Improvements, \$730,368 | 0.00% | 608,640 | - | (27,051) | 581,589 | 27,051 |
| 2018 S. Roosevelt & Stanwood Improvements, \$1,004,412 | 0.00% | 758,119 | - | (25,698) | 732,421 | 25,698 |
| 2020 S. Cassingham & Vernon Improvements, \$1,176,536 | 0.00% | 670,873 | 121,981 | - | 792,854 | - |
| 2022 S. Drexel & Grandon Ave Improvements, \$590,496 | 0.00% | - | 243,887 | - | 243,887 | - |
| Total OPWC Loans | | <u>4,645,603</u> | <u>365,868</u> | <u>(265,394)</u> | <u>4,746,077</u> | <u>265,394</u> |
| <u>Other Long-Term Obligations:</u> | | | | | | |
| Net Pension Liability | | 12,019,342 | - | (1,927,673) | 10,091,669 | - |
| Net OPEB Liability | | 1,335,580 | 69,309 | - | 1,404,889 | - |
| Compensated Absences | | 451,070 | 68,289 | (39,061) | 480,298 | 25,319 |
| Total Other Long-Term Obligations | | <u>13,805,992</u> | <u>137,598</u> | <u>(1,966,734)</u> | <u>11,976,856</u> | <u>25,319</u> |
| Total Governmental Activities | | <u>\$ 31,493,447</u> | <u>\$ 503,466</u> | <u>\$ (3,611,896)</u> | <u>\$ 28,385,017</u> | <u>\$ 2,430,028</u> |

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

| | Interest Rate | Balance 12/31/21 | Increase | Decrease | Balance 12/31/22 | Due Within One Year |
|---|------------------|---------------------|---------------------|---------------------|----------------------|------------------------|
| Business-Type Activities | | | | | | |
| <u>General Obligation Bonds:</u> | | | | | | |
| Series 2015 Various Purpose Refunding, \$467,100 | 2.0%-4.0% | \$ 456,300 | \$ - | \$ (37,800) | \$ 418,500 | \$ 69,300 |
| Series 2020 Various Purpose Refunding, \$849,230 | 1.28-3.63% | 703,360 | - | (163,993) | 539,367 | 64,385 |
| Total General Obligation Bonds | | <u>1,159,660</u> | <u>-</u> | <u>(201,793)</u> | <u>957,867</u> | <u>133,685</u> |
| <u>Ohio Public Works Commission (OPWC) Loans:</u> | | | | | | |
| <i>Direct Borrowings:</i> | | | | | | |
| 2005 Main Street Sewer, \$474,500 | 0.00% | 118,625 | - | (23,725) | 94,900 | 23,725 |
| 2009 Sheridan/Francis Avenue Water, \$249,022 | 0.00% | 161,403 | - | (9,223) | 152,180 | 9,223 |
| 2009 Sheridan/Francis Avenue Sewer, \$5,929 | 0.00% | 3,840 | - | (220) | 3,620 | 219 |
| 2012 College and South Cassady Water, \$817,142 | 0.00% | 612,854 | - | (29,184) | 583,670 | 29,184 |
| 2013 East Main Water, \$108,436 | 0.00% | 81,326 | - | (5,422) | 75,904 | 5,422 |
| 2013 East Main Sewer, \$33,365 | 0.00% | 25,025 | - | (1,668) | 23,357 | 1,668 |
| 2014 Northeast Quadrant Water, \$829,967 | 0.00% | 691,641 | - | (30,739) | 660,902 | 30,739 |
| 2014 Northeast Quadrant Sewer, \$99,597 | 0.00% | 82,997 | - | (3,689) | 79,308 | 3,689 |
| 2016 East Broad Street Water, \$1,255,000 | 0.00% | 1,075,139 | - | (46,745) | 1,028,394 | 46,746 |
| 2018 S. Roosevelt & Ashbourne Sewer, \$450,000 | 0.00% | 228,632 | - | (7,884) | 220,748 | 7,884 |
| 2018 S. Roosevelt & Ashbourne Water, \$3,300,000 | 0.00% | 1,676,641 | - | (57,815) | 1,618,826 | 57,815 |
| 2018 S. Roosevelt & Stanwood Sewer, \$111,600 | 0.00% | 84,234 | - | (2,856) | 81,378 | 2,856 |
| 2018 S. Roosevelt & Stanwood Water, \$2,604,030 | 0.00% | 1,965,494 | - | (66,627) | 1,898,867 | 66,627 |
| 2020 S. Cassingham & Vernon Water, \$2,279,539 | 0.00% | 1,299,815 | 236,340 | - | 1,536,155 | - |
| 2020 S. Cassingham & Vernon Sewer, \$220,601 | 0.00% | 125,788 | 22,872 | - | 148,660 | - |
| 2022 S. Drexel & Grandon Ave Water, \$2,509,607 | 0.00% | - | 1,036,518 | - | 1,036,518 | - |
| 2022 S. Drexel & Grandon Ave Sewer, \$590,496 | 0.00% | - | 243,887 | - | 243,887 | - |
| Total OPWC Loans | | <u>8,233,454</u> | <u>1,539,617</u> | <u>(285,797)</u> | <u>9,487,274</u> | <u>285,797</u> |
| <u>Other Long-Term Obligations:</u> | | | | | | |
| Net Pension Liability | | 415,723 | - | (66,716) | 349,007 | - |
| Compensated Absences | | 24,605 | 28,924 | - | 53,529 | 2,069 |
| Total Other Long-Term Obligations | | <u>440,328</u> | <u>28,924</u> | <u>(66,716)</u> | <u>402,536</u> | <u>2,069</u> |
| Total Business-Type Activities | | <u>\$ 9,833,442</u> | <u>\$ 1,568,541</u> | <u>\$ (554,306)</u> | <u>\$ 10,847,677</u> | <u>\$ 421,551</u> |

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Legal Debt Margin

The City's overall legal debt margin was \$60,147,303, with an unvoted debt margin of \$36,718,874 at December 31, 2022.

Future Debt Service Requirements

As of December 31, 2022, the 2020 S. Cassingham & Vernon and the 2022 S. Drexel & Grandon Ave OPWC loans were not closed and not all monies available have been borrowed. As of December 31, 2022, the City has drawn \$1,684,815 of the \$2,500,140 permissible borrowings for the S. Cassingham & Vernon OPWC loan and \$1,280,405 of the \$3,100,103 permissible borrowings for the S. Drexel & Grandon Ave OPWC loan. As such, no amortization schedules are available for these loans and they 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 | | Direct Borrowings | |
| | Principal | Interest | Principal | Interest | Sewer OPWC Loans Principal | Water OPWC Loans Principal |
| 2023 | \$ 61,815 | \$ 7,586 | \$ 71,870 | \$ 15,365 | \$ 40,041 | \$ 245,756 |
| 2024 | 62,974 | 6,662 | 73,652 | 13,386 | 40,042 | 245,756 |
| 2025 | 63,498 | 5,641 | 75,704 | 10,724 | 40,042 | 245,756 |
| 2026 | 64,770 | 4,607 | 79,460 | 7,982 | 40,042 | 245,756 |
| 2027 | 66,216 | 3,544 | 82,468 | 5,093 | 16,316 | 245,756 |
| 2028 - 2032 | 180,560 | 4,717 | 74,880 | 2,520 | 81,585 | 1,228,773 |
| 2033 - 2037 | - | - | - | - | 79,911 | 1,223,348 |
| 2038 - 2042 | - | - | - | - | 72,463 | 1,169,391 |
| 2043 - 2047 | - | - | - | - | 59,227 | 761,811 |
| 2048 - 2050 | - | - | - | - | 33,642 | 406,640 |
| Totals | <u>\$ 499,833</u> | <u>\$ 32,757</u> | <u>\$ 458,034</u> | <u>\$ 55,070</u> | <u>\$ 503,311</u> | <u>\$ 6,018,743</u> |

