



OHIO AUDITOR OF STATE
KEITH FABER



**CITY OF BEXLEY
FRANKLIN COUNTY
DECEMBER 31, 2020 AND 2019**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis FYE December 31, 2020	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position FYE December 31, 2020.....	21
Statement of Activities FYE December 31, 2020.....	22
Fund Financial Statements:	
Balance Sheet	
Governmental Funds FYE December 31, 2020	24
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities FYE December 31, 2020	25
Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds FYE December 31, 2020	26
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities FYE December 31, 2020	27
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) General Fund FYE December 31, 2020.....	28
Roads and Sidewalks Fund FYE December 31, 2020.....	29
Statement of Net Position Proprietary Funds FYE December 31, 2020	30
Statement of Revenues, Expenses and Changes in Net Position Proprietary Funds FYE December 31, 2020	31
Statement of Cash Flows Proprietary Funds FYE December 31, 2020	32
Statement of Fiduciary Net Position Custodial Fund FYE December 31, 2020	33
Statement of Changes in Fiduciary Net Position Custodial Fund FYE December 31, 2020	34
Notes to the Basic Financial Statements FYE December 31, 2020	35

**CITY OF BEXLEY
FRANKLIN COUNTY
DECEMBER 31, 2020 AND 2019**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Required Supplementary Information:	
Schedule of the City's Proportionate Share of the Net Pension Liability (OPERS)	96
Schedule of the City's Proportionate Share of the Net Pension Liability (OP&F)	98
Schedule of the City's Pension Contributions (OPERS)	100
Schedule of the City's Pension Contributions (OP&F)	102
Schedule of the City's Proportionate Share of the Net OPEB Liability (OPERS)	104
Schedule of the City's Proportionate Share of the Net OPEB Liability (OP&F)	105
Schedule of the City's OPEB Contributions (OPERS)	106
Schedule of the City's OPEB Contributions (OP&F)	108
Notes to Required Supplementary Information FYE December 31, 2020	110
Management's Discussion and Analysis FYE December 31, 2019	111
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position FYE December 31, 2019	127
Statement of Activities FYE December 31, 2019	128
Fund Financial Statements:	
Balance Sheet	
Governmental Funds FYE December 31, 2019	130
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities FYE December 31, 2019	131
Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds FYE December 31, 2019	132
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities FYE December 31, 2019	133
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)	
General Fund FYE December 31, 2019	134
Roads and Sidewalks Fund FYE December 31, 2019	135

**CITY OF BEXLEY
FRANKLIN COUNTY
DECEMBER 31, 2020 AND 2019**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Statement of Net Position Proprietary Funds FYE December 31, 2019	136
Statement of Revenues, Expenses and Changes in Net Position Proprietary Funds FYE December 31, 2019	137
Statement of Cash Flows Proprietary Funds FYE December 31, 2019	138
Statement of Fiduciary Net Position Custodial Fund FYE December 31, 2019	139
Statement of Changes in Fiduciary Net Position Custodial Fund FYE December 31, 2019	140
Notes to the Basic Financial Statements FYE December 31, 2019	141
Required Supplementary Information:	
Schedule of the City's Proportionate Share of the Net Pension Liability (OPERS)	206
Schedule of the City's Proportionate Share of the Net Pension Liability (OP&F)	208
Schedule of the City's Pension Contributions (OPERS)	210
Schedule of the City's Pension Contributions (OP&F)	212
Schedule of the City's Proportionate Share of the Net OPEB Liability (OPERS)	214
Schedule of the City's Proportionate Share of the Net OPEB Liability (OP&F)	215
Schedule of the City's OPEB Contributions (OPERS)	216
Schedule of the City's OPEB Contributions (OP&F)	218
Notes to Required Supplementary Information FYE December 31, 2019	220
Schedule of Expenditures of Federal Awards	221
Notes to the Schedule of Expenditures of Federal Awards	222
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	223
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	225

**CITY OF BEXLEY
FRANKLIN COUNTY
DECEMBER 31, 2020 AND 2019**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Schedule of Findings.....	227
Prepared by Management:	
Corrective Action Plan	231

OHIO AUDITOR OF STATE KEITH FABER



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

INDEPENDENT AUDITOR'S REPORT

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

To the City Council:

Report on the Financial Statements

We have audited the accompanying financial statements of governmental activities, the business-type activities, each major fund and the discretely presented component unit and remaining fund information of the City of Bexley, Franklin County, Ohio (the City), as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the discretely presented component unit and remaining fund information of the City, as of December 31, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Road and Sidewalks Fund thereof for the years then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Notes 21 and 20 to the December 31, 2020 and 2019 financial statements, respectively, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the City. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2021, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

November 19, 2021

THIS PAGE INTENTIONALLY LEFT BLANK

CITY OF BEXLEY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020. 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 2020 are as follows:

- The total net position of the City increased \$4,797,387 over the prior year. Net position of governmental activities increased \$4,845,030 or 21.22% from 2019 and net position of business-type activities decreased \$47,643 or 0.31% over 2019's net position.
- General revenues accounted for \$18,325,809 or 71.78% of total governmental activities revenues. Program specific revenues accounted for \$7,204,189 or 28.22% of total governmental activities revenue.
- The City had \$20,684,968 in expenses related to governmental activities; \$7,204,189 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 \$18,325,809 were adequate to offset the remaining expenses of the governmental activities of \$13,480,779.
- The general fund had revenues of \$18,035,887 in 2020. This represents an increase of \$472,004 from 2019. The expenditures and other financing uses of the general fund, which totaled \$15,895,233 in 2020, decreased \$275,753 from 2019. The net increase in fund balance for the general fund was \$2,140,654 or 29.50%.
- The roads and sidewalks fund had \$2,116,644 in revenues and \$1,627,660 in expenditures and other financing uses in 2020. The net increase in fund balance for the roads and sidewalks fund was \$488,984 or 113.76% due to a decrease in capital outlay expenditures for street improvements.
- The capital improvements fund had \$2,900,000 in revenues and other financing sources and \$2,607,169 in expenditures in 2020. The net increase in fund balance for the capital improvements fund was \$292,831 or 23.97%. During 2020, the capital improvements fund received a \$1,650,000 donation for improvements to the Jeffery Mansion.
- Net position for the business-type activities, which are composed of the water, sewer, and refuse enterprise operations, decreased in 2020 by \$47,643 over the prior year.
- The water enterprise fund had operating revenues of \$2,948,372 and operating expenses of \$3,246,574. The water fund additionally had \$37,407 in non-operating expenses and nonoperating revenues of \$11,431. The net position of the water fund decreased \$324,178 or 4.66% during 2020.
- The sewer enterprise fund had operating revenues of \$2,862,638 and operating expenses of \$2,428,443. The sewer fund had \$263,857 in non-operating expenses and nonoperating revenues of \$9,276. The net position of the sewer fund increased \$179,614 or 2.60% during 2020.
- The refuse enterprise fund had operating revenues of \$1,292,104 and operating expenses of \$1,195,183. The net position of the refuse fund increased \$96,921 or 6.51% during 2020.

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, 2020

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 2020?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting, similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

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

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the City's most significant funds. The analysis of the City's major governmental and proprietary funds begins on page 12.

CITY OF BEXLEY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2020

Governmental Funds

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

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

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

Proprietary Funds

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

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The fiduciary funds are reported using the accrual basis of accounting, similar to the proprietary funds. Custodial funds are the City's only fiduciary fund type. The basic fiduciary fund financial statements can be found on pages 31-32 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 33-91 of this report.

Required Supplementary Information (RSI)

The RSI contains information regarding the City's proportionate share of the Ohio Public Employees Retirement System's (OPERS) and Ohio Police and Fire Retirement System (OP&F) net pension liability and the City's schedule of contributions to OPERS and OP&F. The RSI can be found on pages 94-108 of this report.

CITY OF BEXLEY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020 compared to 2019.

	Net Position					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	2020	2019	2020	2019	2020	2019
<u>Assets</u>						
Current and other assets	\$ 20,754,507	\$ 17,709,392	\$ 8,756,811	\$ 8,379,771	\$ 29,511,318	\$ 26,089,163
Capital assets, net	48,440,146	43,812,957	17,089,673	16,129,373	65,529,819	59,942,330
Total assets	<u>69,194,653</u>	<u>61,522,349</u>	<u>25,846,484</u>	<u>24,509,144</u>	<u>95,041,137</u>	<u>86,031,493</u>
<u>Deferred outflows of resources</u>	<u>4,555,775</u>	<u>7,241,119</u>	<u>439,264</u>	<u>450,159</u>	<u>4,995,039</u>	<u>7,691,278</u>
<u>Liabilities</u>						
Current and other liabilities	1,596,303	1,292,710	1,079,801	622,299	2,676,104	1,915,009
Long-term liabilities:						
Due within one year	1,726,362	1,344,849	433,926	187,684	2,160,288	1,532,533
Due in more than one year	35,589,314	39,145,284	9,255,043	8,755,168	44,844,357	47,900,452
Total liabilities	<u>38,911,979</u>	<u>41,782,843</u>	<u>10,768,770</u>	<u>9,565,151</u>	<u>49,680,749</u>	<u>51,347,994</u>
<u>Deferred inflows of resources</u>	<u>7,158,222</u>	<u>4,145,428</u>	<u>215,312</u>	<u>44,843</u>	<u>7,373,534</u>	<u>4,190,271</u>
<u>Net Position</u>						
Net investment in capital assets	29,436,081	25,943,496	8,744,513	8,554,737	38,180,594	34,498,233
Restricted for:						
Capital projects	10,365	288,902	-	-	10,365	288,902
Transportation	1,043,614	627,292	-	-	1,043,614	627,292
Police programs	31,168	28,189	-	-	31,168	28,189
Main Street improvements	228,713	261,466	-	-	228,713	261,466
Other purposes	745,448	17,577	-	-	745,448	17,577
Unrestricted (deficit)	<u>(3,815,162)</u>	<u>(4,331,725)</u>	<u>6,557,153</u>	<u>6,794,572</u>	<u>2,741,991</u>	<u>2,462,847</u>
Total net position	<u>\$ 27,680,227</u>	<u>\$ 22,835,197</u>	<u>\$ 15,301,666</u>	<u>\$ 15,349,309</u>	<u>\$ 42,981,893</u>	<u>\$ 38,184,506</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 and the net pension 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, 2020

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

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

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

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

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

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, 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, 2020, the City's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$42,981,893. At year-end, net position was \$27,680,227 and \$15,301,666 for the governmental activities and the business-type activities, respectively.

Current and other assets increased 17.19% from the prior year primarily in the area of equity in pooled cash and investments due to current year operations. For the governmental activities, the City received \$1,563,847 in Coronavirus Relief aid. Of that amount, the City had \$778,261 of funds still available to spend, which helped increase the cash and investment balance. For the business-type activities, water, sewer, and refuse fees were sufficient to cover expenses and increase the City's cash and investment balance. Capital assets increased as additions exceeded depreciation expense. During 2020, the City continued the South Roosevelt Avenue and Ashbourne Area Improvements project, the South Roosevelt and South Stanwood improvement project, and the South Cassingham and Vernon Road improvement project.

CITY OF BEXLEY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 68.88% 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, 2020, was \$29,436,081 and \$8,744,513 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 decreased \$2,696,239 from 2019. This decrease was primarily in the area of net difference in projected and actual earnings on pension plan investments as reported by the Ohio Public Employees Retirement System (OPERS) and the Ohio Police and Fire Pension Fund (OP&F). The City reports its proportionate share of the OPERS and OP&F deferred outflows of resources in the financial statements.

Total liabilities decreased \$1,883,076 or 3.67% from 2019. Current liabilities at December 31, 2020 increased \$545,264 from 2019 primarily due to an increase in due to other governments of the business-type activities. This increase was due to 4th quarter payments to the City of Columbus were not paid until after year-end. Long-term obligations decreased \$2,428,340 or 4.91% as the City saw a decrease in the net pension 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, \$2,059,308, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position in the governmental activities is a deficit balance of \$3,815,162 and a positive balance of \$6,557,153 in the business-type activities.

The table below shows the comparative analysis of changes in net position for 2020 compared to 2019.

	Change in Net Position					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Revenues:						
Program revenues:						
Charges for services	\$ 1,481,217	\$ 2,599,108	\$ 7,094,387	\$ 6,796,380	\$ 8,575,604	\$ 9,395,488
Operating grants and contributions	2,647,172	916,084	20,707	-	2,667,879	916,084
Capital grants and contributions	3,075,800	147,891	-	165,278	3,075,800	313,169
Total program revenues	<u>7,204,189</u>	<u>3,663,083</u>	<u>7,115,094</u>	<u>6,961,658</u>	<u>14,319,283</u>	<u>10,624,741</u>
General revenues:						
Property taxes	2,956,862	2,953,644	-	-	2,956,862	2,953,644
Income taxes	12,730,010	12,652,808	-	-	12,730,010	12,652,808
Revenue in lieu of taxes	400,364	511,654	-	-	400,364	511,654
Other local taxes	189,478	182,631	-	-	189,478	182,631
Grants and entitlements	1,270,710	708,421	-	-	1,270,710	708,421
Investment earnings	235,482	306,262	-	-	235,482	306,262
Net increase/(decrease) in FMV of investments	242,677	214,027	-	-	242,677	214,027
Other	300,226	56,799	8,727	4,489	308,953	61,288
Total general revenues	<u>18,325,809</u>	<u>17,586,246</u>	<u>8,727</u>	<u>4,489</u>	<u>18,334,536</u>	<u>17,590,735</u>
Total revenues	<u>25,529,998</u>	<u>21,249,329</u>	<u>7,123,821</u>	<u>6,966,147</u>	<u>32,653,819</u>	<u>28,215,476</u>