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CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

As of December 31, 2022, the 2020 S. Cassingham & Vernon and the 2022 S. Drexel & Grandon Ave OPWC loans were not closed and not all monies available have been borrowed. As of December 31, 2022, the City has drawn \$792,854 of the \$1,176,536 permissible borrowings for the S. Cassingham & Vernon OPWC loan and \$243,887 of the \$590,496 permissible borrowings for the S. Drexel & Grandon Ave OPWC loan. As such, no amortization schedules are available for these loans and they are 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 | | <i>Direct Placement</i> General Obligation Bonds | | <i>Direct Placement</i> Nontax Revenue Bonds | | <i>Direct</i> <i>Borrowings</i> OPWC Loans |
| | Principal | Interest | Principal | Interest | Principal | Interest | Principal |
| 2023 | \$ 1,224,315 | \$ 305,139 | \$ 160,000 | \$ 4,640 | \$ 755,000 | \$ 33,975 | \$ 265,394 |
| 2024 | 1,250,374 | 274,977 | - | - | - | - | 265,394 |
| 2025 | 1,286,798 | 236,724 | - | - | - | - | 265,395 |
| 2026 | 1,339,770 | 196,331 | - | - | - | - | 242,971 |
| 2027 | 1,380,316 | 154,021 | - | - | - | - | 220,546 |
| 2028 - 2032 | 2,758,560 | 346,909 | - | - | - | - | 845,757 |
| 2033 - 2037 | 836,000 | 104,015 | - | - | - | - | 721,864 |
| 2038 - 2042 | 318,000 | 17,920 | - | - | - | - | 588,951 |
| 2043 - 2047 | - | - | - | - | - | - | 203,118 |
| 2048 - 2050 | - | - | - | - | - | - | 89,946 |
| Totals | <u>\$ 10,394,133</u> | <u>\$ 1,636,036</u> | <u>\$ 160,000</u> | <u>\$ 4,640</u> | <u>\$ 755,000</u> | <u>\$ 33,975</u> | <u>\$ 3,709,336</u> |

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 Series 2013 Capital Facilities Bonds were a direct placement with terms negotiated directly with the investor and were not offered for public sale. 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 (a nonmajor governmental fund).

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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 Series 2013 Special Obligation Nontax Revenue Bonds were a direct placement with terms negotiated directly with the investor and were not offered for public sale. 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 2022 principal and interest payments on the bonds required 4.9 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$788,975. For 2022, principal and interest paid and net revenues were \$91,450 and \$1,876,583 respectively.

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 (a nonmajor governmental 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 (a nonmajor governmental 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 \$4,710,000 at December 31, 2022.

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.

Series 2020 Various Purpose Refunding Bonds

On November 5, 2020, the City issued \$5,210,000 in general obligation bonds for the purpose of advance refunding the remaining amount of the Series 2008 Various Purpose Refunding Bonds, a portion of the Series 2009 Capital Improvement Bonds, and the remaining amount of the Series 2010 General Obligation Bonds. Of this amount, \$849,230 is reported in the business-type activities and \$4,360,770 is reported in the governmental activities. The bonds are serial bonds and were issued for a 10-year period with final maturity in December 1, 2030. Principal and interest related to the governmental activities portion is paid from the bond retirement fund (a nonmajor governmental 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 \$6,151,139 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 \$3,295,000 at December 31, 2022.

CITY OF BEXLEY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The reacquisition price exceeded the net carrying amount of the old debt exceeded the reacquisition price by \$29,668 in the in the governmental activities. These amounts are 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. The refunding reduced future debt service payments by \$565,221 resulting in an economic gain of \$531,553.

Series 2020 Capital Facilities Bonds

On March 10, 2020, the City issued \$1,700,000 in Series 2020 Capital Facilities Bonds to finance improvements and renovations to Jeffery Mansion. The bonds bear an interest rate of 2.79 percent and mature on December 1, 2040. Principal and interest payments are made from the bond retirement fund (a nonmajor governmental fund).

Ohio Public Works Commission (OPWC) Loans

OPWC loans are considered direct borrowings with terms negotiated directly with the OPWC and were not offered for public sale. In the event of default, the OPWC may (1) charge an 8% default interest rate from the date of the default to the date of the payment and charge the City for all costs incurred by the OPWC in curing the default, (2) in accordance with Ohio Revised Code 164.05, direct the county treasurer of the county in which the City is located to pay the amount of the default from funds that would otherwise be appropriated to the City from such county's undivided local government fund pursuant to ORC 5747.51-5747.53, or (3) at its discretion, declare the entire principal amount of loan then remaining unpaid, together with all accrued interest and other charges, become immediately due and payable.

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 2026.

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 (a nonmajor governmental 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 (a nonmajor governmental fund), 42 percent from the water enterprise fund, and 1 percent from the sewer enterprise fund. The loan has a final maturity in 2038.

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 (a nonmajor governmental fund) and 30 percent from the water enterprise fund. The loan has a final maturity in 2042.

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 (a nonmajor governmental fund), 26 percent from the water enterprise fund, and 8 percent from the sewer enterprise fund. The loan has a final maturity in 2036.

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 (a nonmajor governmental fund), 50 percent from the water enterprise fund, and 6 percent from the sewer enterprise fund. The loan has a final maturity in 2043.

CITY OF BEXLEY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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 2044.

In 2018, the City received loan proceeds from OPWC for South Roosevelt and Ashbourne Project. This is a zero percent interest general obligation loan. Principal payments are due semi-annually and paid 88% from the water enterprise fund and 12% from the sewer enterprise fund. The loan has a final maturity in 2050.

In 2018, the City received loan proceeds from OPWC for South Roosevelt and Stanwood Project. This is a zero percent interest general obligation loan. Principal payments are 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 loan has a final maturity in 2050.

In 2020 - 2022, the City received loan proceeds from OPWC for South Cassingham and Vernon Project. This is a zero percent interest general obligation loan. When completed, principal payments will be due semi-annually and paid 62% from the water enterprise fund, 6% from the sewer enterprise fund, and 32% from the street maintenance and repair fund (a nonmajor governmental fund). The City may borrow up to \$3,676,676 and at December 31, 2022, the City had outstanding borrowings of \$2,477,669. At December 31, 2022, the loan remains open and final loan amount has not been determined as the City has \$1,199,007 remaining to be drawn on the loan. No principal payments were made in 2022.

In 2022, the City received loan proceeds from OPWC for South Drexel and Grandon Ave Project. This is a zero percent interest general obligation loan. When completed, principal payments will be due semi-annually and paid 68% from the water enterprise fund, 16% from the sewer enterprise fund, and 16% from the street maintenance and repair fund (a nonmajor governmental fund). The City may borrow up to \$3,690,599 and at December 31, 2022, the City had outstanding borrowings of \$1,524,292. At December 31, 2022, the loan remains open and final loan amount has not been determined as the City has \$2,166,307 remaining to be drawn on the loan. No principal payments were made in 2022.

Net Pension Liability and Net OPEB Liability

The City's net pension liability and net OPEB liability are 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.

NOTE 11 - EMPLOYEE BENEFITS

Compensated Absences

Vacation leave is earned at rates which vary depending upon length of service. For 2022, 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.

CITY OF BEXLEY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 11 - EMPLOYEE BENEFITS - (Continued)

Health Care Benefits

During 2022, 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

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Asset and Net OPEB Liability/Asset

The net pension liability/asset and the net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

Pensions and OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions and 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 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 and the net OPEB liability/asset represent the City’s proportionate share of each pension/OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan’s fiduciary net position. The net pension/OPEB 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.

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/OPEB are financed; however, the City does receive the benefit of employees’ services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability/asset is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients.