- continued

CITY OF BEXLEY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

	Change in Net Position					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Expenses:						
General government	5,299,426	5,251,276	-	-	5,299,426	5,251,276
Security of persons and property	9,488,223	4,346,691	-	-	9,488,223	4,346,691
Public health and welfare	126,194	121,646	-	-	126,194	121,646
Transportation	2,663,486	2,506,927	-	-	2,663,486	2,506,927
Leisure time activity	2,547,453	3,450,564	-	-	2,547,453	3,450,564
Interest and fiscal charges	541,816	524,983	-	-	541,816	524,983
Other	18,370	148,560	-	-	18,370	148,560
Water	-	-	3,283,981	2,512,261	3,283,981	2,512,261
Sewer	-	-	2,692,300	2,482,372	2,692,300	2,482,372
Refuse	-	-	1,195,183	1,204,874	1,195,183	1,204,874
Total expenses	<u>20,684,968</u>	<u>16,350,647</u>	<u>7,171,464</u>	<u>6,199,507</u>	<u>27,856,432</u>	<u>22,550,154</u>
Change in net position	4,845,030	4,898,682	(47,643)	766,640	4,797,387	5,665,322
Net position at beginning of year	<u>22,835,197</u>	<u>17,936,515</u>	<u>15,349,309</u>	<u>14,582,669</u>	<u>38,184,506</u>	<u>32,519,184</u>
Net position at end of year	<u>\$ 27,680,227</u>	<u>\$ 22,835,197</u>	<u>\$ 15,301,666</u>	<u>\$ 15,349,309</u>	<u>\$ 42,981,893</u>	<u>\$ 38,184,506</u>

Governmental Activities

The net position of the governmental activities increased \$4,845,030 in 2020.

General government expenses totaled \$5,299,426 and were partially funded by \$507,779 in direct charges to consumers of City services and \$790,310 in operating and capital grants and contributions. General government expenses increased \$48,150 or 0.92% from 2019 primarily due to an increase in the development and City garage departments.

Security of persons and property, which includes police department operations, accounted for \$9,488,223 or 45.87% of the total expenses of the City's governmental activities. Security of persons and property expenses were partially funded by \$34,451 in direct charges to users of the services and \$134,672 in operating grants and contributions. During 2020, security of persons and property expense increased \$5,141,532 primarily resulting from an increase in Other Postemployment Benefits (OPEB) expense related to the Ohio Police & Fire Pension Fund (OP&F). Beginning January 1, 2019, OP&F replaced its retiree health care model and current self-insured health care plan with a stipend-based health care model. As a result of the change in OPEB models, OP&F reported a significant decrease in OPEB expense. The City reports its proportionate share of OP&F OPEB expense. As a result, the City's OPEB expense for OP&F for 2019 was (\$4,929,926). The City's OPEB expense for 2020 is \$623,003, an increase of \$5,552,929.

Transportation expenses totaled \$2,663,486 and were funded by operating grants and contributions of \$827,599 and capital grants and contributions of \$1,407,261. Capital grants and contributions increased due to the City receiving OPWC grant funding related to the South Cassingham and Vernon Road improvement project. Additionally, transportation was funded by charges for services and sales of \$95,200 due to sidewalk revenue. Transportation expenses increased 6.25% due primarily to an increase in street maintenance and repair expenses.

CITY OF BEXLEY, OHIO

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

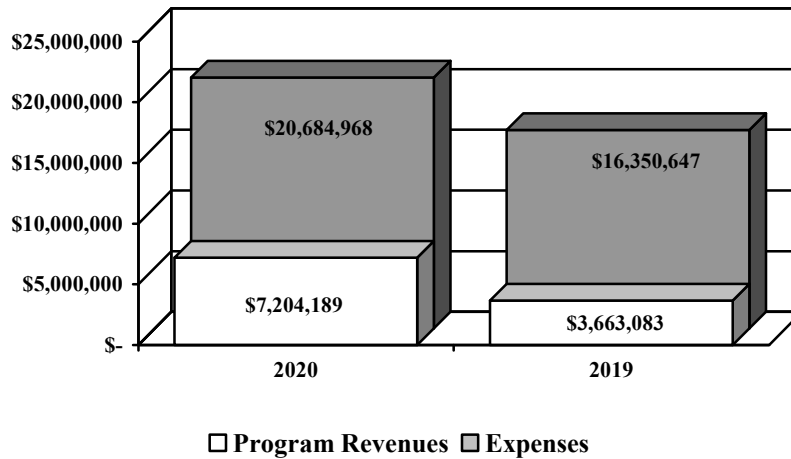
Leisure time activity expenses totaled \$2,547,453 and were partially funded by \$843,787 in direct charges to consumers of City services, \$913,130 in operating grants and contributions, and \$1,650,000 in capital grants and contributions. Capital grants and contributions increased as the City received a \$1,650,000 donation for improvements to Jeffery Mansion. Leisure time activity expenses decreased 26.17% from the prior year due to COVID-19 pandemic related closures of parks and swimming pools.

The state and federal government contributed to the City a total of \$2,647,172 in operating grants and contributions and \$3,075,800 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of these totals, \$2,234,860 subsidized transportation programs and \$2,563,130 subsidized leisure time activities.

General revenues totaled \$18,325,809 and amounted to 71.78% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$15,686,872, as well as grants and entitlements not restricted to specific programs, including local government, making up \$1,270,710.

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

Governmental Activities – Program Revenues vs. Total Expenses



The following table shows, for the governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements for 2020 compared to 2019.

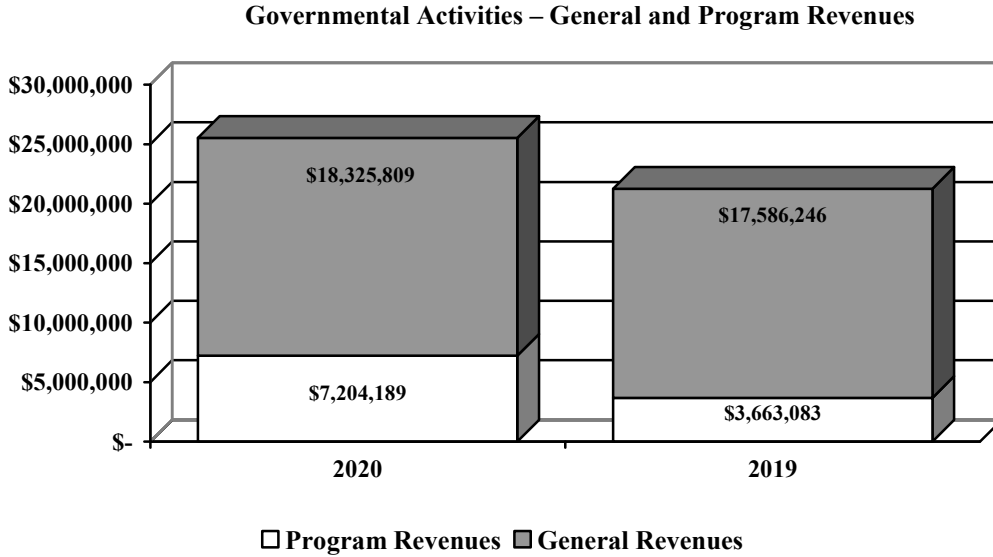
	Governmental Activities			
	2020		2019	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Expenses:				
General government	\$ 5,299,426	\$ 4,001,337	\$ 5,251,276	\$ 4,939,495
Security of persons and property	9,488,223	9,319,100	4,346,691	4,272,263
Public health and welfare	126,194	126,194	121,646	121,646
Transportation	2,663,486	333,426	2,506,927	1,486,954
Leisure time activities	2,547,453	(859,464)	3,450,564	1,193,663
Interest and fiscal charges	541,816	541,816	524,983	524,983
Other	18,370	18,370	148,560	148,560
Total Expenses	\$ 20,684,968	\$ 13,480,779	\$ 16,350,647	\$ 12,687,564

CITY OF BEXLEY, OHIO

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

The dependence upon general revenues for governmental activities is apparent, as 65.17% of expenses are supported through taxes and other general revenues.

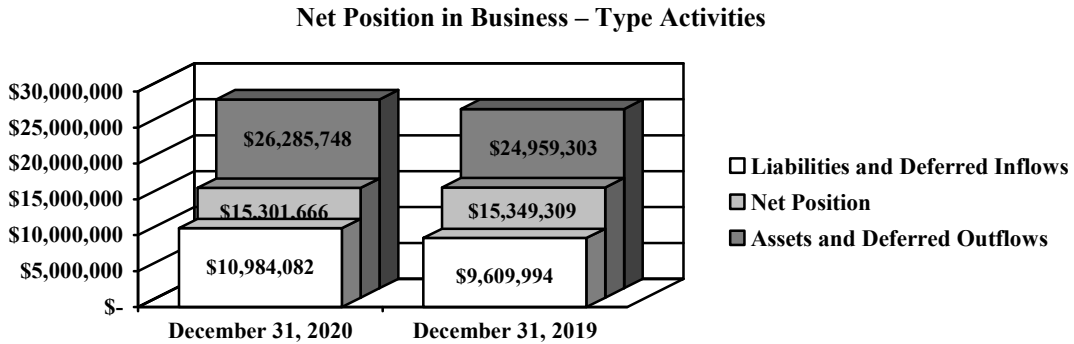
The chart below illustrates the City’s program revenues versus general revenues for 2020 and 2019.



Business-Type Activities

Business-type activities include the water, sewer and refuse enterprise funds. These programs had program revenues of \$7,115,094, general revenues of \$8,727, and expenses of \$7,171,464 for 2020.

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



Overall, expenses of the business-type activities increased 15.68% due to an increase in water related contract services. Charges for services revenue increased 4.38% from the prior year due to increased charges for services related to water operation. Capital grants and contributions decreased due to decreased OPWC funding received in 2020.

CITY OF BEXLEY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020

Financial Analysis of the City's Funds

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

Governmental Funds

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

The City's governmental funds (as presented on the balance sheet on page 22) reported a combined fund balance of \$14,579,774, which is \$3,811,857 more than last year's total of \$10,767,917. The following schedule indicates the fund balances and the total change in fund balances as of December 31, 2020 for all major and nonmajor governmental funds.

	Fund Balance 12/31/20	Fund Balance 12/31/19	Increase
Major funds:			
General	\$ 9,396,223	\$ 7,255,569	\$ 2,140,654
Roads and sidewalks	918,827	429,843	488,984
Capital improvements	1,514,735	1,221,904	292,831
Nonmajor governmental funds	<u>2,534,158</u>	<u>1,860,601</u>	<u>673,557</u>
Total	<u>\$ 14,363,943</u>	<u>\$ 10,767,917</u>	<u>\$ 3,596,026</u>

General Fund

The City's general fund balance increased \$2,140,654 during 2020. The table that follows assists in illustrating the revenues of the general fund.

	2020 Amount	2019 Amount	Increase/ (Decrease)	Percentage Change
<u>Revenues</u>				
Municipal income taxes	\$ 13,867,862	\$ 12,961,574	\$ 906,288	6.99 %
Property and other local taxes	702,324	653,308	49,016	7.50 %
Intergovernmental	1,459,805	797,173	662,632	83.12 %
Charges for services	723,476	2,002,657	(1,279,181)	(63.87) %
Licenses and permits	350,741	301,702	49,039	16.25 %
Fines and forfeitures	30,008	66,524	(36,516)	(54.89) %
Investment income	234,621	303,674	(69,053)	(22.74) %
Net increase				
in FMV of investments	242,677	214,027	28,650	13.39 %
Rental income	215,511	210,242	5,269	2.51 %
Contributions and donations	3,836	32,682	(28,846)	(88.26) %
Miscellaneous	<u>205,026</u>	<u>20,320</u>	<u>184,706</u>	908.99 %
Total	<u>\$ 18,035,887</u>	<u>\$ 17,563,883</u>	<u>\$ 472,004</u>	2.69 %

CITY OF BEXLEY, OHIO

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

Revenue of the general fund increased \$472,004 or 2.69%. Tax revenue (income tax, property taxes, and other local taxes) represents 80.78% of all general fund revenue. Income tax revenue increased \$906,288 from the prior year due to increased collections by the City as a result of changes to how business profit taxes are collected. Investment income decreased 22.74% from investment income in 2019, due to decreases in interest rates on the City’s investments. The City received \$215,511 in rental revenue from the CIC in 2020, contributing to an increase in rental income of 2.51%. Charges for services revenue decreased 63.87% from 2019 due to decreased fees collected from the Jeffery Mansion programs as a result of COVID-19 pandemic restrictions. Licenses and permits revenue increased 16.25% from 2019 as more building permits were issued during the year. Intergovernmental revenue increased 83.12% due to increased grant funding. Other revenue increased due to increased insurance premiums received.

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

	2020 Amount	2019 Amount	Increase/ (Decrease)	Percentage Change
<u>Expenditures</u>				
General government	\$ 3,749,343	\$ 3,947,552	\$ (198,209)	(5.02) %
Security of persons and property	7,612,662	7,732,114	(119,452)	(1.54) %
Public health and welfare	126,194	121,646	4,548	3.74 %
Leisure time activities	1,571,785	2,469,727	(897,942)	(36.36) %
Other	18,370	148,560	(130,190)	(87.63) %
Capital outlay	<u>224,594</u>	<u>148,664</u>	<u>75,930</u>	<u>51.07 %</u>
Total	<u>\$ 13,302,948</u>	<u>\$ 14,568,263</u>	<u>\$ (1,265,315)</u>	<u>(8.69) %</u>

General fund expenditures decreased \$1,481,146 or 10.17%. General government expenditures decreased due to decreased spending by the City garage department. Security of persons and property expenditures decreased due to the City using some of its Coronavirus Relief Act monies to pay police wages and benefits. Leisure time activities expenditures decreased as the City had to shut down many recreation activities due to the COVID-19 pandemic. Capital outlay expenditures increased due to the City beginning an infrastructure project during the year. Other expenditures decreased due to decreased costs associated with the City’s health insurance program.

Roads and Sidewalks Fund

The roads and sidewalks fund had \$2,116,644 in revenues and \$1,627,660 in expenditures and other financing uses in 2020. The net increase in fund balance for the roads and sidewalks fund was \$488,984 or 113.76% due to a decrease in capital outlay expenditures for street improvements.

Capital Improvements Fund

The capital improvements fund had \$2,900,000 in revenues and other financing sources and \$2,607,169 in expenditures in 2020. The net increase in fund balance for the capital improvements fund was \$292,831 or 23.97%. During 2020, the capital improvements fund received a \$1,650,000 donation for improvements to the Jeffery Mansion.