The proportionate share of each plan’s unfunded benefits is presented as a long-term net pension/OPEB liability/asset on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB 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.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

The remainder of this note includes the pension disclosures. See Note 13 for the OPEB disclosures.

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 combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. 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.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans 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 and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Report referenced above for additional information, including requirements for reduced and unreduced benefits):

| 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 |
| Traditional Plan 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 | Traditional Plan 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 | Traditional Plan 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 |
| Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 | Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30 | Combined Plan Formula: 1% of FAS multiplied by years of service for the first 35 years and 1.25% 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. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. 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 combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. 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 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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

| | State and Local |
|--|--------------------|
| 2022 Statutory Maximum Contribution Rates | |
| Employer | 14.0 % |
| Employee * | 10.0 % |
| 2022 Actual Contribution Rates | |
| Employer: | |
| Pension | 14.0 % |
| Post-employment Health Care Benefits ** | 0.0 % |
| Total Employer | 14.0 % |
| Employee | 10.0 % |

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

** This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4.00%.

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

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$790,206 for 2022. Of this amount, \$13,920 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 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.

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 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 (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F 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, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.00% of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.00% or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1st of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

| | <u>Police</u> |
|--|----------------|
| 2022 Statutory Maximum Contribution Rates | |
| Employer | 19.50 % |
| Employee | 12.25 % |
| 2022 Actual Contribution Rates | |
| Employer: | |
| Pension | 19.00 % |
| Post-employment Health Care Benefits | <u>0.50 %</u> |
| Total Employer | <u>19.50 %</u> |
| Employee | 12.25 % |

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$690,941 for 2022. Of this amount, \$14,073 is reported as due to other governments.

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 OPERS was measured as of December 31, 2021, 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, 2021, and was determined by rolling forward the total pension liability as of January 1, 2021, to December 31, 2021. 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:

| | <u>OPERS - Traditional</u> | <u>OPERS - Combined</u> | <u>OPERS - Member- Directed</u> | <u>OP&F</u> | <u>Total</u> |
|--|--------------------------------|-----------------------------|---|--------------------|---------------|
| Proportion of the net pension liability/asset prior measurement date | 0.02594400% | 0.01127600% | 0.04675200% | 0.12605560% | |
| Proportion of the net pension liability/asset current measurement date | <u>0.02796600%</u> | <u>0.01324500%</u> | <u>0.05719000%</u> | <u>0.12817320%</u> | |
| Change in proportionate share | <u>0.00202200%</u> | <u>0.00196900%</u> | <u>0.01043800%</u> | <u>0.00211760%</u> | |
| Proportionate share of the net pension liability | \$ 2,433,156 | \$ - | \$ - | \$ 8,007,520 | \$ 10,440,676 |
| Proportionate share of the net pension asset | - | 52,185 | 10,383 | - | 62,568 |
| Pension expense | (473,899) | (1,883) | (1,666) | 623,239 | 145,791 |

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | OPERS - Traditional | OPERS - Combined | OPERS - Member- Directed | OP&F | Total |
|--|------------------------|---------------------|--------------------------------|---------------------|---------------------|
| Deferred outflows of resources | | | | | |
| Differences between expected and actual experience | \$ 124,041 | \$ 323 | \$ 10,264 | \$ 230,894 | \$ 365,522 |
| Changes of assumptions | 304,264 | 2,623 | 349 | 1,463,428 | 1,770,664 |
| Changes in employer's proportionate percentage/difference between employer contributions | 299,142 | - | - | 379,223 | 678,365 |
| Contributions subsequent to the measurement date | 742,103 | 9,157 | 38,946 | 690,941 | 1,481,147 |
| Total deferred outflows of resources | <u>\$ 1,469,550</u> | <u>\$ 12,103</u> | <u>\$ 49,559</u> | <u>\$ 2,764,486</u> | <u>\$ 4,295,698</u> |
| Deferred inflows of resources | | | | | |
| Differences between expected and actual experience | \$ 53,366 | \$ 5,833 | \$ - | \$ 416,282 | \$ 475,481 |
| Net difference between projected and actual earnings on pension plan investments | 2,894,148 | 11,189 | 2,368 | 2,099,449 | 5,007,154 |
| Changes in employer's proportionate percentage/difference between employer contributions | 140,148 | - | - | 47,963 | 188,111 |
| Total deferred inflows of resources | <u>\$ 3,087,662</u> | <u>\$ 17,022</u> | <u>\$ 2,368</u> | <u>\$ 2,563,694</u> | <u>\$ 5,670,746</u> |

\$1,481,147 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/increase to the net pension liability/asset in the year ending December 31, 2023.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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 - Combined | OPERS - Member- Directed | OP&F | Total |
|--------------------------|------------------------|---------------------|--------------------------------|---------------------|-----------------------|
| 2023 | \$ (309,598) | \$ (3,429) | \$ 1,028 | \$ 88,863 | \$ (223,136) |
| 2024 | (909,698) | (4,741) | 772 | (465,268) | (1,378,935) |
| 2025 | (680,530) | (3,108) | 924 | (159,080) | (841,794) |
| 2026 | (460,389) | (2,297) | 965 | (130,811) | (592,532) |
| 2027 | - | (303) | 1,272 | 176,147 | 177,116 |
| Thereafter | - | (198) | 3,284 | - | 3,086 |
| Total | \$ (2,360,215) | \$ (14,076) | \$ 8,245 | \$ (490,149) | \$ (2,856,195) |

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, 2021, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2021, are presented below.

| | |
|--|--|
| Wage inflation | |
| Current measurement date | 2.75% |
| Prior measurement date | 3.25% |
| Future salary increases, including inflation | |
| Current measurement date | 2.75% to 10.75% including wage inflation |
| Prior measurement date | 3.25% to 10.75% including wage inflation |
| COLA or ad hoc COLA | |
| Current measurement date | Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2022, then 2.05% simple |
| Prior measurement date | Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 0.50%, simple through 2021, then 2.15% simple |
| Investment rate of return | |
| Current measurement date | 6.90% |
| Prior measurement date | 7.20% |
| Actuarial cost method | Individual entry age |

In July 2021, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 0.50% simple through 2021 then 2.15% simple to 3.00% simple through 2022 then 2.05% simple.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2021, 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 of 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 a gain of 15.3% for 2021.

The allocation of investment assets with the Defined Benefit portfolio is approved by the 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 long-term expected 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. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

| Asset Class | Target Allocation | Weighted Average Long-Term Expected Real Rate of Return (Arithmetic) |
|------------------------|----------------------|---|
| Fixed income | 24.00 % | 1.03 % |
| Domestic equities | 21.00 | 3.78 |
| Real estate | 11.00 | 3.66 |
| Private equity | 12.00 | 7.43 |
| International equities | 23.00 | 4.88 |
| Risk Parity | 5.00 | 2.92 |
| Other investments | 4.00 | 2.85 |
| Total | 100.00 % | 4.21 % |

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability/asset was 6.90%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2021 was 7.20%. 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/Asset to Changes in the Discount Rate - The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 6.90%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.90%) or one-percentage-point higher (7.90%) than the current rate:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---|--------------|--------------------------|--------------|
| City's proportionate share of the net pension liability (asset): | | | |
| Traditional Pension Plan | \$ 6,415,121 | \$ 2,433,156 | \$ (880,370) |
| Combined Plan | (38,940) | (52,185) | (62,516) |
| Member-Directed Plan | (9,150) | (10,383) | (11,438) |

Actuarial Assumptions - OP&F

OP&F's total pension liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, 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 the value 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. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2022, are presented below.

| | |
|----------------------------|---|
| Valuation date | 1/1/21 with actuarial liabilities rolled forward to 12/31/21 |
| Actuarial cost method | Entry age normal (level percent of payroll) |
| Investment rate of return | |
| Current measurement date | 7.50% |
| Prior measurement date | 8.00% |
| Projected salary increases | 3.75% - 10.50% |
| Payroll increases | 3.25% per annum, compounded annually, consisting of inflation rate of 2.75% plus productivity increase rate of 0.50% |
| Cost of living adjustments | 2.20% per year simple |

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 12 - DEFINED BENEFIT PENSION 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 and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%.