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.

CITY OF BEXLEY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

In the general fund, the actual revenues and other financing sources of \$16,248,482 were \$113,903 higher than final budgeted revenues and other financing sources of \$16,134,579 while actual expenditures and other financing uses of \$16,578,302 were \$703,203 less than final budgeted expenditures and other financing uses of \$17,281,505. Budgeted revenues and other financing sources were increased by \$45,390 from the original budget to the final budget, while budgeted expenditures and other financing uses were increased by \$742,602.

Proprietary Funds

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

Capital Assets and Debt Administration

Capital Assets

At the end of 2020, the City had \$65,529,819 (net of accumulated depreciation) invested in land, construction in progress, land improvements, buildings and improvements, equipment, vehicles, and infrastructure. Of this total, \$48,440,146 was reported in the governmental activities and \$17,089,673 was reported in business-type activities.

The following table shows December 31, 2020 balances compared to December 31, 2019:

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

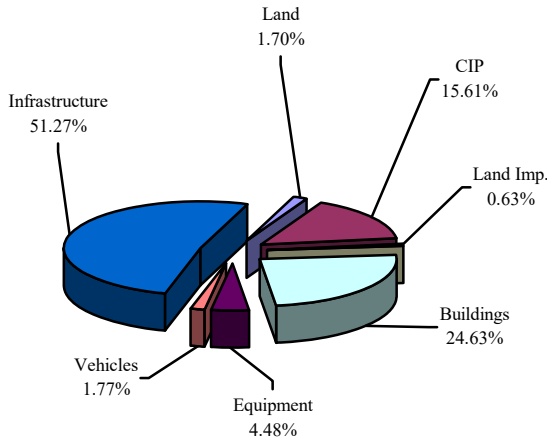
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	\$ 823,893	\$ 823,893	\$ -	\$ -	\$ 823,893	\$ 823,893
Construction in Progress	7,560,393	2,530,757	2,220,603	4,482,334	9,780,996	7,013,091
Land improvements	306,315	344,446	-	-	306,315	344,446
Buildings and improvements	11,878,046	12,391,671	334,375	357,125	12,212,421	12,748,796
Equipment	2,169,946	1,420,372	83,067	96,973	2,253,013	1,517,345
Vehicles	859,722	1,038,541	152,709	194,314	1,012,431	1,232,855
Infrastructure	24,841,831	25,263,277	14,298,919	10,998,627	39,140,750	36,261,904
Totals	\$ 48,440,146	\$ 43,812,957	\$ 17,089,673	\$ 16,129,373	\$ 65,529,819	\$ 59,942,330

CITY OF BEXLEY, OHIO

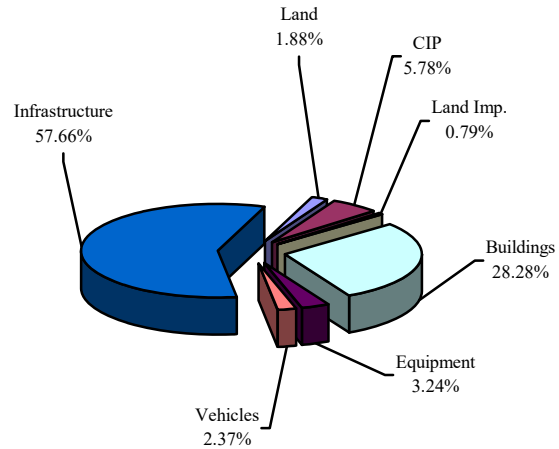
**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

The following graphs show the breakdown of governmental capital assets by category for 2020 and 2019.

**Capital Assets - Governmental Activities
December 31, 2020**



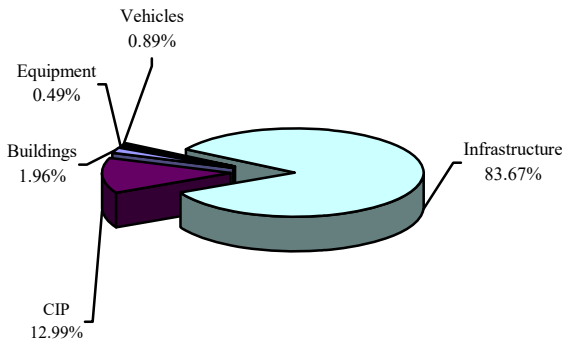
**Capital Assets - Governmental Activities
December 31, 2019**



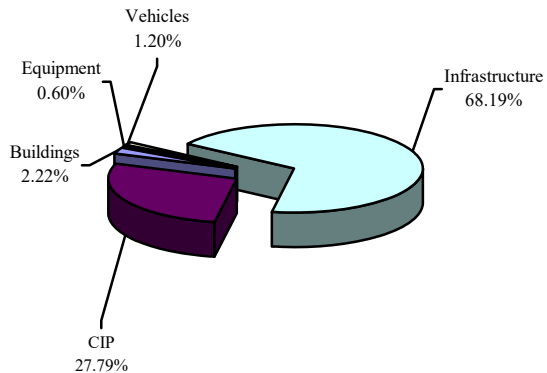
Infrastructure primarily includes roads. These items are immovable and of value only to the City; however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 51.51% of the City's total governmental capital assets.

The following graphs show the breakdown of business-type capital assets by category for 2020 and 2019.

**Capital Assets - Business-Type Activities
December 31, 2020**



**Capital Assets - Business-Type Activities
December 31, 2019**



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 83.67% of the City's total business-type capital assets.

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

CITY OF BEXLEY, OHIO

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

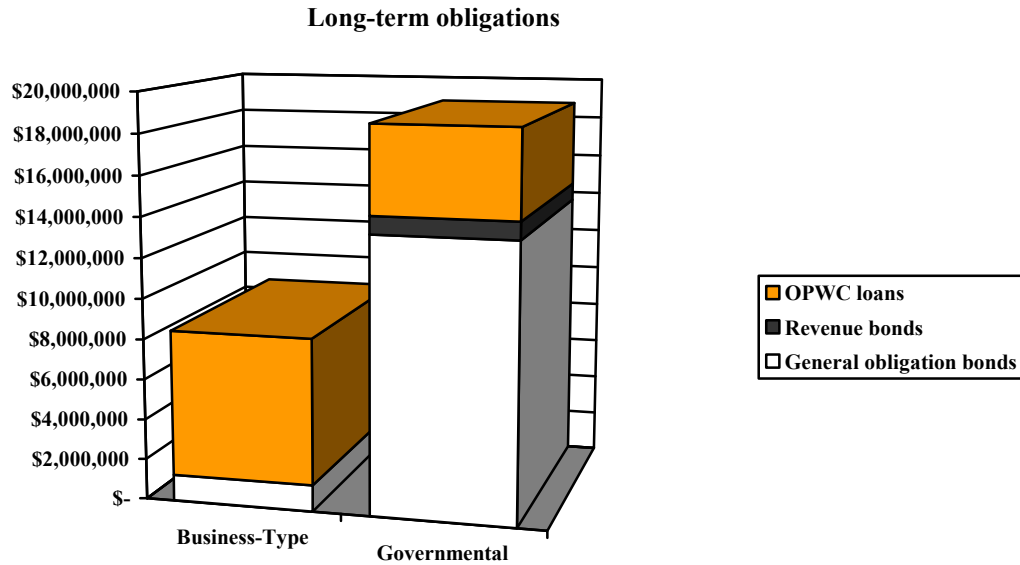
Debt Administration

During 2020, the City issued \$312,435 in OPWC loans in the governmental activities and \$959,240 in the business-type activities. The City issued \$6,910,000 in general obligation bonds during 2020.

The City had the following long-term obligations outstanding at December 31, 2020 and 2019.

	Governmental Activities		Business-type Activities	
	2020	2019	2020	2019
General obligation bonds	\$ 13,591,123	\$ 13,185,891	\$ 1,300,950	\$ 1,359,550
Revenue bonds	860,000	910,000	-	-
OPWC loans	<u>4,291,844</u>	<u>4,099,256</u>	<u>7,195,040</u>	<u>6,311,110</u>
Total long-term obligations	<u>\$ 18,742,967</u>	<u>\$ 18,195,147</u>	<u>\$ 8,495,990</u>	<u>\$ 7,670,660</u>

A comparison of the long-term obligations by category as of December 31, 2020 is depicted in the chart below.



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

Economic Factors and Next Year’s Budget

Inflationary trends in the region compare favorably to national indices. These factors were considered in preparing the City’s budget for the 2021 year. For 2021 in the general fund, the City anticipates receipts of \$15,736,459 and disbursements of \$15,434,942. The City had unassigned fund balance in the general fund, on the modified accrual basis of accounting, amounting to \$7,782,290 at December 31, 2020.

CITY OF BEXLEY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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.

THIS PAGE IS INTENTIONALLY LEFT BLANK

CITY OF BEXLEY

STATEMENT OF NET POSITION
DECEMBER 31, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets:				
Equity in pooled cash and investments.....	\$ 11,715,039	\$ 7,265,999	\$ 18,981,038	\$ 447,021
Cash with fiscal agent.....	90,501	-	90,501	-
Cash in segregated accounts.....	4,185	-	4,185	-
Receivables:				
Municipal income taxes.....	3,643,976	-	3,643,976	-
Property taxes.....	3,153,664	-	3,153,664	-
Accounts.....	1,268	1,381,649	1,382,917	62,823
Other local taxes.....	41,577	-	41,577	-
Revenue in lieu of taxes.....	491,506	-	491,506	-
Special assessments.....	96,000	-	96,000	-
Accrued interest.....	41,396	-	41,396	-
Due from other governments.....	1,303,967	33,080	1,337,047	-
Notes receivable.....	-	56,213	56,213	-
Materials and supplies inventory.....	39,658	10,272	49,930	-
Prepayments.....	121,721	8,240	129,961	-
Other assets.....	-	-	-	5,095
Net pension asset (see Note 12).....	10,049	1,358	11,407	-
Inventory held for future distribution.....	-	-	-	357,219
Capital assets:				
Land and construction in progress.....	8,384,286	2,220,603	10,604,889	1,608,801
Depreciable capital assets, net.....	40,055,860	14,869,070	54,924,930	836,185
Total capital assets, net.....	48,440,146	17,089,673	65,529,819	2,444,986
Total assets.....	69,194,653	25,846,484	95,041,137	3,317,144
Deferred outflows of resources:				
Unamortized deferred charges on debt refunding.....	435,281	150,830	586,111	-
Pension (see Note 12).....	2,549,732	173,838	2,723,570	-
OPEB (see Note 13).....	1,570,762	114,596	1,685,358	-
Total deferred outflows of resources.....	4,555,775	439,264	4,995,039	-
Liabilities:				
Accounts payable.....	429,671	154,507	584,178	7,124
Contracts payable.....	562,059	-	562,059	-
Accrued wages and benefits payable.....	158,294	8,751	167,045	-
Vacation balances payable.....	348,918	31,483	380,401	-
Due to other governments.....	57,898	882,727	940,625	54,856
Accrued interest payable.....	38,770	2,333	41,103	-
Deposits held and due to others.....	693	-	693	-
Long-term liabilities:				
Due within one year.....	1,726,362	433,926	2,160,288	-
Due greater than one year:				
Net Pension Liability (see Note 12).....	13,447,268	687,093	14,134,361	-
Net OPEB Liability (see Note 13).....	4,760,604	477,604	5,238,208	-
Other amounts due in more than one year.....	17,381,442	8,090,346	25,471,788	-
Total liabilities.....	38,911,979	10,768,770	49,680,749	61,980
Deferred inflows of resources:				
Property taxes levied for the next fiscal year.....	3,092,757	-	3,092,757	-
Revenue in lieu of taxes levied for next fiscal year.....	491,506	-	491,506	-
Unamortized deferred gain on debt refunding.....	134,320	-	134,320	-
Pension (see Note 12).....	2,263,826	146,232	2,410,058	-
OPEB (see Note 13).....	1,175,813	69,080	1,244,893	-
Total deferred inflows of resources.....	7,158,222	215,312	7,373,534	-
Net position:				
Net investment in capital assets.....	29,436,081	8,744,513	38,180,594	2,444,986
Restricted for:				
Capital projects.....	10,365	-	10,365	-
Transportation projects.....	1,043,614	-	1,043,614	-
Police programs.....	31,168	-	31,168	-
Main street public improvements.....	228,713	-	228,713	-
Other purposes.....	87,279	-	87,279	267,606
Unrestricted (deficit).....	(3,156,993)	6,557,153	3,400,160	542,572
Total net position.....	\$ 27,680,227	\$ 15,301,666	\$ 42,981,893	\$ 3,255,164

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government.....	\$ 5,299,426	\$ 507,779	\$ 771,771	\$ 18,539
Security of persons and property.....	9,488,223	34,451	134,672	-
Public health and welfare.....	126,194	-	-	-
Transportation.....	2,663,486	95,200	827,599	1,407,261
Leisure time activity.....	2,547,453	843,787	913,130	1,650,000
Other.....	18,370	-	-	-
Interest and fiscal charges.....	541,816	-	-	-
Total governmental activities.....	<u>20,684,968</u>	<u>1,481,217</u>	<u>2,647,172</u>	<u>3,075,800</u>
Business-type activities:				
Water.....	3,283,981	2,942,577	11,431	-
Sewer.....	2,692,300	2,860,380	9,276	-
Refuse.....	1,195,183	1,291,430	-	-
Total business-type activities.....	<u>7,171,464</u>	<u>7,094,387</u>	<u>20,707</u>	<u>-</u>
Total primary government.....	<u>\$ 27,856,432</u>	<u>\$ 8,575,604</u>	<u>\$ 2,667,879</u>	<u>\$ 3,075,800</u>
Component unit:				
Bexley Community Improvement Corporation.....	<u>\$ 458,867</u>	<u>\$ 432,615</u>	<u>\$ 130,000</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 increase in fair value of investments.....
- Miscellaneous.....

Total general revenues.....

Change in net position.....

Net position at beginning of year.....

Net position at end of year.....