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

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 Buck Modified 2016 Improvement Scale.

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

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

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.

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, 2021 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 % | 0.00 % |
| Domestic equity | 21.00 | 3.60 |
| Non-US equity | 14.00 | 4.40 |
| Private markets | 8.00 | 6.80 |
| Core fixed income * | 23.00 | 1.10 |
| High yield fixed income | 7.00 | 3.00 |
| Private credit | 5.00 | 4.50 |
| U.S. inflation linked bonds * | 17.00 | 0.80 |
| Midstream energy infrastructure | 5.00 | 5.00 |
| Real assets | 8.00 | 5.90 |
| Gold | 5.00 | 2.40 |
| Private real estate | 12.00 | 4.80 |
| Total | 125.00 % | |

Note: assumptions are geometric.

* levered 2x

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 12 - DEFINED BENEFIT PENSION 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 the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 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 7.50%. A discount rate of 8.00% was used in the previous measurement date. 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.

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 7.50%, as well as what the net pension liability 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 | Current Discount Rate | 1% Increase |
|--|---------------|--------------------------|--------------|
| City’s proportionate share of the net pension liability | \$ 11,875,041 | \$ 8,007,520 | \$ 4,786,831 |

NOTE 13 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 12 for a description of the net OPEB liability/asset.

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. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree’s years of service and age when they first enrolled in OPERS coverage.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

The health care 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 separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS discontinued the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

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 with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who became eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. 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' Annual Comprehensive Financial Report 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 allowing 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, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2022, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2022, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. 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 2022 was 4.00%.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$15,578 for 2022. Of this amount, \$274 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 health care 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. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

OP&F maintains funds for health care in two separate accounts: 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. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

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 19.50% and 24.00% of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2022, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

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.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

The City's contractually required contribution to OP&F was \$18,183 for 2022. Of this amount, \$370 is reported as due to other governments.

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

The net OPEB liability/asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2020, rolled forward to the measurement date of December 31, 2021, 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, 2021, and was determined by rolling forward the total OPEB liability as of January 1, 2021, to December 31, 2021. The City's proportion of the net OPEB liability/asset 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/asset prior measurement date | 0.02634700% | 0.12605560% | |
| Proportion of the net OPEB liability/asset current measurement date | <u>0.02871500%</u> | <u>0.12817320%</u> | |
| Change in proportionate share | <u>0.00236800%</u> | <u>0.00211760%</u> | |
| Proportionate share of the net OPEB liability | \$ - | \$ 1,404,889 | \$ 1,404,889 |
| Proportionate share of the net OPEB asset | 899,398 | - | 899,398 |
| OPEB expense | (897,162) | 133,677 | (763,485) |

At December 31, 2022, 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 | \$ - | \$ 63,910 | \$ 63,910 |
| Changes of assumptions | - | 621,844 | 621,844 |
| Changes in employer's proportionate percentage/difference between employer contributions | 44,057 | 135,305 | 179,362 |
| Contributions subsequent to the measurement date | 15,578 | 18,183 | 33,761 |
| Total deferred outflows of resources | <u>\$ 59,635</u> | <u>\$ 839,242</u> | <u>\$ 898,877</u> |

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

| | OPERS | OP&F | Total |
|--|---------------------|-------------------|---------------------|
| Deferred inflows of resources | | | |
| Differences between expected and actual experience | \$ 136,424 | \$ 185,674 | \$ 322,098 |
| Net difference between projected and actual earnings on OPEB plan investments | 428,768 | 126,910 | 555,678 |
| Changes of assumptions | 364,066 | 163,171 | 527,237 |
| Changes in employer's proportionate percentage/difference between employer contributions | 87,204 | 75,277 | 162,481 |
| Total deferred inflows of resources | <u>\$ 1,016,462</u> | <u>\$ 551,032</u> | <u>\$ 1,567,494</u> |

\$33,761 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/increase to the net OPEB liability/asset in the year ending December 31, 2023.

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

| | OPERS | OP&F | Total |
|--------------------------|---------------------|-------------------|---------------------|
| Year Ending December 31: | | | |
| 2023 | \$ (633,003) | \$ 71,493 | \$ (561,510) |
| 2024 | (184,140) | 52,653 | (131,487) |
| 2025 | (93,684) | 54,344 | (39,340) |
| 2026 | (61,578) | 19,223 | (42,355) |
| 2027 | - | 36,851 | 36,851 |
| Thereafter | - | 35,463 | 35,463 |
| Total | <u>\$ (972,405)</u> | <u>\$ 270,027</u> | <u>\$ (702,378)</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 health care costs 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 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, 2020, rolled forward to the measurement date of December 31, 2021.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 | |
| Current measurement date | 2.75% |
| Prior Measurement date | 3.25% |
| Projected Salary Increases, including inflation | |
| Current measurement date | 2.75 to 10.75% |
| | including wage inflation |
| Prior Measurement date | 3.25 to 10.75% |
| | including wage inflation |
| Single Discount Rate: | |
| Current measurement date | 6.00% |
| Prior Measurement date | 6.00% |
| Investment Rate of Return | |
| Current measurement date | 6.00% |
| Prior Measurement date | 6.00% |
| Municipal Bond Rate | |
| Current measurement date | 1.84% |
| Prior Measurement date | 2.00% |
| Health Care Cost Trend Rate | |
| Current measurement date | 5.50% initial, 3.50% ultimate in 2034 |
| Prior Measurement date | 8.50% initial, 3.50% ultimate in 2035 |
| Actuarial Cost Method | Individual Entry Age Normal |

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

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 2021, 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 was a gain of 14.3% for 2021.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

The allocation of investment assets within 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 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.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2021, these best estimates are summarized in the following table:

| Asset Class | Target Allocation | Weighted Average Long-Term Expected Real Rate of Return (Arithmetic) |
|---------------------------------------|----------------------|---|
| Fixed Income | 34.00 % | 0.91 % |
| Domestic equities | 25.00 | 3.78 |
| Real Estate Investment Trusts (REITs) | 7.00 | 3.71 |
| International equities | 25.00 | 4.88 |
| Risk parity | 2.00 | 2.92 |
| Other investments | 7.00 | 1.93 |
| Total | 100.00 % | 3.45 % |

Discount Rate - A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2021. A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2021. 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) a 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 the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 1.84%. 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 the year 2121. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2121, the duration of the projection period through which projected health care payments are fully funded.

Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate - The following table presents the proportionate share of the net OPEB asset calculated using the single discount rate of 6.00%, as well as what the proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one-percentage-point lower (5.00%) or one-percentage-point higher (7.00%) than the current rate:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---|-------------|--------------------------|--------------|
| City's proportionate share of the net OPEB asset | \$ 528,930 | \$ 899,398 | \$ 1,206,891 |

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Asset 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 asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of healthcare; the trend starting in 2022 is 5.50%. 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 the health care 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 3.50% in the most recent valuation.

| | 1% Decrease | Current Health Care Trend Rate Assumption | 1% Increase |
|---|-------------|---|-------------|
| City's proportionate share of the net OPEB asset | \$ 909,117 | \$ 899,398 | \$ 887,868 |

Actuarial Assumptions - OP&F

OP&F's total OPEB liability as of December 31, 2021, is based on the results of an actuarial valuation date of January 1, 2021, 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 the value 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.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

| | |
|----------------------------|---|
| Valuation Date | January 1, 2021, with actuarial liabilities rolled forward to December 31, 2021 |
| Actuarial Cost Method | Entry Age Normal (Level Percent of Payroll) |
| Investment Rate of Return | |
| Current measurement date | 7.50% |
| Prior measurement date | 8.00% |
| Projected Salary Increases | 3.75% to 10.50% |
| Payroll Growth | 3.25% |
| Single discount rate: | |
| Current measurement date | 2.84% |
| Prior measurement date | 2.96% |
| Cost of Living Adjustments | 2.20% simple per year |

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 Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%.

| Age | Police | Fire |
|------------|--------|------|
| 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 Buck Modified 2016 Improvement Scale.

| Age | Police | Fire |
|------------|--------|------|
| 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 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.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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, 2020, are summarized below:

| Asset Class | Target Allocation | Long Term Expected Real Rate of Return |
|----------------------------------|----------------------|---|
| Cash and cash equivalents | 0.00 % | 0.00 % |
| Domestic equity | 21.00 | 3.60 |
| Non-US equity | 14.00 | 4.40 |
| Private markets | 8.00 | 6.80 |
| Core fixed income * | 23.00 | 1.10 |
| High yield fixed income | 7.00 | 3.00 |
| Private credit | 5.00 | 4.50 |
| U.S. inflation linked bonds * | 17.00 | 0.80 |
| Midstream energy infrastructure | 5.00 | 5.00 |
| Real assets | 8.00 | 5.90 |
| Gold | 5.00 | 2.40 |
| Private real estate | 12.00 | 4.80 |
| Total | 125.00 % | |

Note: assumptions are geometric.

* levered 2x

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 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - For 2021, the total OPEB liability was calculated using the discount rate of 2.84%. For 2020, the total OPEB liability was calculated using the discount rate of 2.96%. 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 7.50%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payment of current plan members. Therefore, a municipal bond rate of 2.05% at December 31, 2021 and 2.12% at December 31, 2020 was blended with the long-term rate of 7.50%, which resulted in a blended discount rate of 2.84%.

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 2.84%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.84%), or one percentage point higher (3.84%) than the current rate.

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---|--------------|--------------------------|--------------|
| City's proportionate share of the net OPEB liability | \$ 1,765,976 | \$ 1,404,889 | \$ 1,108,074 |

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability.

NOTE 14 - RISK MANAGEMENT

A. Liability Insurance

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.

B. Self-Funded Medical Insurance

The City is self-funded for health, dental, and prescription drug benefits. The programs are administered by a third party who provides claims, review, and processing services. Each City fund is charged for its proportionate share of the cost for covered employees.

The claims liability of \$165,789 reported in the internal service funds at December 31, 2022 is based on the requirements of GASB Statement No. 10, as amended, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be reported (see table below). Changes in the funds’ claims liability amounts for 2022 and 2021 were:

| | | Balance at Beginning of Year | Current Year Claims | Claim Payments | Balance at End of Year |
|------|----|------------------------------------|---------------------------|-------------------|------------------------------|
| 2022 | \$ | 117,841 | \$ 1,176,800 | \$ (1,128,852) | \$ 165,789 |
| 2021 | | 111,681 | 1,099,452 | (1,093,292) | 117,841 |

NOTE 15 - CONTINGENCIES

A. Federal and State Grants

For the period January 1, 2022, to December 31, 2022, 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.

B. Litigation

The City is not party to any legal proceedings.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

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

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) 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 | ARPA |
|---|-------------|------------------------|------------|
| Budget basis | \$ 9,864 | \$ 212,410 | \$ 421,922 |
| Net adjustment for revenue accruals | (1,258,541) | - | (572,000) |
| Net adjustment for expenditure accruals | (790,968) | (50,502) | (6,798) |
| Net adjustment for other sources/uses | 917,634 | - | - |
| Funds budgeted elsewhere | 766,488 | - | - |
| Adjustment for encumbrances | 861,546 | 339,752 | 156,876 |
| GAAP basis | \$ 506,023 | \$ 501,660 | \$ - |

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the recreation fund, swimming pool fund, community events fund, Bexley video fund, Maryanna Holbrook scholarship fund, budget stability fund, unclaimed monies fund, neighbors helping neighbors fund, farmers market fund, Bexley Celebrations Association fund, police officer equipment fund, main event fund, health insurance fund, and the employee separation fund.

CITY OF BEXLEY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

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 | \$ 722,669 |
| Roads and sidewalks | 306,626 |
| ARPA | 151,326 |
| Nonmajor governmental | <u>1,197,534</u> |
| Total | <u>\$ 2,378,155</u> |

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CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 18 - FUND BALANCE

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

| Fund balance | General | Roads and Sidewalks | Nonmajor Governmental Funds | Total Governmental Funds |
|----------------------------------|---------------------|------------------------|-----------------------------------|--------------------------------|
| Nonspendable: | | | | |
| Materials and supplies inventory | \$ 7,522 | \$ - | \$ 37,880 | \$ 45,402 |
| Unclaimed monies | <u>13,826</u> | - | - | <u>13,826</u> |
| Total nonspendable | <u>21,348</u> | - | <u>37,880</u> | <u>59,228</u> |
| Restricted: | | | | |
| Police programs | - | - | 32,391 | 32,391 |
| Police pension | - | - | 255,583 | 255,583 |
| Streets and transportation | - | 1,230,691 | 662,381 | 1,893,072 |
| Capital improvements | - | - | 454,033 | 454,033 |
| Other purposes | - | - | <u>76,706</u> | <u>76,706</u> |
| Total restricted | <u>-</u> | <u>1,230,691</u> | <u>1,481,094</u> | <u>2,711,785</u> |
| Committed: | | | | |
| Community environment | - | - | 28,741 | 28,741 |
| Capital improvements | - | - | 2,400,000 | 2,400,000 |
| Leisure time activity | - | - | <u>1,010</u> | <u>1,010</u> |
| Total committed | <u>-</u> | <u>-</u> | <u>2,429,751</u> | <u>2,429,751</u> |
| Assigned: | | | | |
| Debt service | - | - | 1,356,768 | 1,356,768 |
| Capital improvements | - | - | 2,137,752 | 2,137,752 |
| General government | 659,246 | - | - | 659,246 |
| Security of persons and property | 131,367 | - | - | 131,367 |
| Leisure time activity | 1,452,189 | - | - | 1,452,189 |
| Other purposes | 14,431 | - | - | 14,431 |
| Subsequent year appropriations | <u>54,535</u> | - | - | <u>54,535</u> |
| Total assigned | <u>2,311,768</u> | - | <u>3,494,520</u> | <u>5,806,288</u> |
| Unassigned | <u>7,075,049</u> | - | - | <u>7,075,049</u> |
| Total fund balances | <u>\$ 9,408,165</u> | <u>\$ 1,230,691</u> | <u>\$ 7,443,245</u> | <u>\$ 18,082,101</u> |

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.

CITY OF BEXLEY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 19 - BEXLEY COMMUNITY IMPROVEMENT CORPORATION - (Continued)

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) (4) of the Internal Revenue Code.

D. Cash and Cash Equivalents

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

E. Accrued Liabilities

The CIC recognizes expenses due, but unpaid as of December 31, 2022.

CITY OF BEXLEY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022**

NOTE 19 - BEXLEY COMMUNITY IMPROVEMENT CORPORATION - (Continued)

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, 2022, the CIC has outstanding borrowings related to the acquisition, construction or improvement of capital assets.

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 \$357,765 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 |

I. Deferred Inflows

In addition to liabilities, the financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

The deferred inflow of resources for leases is related to the lease receivable and is being amortized to lease revenue in a systematic and rational manner over the term of the lease.