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position

Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (4,001,337)	\$ -	\$ (4,001,337)	\$ -
(9,319,100)	-	(9,319,100)	-
(126,194)	-	(126,194)	-
(333,426)	-	(333,426)	-
859,464	-	859,464	-
(18,370)	-	(18,370)	-
(541,816)	-	(541,816)	-
<u>(13,480,779)</u>	<u>-</u>	<u>(13,480,779)</u>	<u>-</u>
-	(329,973)	(329,973)	-
-	177,356	177,356	-
-	96,247	96,247	-
-	(56,370)	(56,370)	-
<u>(13,480,779)</u>	<u>(56,370)</u>	<u>(13,537,149)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>103,748</u>
488,219	-	488,219	-
2,004,837	-	2,004,837	-
463,806	-	463,806	-
12,730,010	-	12,730,010	-
400,364	-	400,364	-
189,478	-	189,478	-
1,270,710	-	1,270,710	-
235,482	-	235,482	-
242,677	-	242,677	-
300,226	8,727	308,953	15,442
<u>18,325,809</u>	<u>8,727</u>	<u>18,334,536</u>	<u>15,442</u>
4,845,030	(47,643)	4,797,387	119,190
<u>22,835,197</u>	<u>15,349,309</u>	<u>38,184,506</u>	<u>3,135,974</u>
<u>\$ 27,680,227</u>	<u>\$ 15,301,666</u>	<u>\$ 42,981,893</u>	<u>\$ 3,255,164</u>

CITY OF BEXLEY

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2020

	General	Roads and Sidewalks	Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and investments.....	\$ 6,363,421	\$ 992,088	\$ 1,889,758	\$ 2,469,772	\$ 11,715,039
Cash with fiscal agent.....	-	-	-	90,501	90,501
Cash in segregated accounts.....	3,921	-	-	264	4,185
Receivables:					
Municipal income taxes.....	3,643,976	-	-	-	3,643,976
Property taxes.....	588,916	2,005,279	-	559,469	3,153,664
Accounts.....	1,268	-	-	-	1,268
Other local taxes.....	41,577	-	-	-	41,577
Revenue in lieu of taxes.....	-	-	-	491,506	491,506
Special assessments.....	-	-	-	96,000	96,000
Interfund loans.....	5,721	-	-	-	5,721
Accrued interest.....	41,396	-	-	-	41,396
Due from other governments.....	927,379	7,206	-	369,382	1,303,967
Materials and supplies inventory.....	6,570	-	-	33,088	39,658
Prepayments.....	118,026	-	-	3,695	121,721
Total assets.....	<u>11,742,171</u>	<u>3,004,573</u>	<u>1,889,758</u>	<u>4,113,677</u>	<u>20,750,179</u>
Liabilities:					
Accounts payable.....	\$ 174,229	\$ 73,261	\$ 28,795	\$ 153,386	\$ 429,671
Contracts payable.....	215,831	-	346,228	-	562,059
Accrued wages and benefits payable.....	148,345	-	-	9,949	158,294
Interfund loans payable.....	-	-	-	5,721	5,721
Due to other governments.....	39,165	-	-	18,733	57,898
Deposits held and due to others.....	693	-	-	-	693
Total liabilities.....	<u>578,263</u>	<u>73,261</u>	<u>375,023</u>	<u>187,789</u>	<u>1,214,336</u>
Deferred inflows of resources:					
Property taxes levied for the next fiscal year.....	577,542	1,966,551	-	548,664	3,092,757
Revenue in lieu of taxes.....					
levied for next fiscal year.....	-	-	-	491,506	491,506
Delinquent property tax revenue not available.....	11,374	38,728	-	10,805	60,907
Income tax revenue not available.....	811,758	-	-	-	811,758
Intergovernmental revenue not available.....	345,630	7,206	-	244,755	597,591
Accrued interest not available.....	21,381	-	-	-	21,381
Special assessments revenue not available.....	-	-	-	96,000	96,000
Total deferred inflows of resources.....	<u>1,767,685</u>	<u>2,012,485</u>	<u>-</u>	<u>1,391,730</u>	<u>5,171,900</u>
Total liabilities and deferred inflows of resources.....	<u>2,345,948</u>	<u>2,085,746</u>	<u>375,023</u>	<u>1,579,519</u>	<u>6,386,236</u>
Fund balances:					
Nonspendable.....	136,087	-	-	36,783	172,870
Restricted.....	-	918,827	-	1,760,268	2,679,095
Committed.....	-	-	-	23,837	23,837
Assigned.....	1,694,475	-	1,514,735	724,026	3,933,236
Unassigned (deficit).....	7,565,661	-	-	(10,756)	7,554,905
Total fund balances.....	<u>9,396,223</u>	<u>918,827</u>	<u>1,514,735</u>	<u>2,534,158</u>	<u>14,363,943</u>
Total liabilities, deferred inflows of resources and fund balances.....	<u>\$ 11,742,171</u>	<u>\$ 3,004,573</u>	<u>\$ 1,889,758</u>	<u>\$ 4,113,677</u>	<u>\$ 20,750,179</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, 2020

Total governmental fund balances		\$	14,363,943
<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.			48,440,146
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	\$	811,758	
Delinquent property taxes receivable		60,907	
Intergovernmental receivable		597,591	
Special assessments receivable		96,000	
Accrued interest receivable		21,381	
Total		1,587,637	1,587,637
Accrued interest is not due and payable in the current period and therefore is not reported in the governmental funds.			(38,770)
Unamortized deferred charges on refundings are not recognized in the governmental funds.			435,281
Unamortized deferred gains on refundings are not recognized in the governmental funds.			(134,320)
Unamortized premiums on bond issuances are not recognized in the funds.			(464,073)
The net pension asset is not available to pay for current period expenditures; therefore, the asset is not reported in the governmental funds.			10,049
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/ outflows are not reported in the governmental funds:			
Deferred outflows of resources - pension		2,549,732	
Deferred inflows of resources - pension		(2,263,826)	
Net pension liability		(13,447,268)	
Total		(13,161,362)	(13,161,362)
The net OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/ outflows are not reported in the governmental funds:			
Deferred outflows of resources		1,570,762	
Deferred inflows of resources		(1,175,813)	
Net OPEB liability		(4,760,604)	
Total		(4,365,655)	(4,365,655)
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		(364,837)	
Vacation balances payable		(348,918)	
General obligation bonds payable		(13,127,050)	
Revenue bonds payable		(860,000)	
OPWC loans payable		(4,291,844)	
Total		(18,992,649)	(18,992,649)
Net position of governmental activities		\$	27,680,227