Deposits

At December 31, 2022, the carrying amount of all CIC deposits was \$649,425 and the bank balance was \$689,347. Of the bank balance, \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC) and \$439,347 was covered by the Ohio Pooled Collateral System.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 19 - BEXLEY COMMUNITY IMPROVEMENT CORPORATION - (Continued)

Inventory Held for Future Distribution

The City of Bexley has contributed \$650,000 and loaned \$132,253 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 2022, the CIC incurred additional expenses related to the property in the amount of \$4,688. 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. The following is a schedule of activity related to land held for future distribution:

| | Balance 12/31/2021 | Additions | Disposals | Balance 12/31/2022 |
|------------------------|-----------------------|-----------|-----------|-----------------------|
| Ferndale/Mayfield Area | \$ 404,729 | \$ 4,688 | \$ - | \$ 409,417 |

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.

Lease Receivables

The CIC is reporting leases receivable of \$2,069,788. For fiscal year 2022, the CIC recognized lease revenue of \$284,650 and \$25,416, which is reported in rental income and ground lease revenue, respectively, and interest revenue of \$109,465.

The CIC has entered into lease agreements for building space and land rental with varying years and terms as follows:

| Purpose | Lease Commencement Date | Years | Lease End Date | Payment Method |
|----------------|-------------------------------|-------|----------------------|-------------------|
| Land | 2013 | 50 | 2063 | Monthly |
| Building space | 2016 | 10 | 2026 | Monthly |
| Building space | 2017 | 10 | 2027 | Monthly |
| Building space | 2016 | 10 | 2026 | Monthly |
| Building space | 2021 | 5 | 2026 | Monthly |
| Building space | 2015 | 10 | 2025 | Monthly |

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 19 - BEXLEY COMMUNITY IMPROVEMENT CORPORATION - (Continued)

Lease payments will be paid to the CIC. The following is a schedule of future lease payments under the lease agreements:

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|---------------------|---------------------|---------------------|
| 2023 | \$ 272,590 | \$ 94,462 | \$ 367,052 |
| 2024 | 288,344 | 80,468 | 368,812 |
| 2025 | 285,008 | 66,008 | 351,016 |
| 2026 | 119,485 | 55,074 | 174,559 |
| 2027 | 47,355 | 50,693 | 98,048 |
| 2028 - 2032 | - | 250,000 | 250,000 |
| 2033 - 2037 | - | 281,875 | 281,875 |
| 2038 - 2042 | 18,539 | 300,836 | 319,375 |
| 2043 - 2047 | 109,540 | 247,335 | 356,875 |
| 2048 - 2052 | 183,083 | 211,292 | 394,375 |
| 2053 - 2057 | 277,465 | 154,410 | 431,875 |
| 2058 - 2062 | 398,591 | 70,784 | 469,375 |
| 2063 | <u>69,788</u> | <u>1,462</u> | <u>71,250</u> |
| Total | <u>\$ 2,069,788</u> | <u>\$ 1,864,699</u> | <u>\$ 3,934,487</u> |

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 2022, 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 2022, the CIC made \$130,000 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 2022, 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, 2022

NOTE 19 - BEXLEY COMMUNITY IMPROVEMENT CORPORATION - (Continued)

Capital Assets

Capital asset activity for the year ended December 31, 2022, was as follows:

| | Balance 12/31/21 | Additions | Disposals | Balance 12/31/22 |
|---|---------------------|------------------|-------------|---------------------|
| <i>Capital assets, not being depreciated:</i> | | | | |
| Land | \$ 1,701,301 | \$ - | \$ - | \$ 1,701,301 |
| Total capital assets, not being depreciated | <u>1,701,301</u> | <u>-</u> | <u>-</u> | <u>1,701,301</u> |
| <i>Capital assets being depreciated:</i> | | | | |
| Buildings | 1,351,833 | - | - | 1,351,833 |
| Leasehold improvements | <u>276,239</u> | <u>172,357</u> | <u>-</u> | <u>448,596</u> |
| Total capital assets being depreciated | <u>1,628,072</u> | <u>172,357</u> | <u>-</u> | <u>1,800,429</u> |
| <i>Less: accumulated depreciation:</i> | | | | |
| Buildings | (307,291) | (67,592) | - | (374,883) |
| Leasehold improvements | <u>(253,775)</u> | <u>(23,594)</u> | <u>-</u> | <u>(277,369)</u> |
| Total accumulated depreciation | <u>(561,066)</u> | <u>(91,186)</u> | <u>-</u> | <u>(652,252)</u> |
| Net capital assets | <u>\$ 2,768,307</u> | <u>\$ 81,171</u> | <u>\$ -</u> | <u>\$ 2,849,478</u> |

Mortgage Note Payable

On March 12, 2021, the CIC entered into a mortgage note with Ohio State Bank, which is used as a line of credit to purchase the property located at 420 N. Cassady Avenue. The CIC can make draws on the line of credit with a maximum borrowing of \$1.0 million. The CIC makes monthly interest payments based upon the amount drawn. During 2022, the CIC did not make any draws from the line of credit and made \$775 in principal payments on the line of credit. The following is a schedule of the line of credit activity for 2022:

| | Balance 12/31/2021 | Draws | Principal Payments | Balance 12/31/2022 |
|-----------------------|-----------------------|-------------|-----------------------|-----------------------|
| Mortgage Note Payable | <u>\$ 426,019</u> | <u>\$ -</u> | <u>\$ (775)</u> | <u>\$ 425,244</u> |

Other Operating Revenues

Other Operating Revenues consist primarily of \$19,225 of property settlements from the CIC's Cassady Ave property.

NOTE 20 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency ended in April 2023. During 2022, the City received COVID-19 funding. The financial impact of COVID-19 and the emergency measures may impact subsequent periods of the City. The impact on the City's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The City's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

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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/NET PENSION ASSET
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

| | LAST NINE YEARS | | | |
|--|-----------------|--------------|--------------|--------------|
| | 2022 | 2021 | 2020 | 2019 |
| <i>Traditional Plan:</i> | | | | |
| City's proportion of the net pension liability | 0.027966% | 0.025944% | 0.029201% | 0.030272% |
| City's proportionate share of the net pension liability | \$ 2,433,156 | \$ 3,841,742 | \$ 5,771,776 | \$ 8,290,887 |
| City's covered payroll | \$ 4,723,221 | \$ 4,150,964 | \$ 4,472,343 | \$ 3,968,936 |
| City's proportionate share of the net pension liability as a percentage of its covered payroll | 51.51% | 92.55% | 129.05% | 208.89% |
| Plan fiduciary net position as a percentage of the total pension liability | 92.62% | 86.88% | 82.17% | 74.70% |
| <i>Combined Plan:</i> | | | | |
| City's proportion of the net pension asset | 0.013245% | 0.011276% | 0.004681% | |
| City's proportionate share of the net pension asset | \$ 52,185 | \$ 32,551 | \$ 9,761 | |
| City's covered payroll | \$ 60,379 | \$ 24,850 | \$ 20,836 | |
| City's proportionate share of the net pension asset as a percentage of its covered payroll | 86.43% | 130.99% | 46.85% | |
| Plan fiduciary net position as a percentage of the total pension asset | 169.88% | 157.67% | 145.28% | |
| <i>Member Directed Plan:</i> | | | | |
| City's proportion of the net pension asset | 0.057190% | 0.046752% | 0.043545% | 0.045739% |
| City's proportionate share of the net pension asset | \$ 10,383 | \$ 8,522 | \$ 1,646 | \$ 1,043 |
| City's covered payroll | \$ 358,550 | \$ 280,790 | \$ 258,740 | \$ 262,340 |
| City's proportionate share of the net pension asset as a percentage of its covered payroll | 2.90% | 3.04% | 0.64% | 0.40% |
| Plan fiduciary net position as a percentage of the total pension asset | 171.84% | 188.21% | 118.84% | 113.42% |

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

| 2018 | 2017 | 2016 | 2015 | 2014 |
|--------------|--------------|--------------|--------------|--------------|
| 0.027830% | 0.026149% | 0.025788% | 0.025523% | 0.025523% |
| \$ 4,365,987 | \$ 5,937,993 | \$ 4,466,808 | \$ 3,078,360 | \$ 3,008,828 |
| \$ 3,938,185 | \$ 3,702,725 | \$ 3,356,175 | \$ 3,540,033 | \$ 2,946,231 |
| 110.86% | 160.37% | 133.09% | 86.96% | 102.12% |
| 84.66% | 77.25% | 81.08% | 86.45% | 86.36% |
| 0.045003% | 0.037245% | 0.037622% | | |
| \$ 1,571 | \$ 155 | \$ 144 | | |
| \$ 242,520 | \$ 155,733 | \$ 209,525 | | |
| 0.65% | 0.10% | 0.07% | | |
| 124.45% | 103.40% | 103.91% | | |

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 NINE YEARS

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--|--------------|--------------|--------------|--------------|
| City's proportion of the net pension liability | 0.12817320% | 0.12605560% | 0.12413780% | 0.12060200% |
| City's proportionate share of the net pension liability | \$ 8,007,520 | \$ 8,593,323 | \$ 8,362,585 | \$ 9,844,310 |
| City's covered payroll | \$ 3,664,063 | \$ 3,442,511 | \$ 3,330,547 | \$ 3,045,079 |
| City's proportionate share of the net pension liability as a percentage of its covered payroll | 218.54% | 249.62% | 251.09% | 323.29% |
| Plan fiduciary net position as a percentage of the total pension liability | 75.03% | 70.65% | 69.89% | 63.07% |

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

| <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--------------|--------------|--------------|--------------|--------------|
| 0.12398600% | 0.11832100% | 0.12069100% | 0.11255920% | 0.11255920% |
| \$ 7,609,552 | \$ 7,494,332 | \$ 7,764,126 | \$ 5,831,036 | \$ 5,481,986 |
| \$ 2,892,332 | \$ 2,637,900 | \$ 2,953,284 | \$ 2,459,305 | \$ 2,723,948 |
| 263.09% | 284.10% | 262.90% | 237.10% | 201.25% |
| 70.91% | 68.36% | 66.77% | 72.20% | 73.00% |

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>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--|------------------|------------------|------------------|------------------|
| <i>Traditional Plan:</i> | | | | |
| Contractually required contribution | \$ 742,103 | \$ 661,251 | \$ 581,135 | \$ 626,128 |
| Contributions in relation to the contractually required contribution | <u>(742,103)</u> | <u>(661,251)</u> | <u>(581,135)</u> | <u>(626,128)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered payroll | \$ 5,300,736 | \$ 4,723,221 | \$ 4,150,964 | \$ 4,472,343 |
| Contributions as a percentage of covered payroll | 14.00% | 14.00% | 14.00% | 14.00% |
| <i>Combined Plan:</i> | | | | |
| Contractually required contribution | \$ 9,157 | \$ 8,453 | \$ 3,479 | \$ 2,917 |
| Contributions in relation to the contractually required contribution | <u>(9,157)</u> | <u>(8,453)</u> | <u>(3,479)</u> | <u>(2,917)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered payroll | \$ 65,407 | \$ 60,379 | \$ 24,850 | \$ 20,836 |
| Contributions as a percentage of covered payroll | 14.00% | 14.00% | 14.00% | 14.00% |
| <i>Member Directed Plan:</i> | | | | |
| Contractually required contribution | \$ 38,946 | \$ 35,855 | \$ 28,079 | \$ 25,874 |
| Contributions in relation to the contractually required contribution | <u>(38,946)</u> | <u>(35,855)</u> | <u>(28,079)</u> | <u>(25,874)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered payroll | \$ 389,460 | \$ 358,550 | \$ 280,790 | \$ 258,740 |
| Contributions as a percentage of covered payroll | 10.00% | 10.00% | 10.00% | 10.00% |

Note: Information prior to 2019 and 2015 for the City's combined and member directed plans, respectively, 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>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ 555,651 | \$ 511,964 | \$ 444,327 | \$ 402,741 | \$ 424,804 | \$ 383,010 |
| <u>(555,651)</u> | <u>(511,964)</u> | <u>(444,327)</u> | <u>(402,741)</u> | <u>(424,804)</u> | <u>(383,010)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 3,968,936 | \$ 3,938,185 | \$ 3,702,725 | \$ 3,356,175 | \$ 3,540,033 | \$ 2,946,231 |
| 14.00% | 13.00% | 12.00% | 12.00% | 12.00% | 13.00% |

| | | | |
|-----------------|-----------------|-----------------|-----------------|
| \$ 26,234 | \$ 24,252 | \$ 18,688 | \$ 25,143 |
| <u>(26,234)</u> | <u>(24,252)</u> | <u>(18,688)</u> | <u>(25,143)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 262,340 | \$ 242,520 | \$ 155,733 | \$ 209,525 |
| 10.00% | 10.00% | 12.00% | 12.00% |

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>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--|------------------|------------------|------------------|------------------|
| <i>Police:</i> | | | | |
| Contractually required contribution | \$ 690,941 | \$ 696,172 | \$ 654,077 | \$ 632,804 |
| Contributions in relation to the contractually required contribution | <u>(690,941)</u> | <u>(696,172)</u> | <u>(654,077)</u> | <u>(632,804)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered payroll | \$ 3,636,532 | \$ 3,664,063 | \$ 3,442,511 | \$ 3,330,547 |
| Contributions as a percentage of covered payroll | 19.00% | 19.00% | 19.00% | 19.00% |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ 578,565 | \$ 549,543 | \$ 501,201 | \$ 561,124 | \$ 467,268 | \$ 432,563 |
| <u>(578,565)</u> | <u>(549,543)</u> | <u>(501,201)</u> | <u>(561,124)</u> | <u>(467,268)</u> | <u>(432,563)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 3,045,079 | \$ 2,892,332 | \$ 2,637,900 | \$ 2,953,284 | \$ 2,459,305 | \$ 2,723,948 |
| 19.00% | 19.00% | 19.00% | 19.00% | 15.88% | 12.75% |

CITY OF BEXLEY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX YEARS

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| City's proportion of the net OPEB liability/asset | 0.287150% | 0.026347% | 0.029046% | 0.029993% | 0.027700% | 0.025768% |
| City's proportionate share of the net OPEB liability/(asset) | \$ (899,398) | \$ (469,393) | \$ 4,012,008 | \$ 3,910,380 | \$ 3,008,015 | \$ 2,602,672 |
| City's covered payroll | \$ 5,142,150 | \$ 4,456,604 | \$ 4,751,919 | \$ 4,231,276 | \$ 4,180,705 | \$ 3,858,458 |
| City's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll | 17.49% | 10.53% | 84.43% | 92.42% | 71.95% | 67.45% |
| Plan fiduciary net position as a percentage of the total OPEB liability/asset | 128.23% | 115.57% | 47.80% | 46.33% | 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 PENSION LIABILITY
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST SIX YEARS

| | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| City's proportion of the net OPEB liability | 0.12817320% | 0.12605560% | 0.12413780% | 0.12060200% | 0.12398600% | 0.11832100% |
| City's proportionate share of the net OPEB liability | \$ 1,404,889 | \$ 1,335,580 | \$ 1,226,200 | \$ 1,098,266 | \$ 7,024,850 | \$ 5,616,432 |
| City's covered payroll | \$ 3,664,063 | \$ 3,442,511 | \$ 3,330,547 | \$ 3,045,079 | \$ 2,892,332 | \$ 2,637,900 |
| City's proportionate share of the net OPEB liability as a percentage of its covered payroll | 38.34% | 38.80% | 36.82% | 36.07% | 242.88% | 212.91% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 46.86% | 45.42% | 47.08% | 46.57% | 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>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|---|-----------------|-----------------|-----------------|-----------------|
| Contractually required contribution | \$ 15,578 | \$ 14,342 | \$ 11,231 | \$ 10,350 |
| Contributions in relation to the contractually required contribution | <u>(15,578)</u> | <u>(14,342)</u> | <u>(11,231)</u> | <u>(10,350)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered payroll | \$ 5,755,603 | \$ 5,142,150 | \$ 4,456,604 | \$ 4,751,919 |
| Contributions as a percentage of covered payroll | 0.27% | 0.28% | 0.25% | 0.22% |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| \$ 10,493 | \$ 49,083 | \$ 82,906 | \$ 67,123 | \$ 62,584 | \$ 29,462 |
| <u>(10,493)</u> | <u>(49,083)</u> | <u>(82,906)</u> | <u>(67,123)</u> | <u>(62,584)</u> | <u>(29,462)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 4,231,276 | \$ 4,180,705 | \$ 3,858,458 | \$ 3,565,700 | \$ 3,540,033 | \$ 2,946,231 |
| 0.25% | 1.17% | 2.15% | 1.88% | 1.77% | 1.00% |