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, 2020

	<u>General</u>	<u>Roads and Sidewalks</u>	<u>Capital Improvements</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Municipal income taxes.....	\$ 13,867,862	\$ -	\$ -	\$ -	\$ 13,867,862
Property taxes.....	488,547	2,012,526	-	464,118	2,965,191
Other local taxes.....	213,777	-	-	-	213,777
Charges for services.....	723,476	95,200	-	-	818,676
Licenses and permits.....	350,741	-	-	1,464	352,205
Fines and forfeitures.....	30,008	-	-	3,885	33,893
Intergovernmental.....	1,459,805	8,918	-	3,922,901	5,391,624
Special assessments.....	-	-	-	67,332	67,332
Investment income.....	234,621	-	-	3,414	238,035
Rental income.....	215,511	-	-	-	215,511
Contributions and donations.....	3,836	-	1,650,000	3,250	1,657,086
Revenue in lieu of taxes.....	-	-	-	400,364	400,364
Net increase in fair value of investments.....	242,677	-	-	-	242,677
Other.....	205,026	-	-	3,665	208,691
Total revenues.....	18,035,887	2,116,644	1,650,000	4,870,393	26,672,924
Expenditures:					
Current:					
General government.....	3,749,343	-	-	586,043	4,335,386
Security of persons and property.....	7,612,662	-	-	741,370	8,354,032
Public health and welfare.....	126,194	-	-	-	126,194
Transportation.....	-	26,439	-	899,684	926,123
Leisure time activity.....	1,571,785	-	-	349,878	1,921,663
Other.....	18,370	-	-	-	18,370
Capital outlay.....	224,594	1,035,295	2,607,169	3,662,443	7,529,501
Debt service:					
Principal retirement.....	-	-	-	486,017	486,017
Interest and fiscal charges.....	-	-	-	484,947	484,947
Bond issuance costs.....	-	-	-	80,200	80,200
Payment to refunding bond escrow agent.....	-	-	-	884,600	884,600
Total expenditures.....	13,302,948	1,061,734	2,607,169	8,175,182	25,147,033
Excess (deficiency) of revenues over (under) expenditures.....	4,732,939	1,054,910	(957,169)	(3,304,789)	1,525,891
Other financing sources (uses):					
Bond issuance.....	-	-	-	6,058,120	6,058,120
Payment to refunded bond escrow agent.....	-	-	-	(4,300,420)	(4,300,420)
Transfers in.....	-	-	1,250,000	2,160,911	3,410,911
Transfers (out).....	(2,592,285)	(565,926)	-	(252,700)	(3,410,911)
Loan issuance.....	-	-	-	312,435	312,435
Total other financing sources (uses).....	(2,592,285)	(565,926)	1,250,000	3,978,346	2,070,135
Net change in fund balances.....	2,140,654	488,984	292,831	673,557	3,596,026
Fund balances at beginning of year.....	7,255,569	429,843	1,221,904	1,860,601	10,767,917
Fund balances at end of year.....	\$ 9,396,223	\$ 918,827	\$ 1,514,735	\$ 2,534,158	\$ 14,363,943

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, 2020

Net change in fund balances - total governmental funds	\$	3,596,026
<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	\$ 7,123,716	
Current year depreciation	(2,496,527)	
Total		4,627,189
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	(1,137,852)	
Delinquent property taxes	(8,329)	
Intergovernmental revenues	(62,107)	
Special assessments	88,800	
Investment income	861	
Other local taxes	(24,299)	
Total		(1,142,926)
The issuance of bonds and 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.		
Bonds	(6,058,120)	
OPWC loans	(312,435)	
Total		(6,370,555)
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	366,170	
OPWC loans	119,847	
Total		486,017
Payment to refunded bond escrow agent for the retirement of bonds is an other financing use in the governmental funds but the payment reduces long-term liabilities on the statement of net position. Deferred charges related to bond refundings are amortized over the life of the issuance in the statement of activities. The following refunding transactions occurred during the year:		
Bonds refunded	5,135,350	
Premiums removed	145,807	
Deferred charge on refundings	(143,155)	
Deferred gain on refundings	47,018	
Total		5,185,020
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	7,906	
Amortization of deferred charges on refunding	(48,971)	
Amortization of deferred gains on refunding	8,835	
Amortization of bond premiums	55,561	
Total		23,331
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	1,193,833	
OPEB	27,107	
Total		1,220,940
Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(2,182,403)	
OPEB	(623,003)	
Total		(2,805,406)
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	(13,481)	
Decrease in compensated absences payable	38,875	
Total		25,394
Change in net position of governmental activities	\$	4,845,030

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, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Municipal income taxes.....	\$ 12,881,907	\$ 12,918,250	\$ 13,009,446	\$ 91,196
Property taxes.....	483,757	485,121	488,546	3,425
Other local taxes.....	187,683	188,212	189,541	1,329
Licenses and permits.....	347,302	348,282	350,741	2,459
Fines and forfeitures.....	33,023	33,116	33,350	234
Intergovernmental.....	1,133,521	1,136,719	1,144,744	8,025
Investment income.....	249,872	250,577	252,346	1,769
Rental income.....	169,984	170,464	171,667	1,203
Other.....	596,545	598,228	602,451	4,223
Total revenues.....	<u>16,083,594</u>	<u>16,128,969</u>	<u>16,242,832</u>	<u>113,863</u>
Expenditures:				
Current:				
General government.....	3,641,632	4,832,893	4,354,088	478,805
Security of persons and property.....	8,482,311	7,952,735	7,752,186	200,549
Public health and welfare.....	127,354	127,354	126,194	1,160
Leisure time activity.....	1,893,592	485,239	462,550	22,689
Total expenditures.....	<u>14,144,889</u>	<u>13,398,221</u>	<u>12,695,018</u>	<u>703,203</u>
Excess of revenues over expenditures.....	<u>1,938,705</u>	<u>2,730,748</u>	<u>3,547,814</u>	<u>817,066</u>
Other financing sources (uses):				
Sale of capital assets.....	5,595	5,610	5,650	40
Transfers (out).....	(2,394,014)	(3,883,284)	(3,883,284)	-
Total other financing sources (uses).....	<u>(2,388,419)</u>	<u>(3,877,674)</u>	<u>(3,877,634)</u>	<u>40</u>
Net change in fund balances.....	(449,714)	(1,146,926)	(329,820)	817,106
Fund balances at beginning of year.....	2,612,968	2,612,968	2,612,968	-
Prior year encumbrances appropriated.....	465,833	465,833	465,833	-
Fund balance at end of year.....	<u>\$ 2,629,087</u>	<u>\$ 1,931,875</u>	<u>\$ 2,748,981</u>	<u>\$ 817,106</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)
 ROADS AND SIDEWALKS
 FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes.....	\$ 1,951,227	\$ 1,951,227	\$ 2,012,526	\$ 61,299
Intergovernmental.....	12,796	12,796	8,918	(3,878)
Other.....	129,377	129,377	95,200	(34,177)
Total revenues.....	<u>2,093,400</u>	<u>2,093,400</u>	<u>2,116,644</u>	<u>23,244</u>
Expenditures:				
Current:				
Transportation.....	27,000	27,000	26,438	562
Capital outlay.....	1,567,913	1,567,913	1,567,913	-
Total expenditures.....	<u>1,594,913</u>	<u>1,594,913</u>	<u>1,594,351</u>	<u>562</u>
Excess (deficiency) of revenues over (under) expenditures.	<u>498,487</u>	<u>498,487</u>	<u>522,293</u>	<u>23,806</u>
Other financing uses:				
Transfers (out).....	(565,926)	(565,926)	(565,926)	-
Total other financing uses.....	<u>(565,926)</u>	<u>(565,926)</u>	<u>(565,926)</u>	<u>-</u>
Net change in fund balances.....	(67,439)	(67,439)	(43,633)	23,806
Fund balances at beginning of year.....	308,094	308,094	308,094	-