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>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> |
|--|-----------------|-----------------|-----------------|-----------------|
| <i>Police:</i> | | | | |
| Contractually required contribution | \$ 18,183 | \$ 18,320 | \$ 17,213 | \$ 16,653 |
| Contributions in relation to the contractually required contribution | <u>(18,183)</u> | <u>(18,320)</u> | <u>(17,213)</u> | <u>(16,653)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| City's covered payroll | \$ 3,636,532 | \$ 3,664,063 | \$ 3,442,511 | \$ 3,330,547 |
| Contributions as a percentage of covered payroll | 0.50% | 0.50% | 0.50% | 0.50% |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| \$ 15,225 | \$ 14,462 | \$ 13,189 | \$ 15,166 | \$ 13,299 | \$ 98,496 |
| <u>(15,225)</u> | <u>(14,462)</u> | <u>(13,189)</u> | <u>(15,166)</u> | <u>(13,299)</u> | <u>(98,496)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 3,045,079 | \$ 2,892,332 | \$ 2,637,900 | \$ 2,953,284 | \$ 2,459,305 | \$ 2,723,948 |
| 0.50% | 0.50% | 0.50% | 0.51% | 0.54% | 3.62% |

CITY OF BEXLEY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for 2014.
- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.

Changes in assumptions :

- There were no changes in assumptions for 2014.
- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 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.
- For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) wage inflation was changed from 3.25% to 2.75%, (b) future salary increases, including inflation were changed from 3.25%-10.75% to 2.75%-10.75%, (c) COLA for post 1/7/2013 retirees were changed from 0.50%, simple through 2021, then 2.15% simple to 3.00%, simple through 2022, then 2.05% simple and (d) the actuarially assumed rate of return was changed from 7.20% to 6.90%.

(Continued)

CITY OF BEXLEY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

PENSION

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.
- There were no changes in benefit terms from the amounts reported for 2015.
- There were no changes in benefit terms from the amounts reported for 2016.
- There were no changes in benefit terms from the amounts reported for 2017.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.

Changes in assumptions :

- There were no changes in assumptions for 2014.
- There were no changes in assumptions for 2015.
- There were no changes in assumptions for 2016.
- There were no changes in assumptions for 2017.
- For 2018, 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 8.25% 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.
- There were no changes in assumptions for 2019.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.
- For 2022, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the actuarially assumed rate of return was changed from 8.00% to 7.50%.

(Continued)

CITY OF BEXLEY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

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.
- There were no changes in benefit terms from the amounts reported for 2018.
- There were no changes in benefit terms from the amounts reported for 2019.
- There were no changes in benefit terms from the amounts reported for 2020.
- For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.
- There were no changes in benefit terms from the amounts reported for 2022.

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%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.00%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.16% up to 6.00%, (b) the municipal bond rate was decreased from 2.75% up to 2.00% and (c) the health care cost trend rate was decreased from 10.00%, initial/3.50%, ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) wage inflation changed from 3.25% to 2.75%, (b) projected salary increases, including inflation changed from 3.25%-10.75% to 2.75%-10.75%, (c) the municipal bond rate was changed from 2.00% to 1.84% and (d) the health care cost trend rate was changed from 8.50% initial, 3.50% ultimate in 2035 to 5.50% initial, 3.50% ultimate in 2034.

(Continued)

CITY OF BEXLEY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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.
- There were no changes in benefit terms from the amounts reported for 2018.
- For 2019, OP&F changed its retiree health care model from a self-insured health care plan to a stipend-based health care model.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.
- There were no changes in benefit terms from the amounts reported for 2022.

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% and (e) payroll growth was reduced from 3.75% to 3.25%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.24% up to 4.66%.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 4.66% up to 3.56%.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.56% down to 2.96%.
- For 2022, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the investment rate of return was changed from 8.00% to 7.50% and (b) the discount rate was changed from 2.96% to 2.84%.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance With
*Government Auditing Standards***

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

To the Members of the City Council and Mayor:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2022, 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 August 17, 2023.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City of Bexley's financial statements will not be prevented, or detected and corrected, on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2022-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

City of Bexley's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the City of Bexley's response to the finding identified in our audit and described in the accompanying schedule of findings and responses. The City of Bexley's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Bexley's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Bexley's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
August 17, 2023

**CITY OF BEXLEY
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS AND RESPONSES
DECEMBER 31, 2022**

| FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS | |
|--|----------|
| Finding Number | 2022-001 |

Material Weakness – Financial Statement Presentation

Management is responsible for preparing complete and accurate financial statements in accordance with the applicable financial reporting framework. Control and monitoring activities typically associated with the period-end financial reporting process include reviewing and approving manual journal entries, consolidating entries, and any entries that are recorded directly to the financial statements.

The following audit adjustments were made to correct misstatements identified in the audit of the City of Bexley’s financial statements:

- Original Budgeted Expenditures as presented on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) - General Fund were decreased from \$21,853,712 to \$19,521,800. Functional expenditures were also updated for this error.
- Original Budgeted Expenditures as presented on the Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) – Roads and Sidewalks were increased from \$1,998,235 to \$2,199,199. Functional expenditures were also updated for this error.
- Depreciation expense on the Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds was decreased by \$1,839,226 in the Sewer Fund and Depreciable capital assets, net on the Statement of Net Position – Proprietary Funds was increased by \$1,839,226 in the Sewer Fund. Similar adjustments were made to the Statement of Net Position and Statement of Activities.

Without a review of the Hinkle submission, which is a pre-audited report not available to the public, by management prior to filing with the Hinkle system, financial information could be misrepresented.

We recommend the City review the adjustments posted to the current year audit report. Further we recommend the City designate an individual to review future unaudited reports prior to their Hinkle submission.

Client Response: The City will continue to work with its accounting firm to improve the review process to ensure that journal entries and data compiled for the report are accurate.

**CITY OF BEXLEY
FRANKLIN COUNTY, OHIO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2022**

| Finding Number | Year Initially Occurred | Finding Summary | Status | Additional Information |
|-----------------------|--------------------------------|--|---|-------------------------------|
| 2021-001 | 2021 | <p><u>Significant Deficiency – Segregation of Duties</u> – The City’s internal control structure, particularly those controls related to payroll disbursements, did not contain adequate segregation of duties as the assistant finance director handled a majority of the payroll process with limited oversight. The primary control for reviewing payroll disbursements, as well as other disbursements, was done in the City's monthly review of financials to look for material variances to budget or monthly changes. However, there was inadequate segregation of duties over the bi-weekly payroll process.</p> | <p>Corrective Action Taken and Finding is Fully Corrected</p> | N/A |

OHIO AUDITOR OF STATE KEITH FABER



CITY OF BEXLEY

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 10/5/2023

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov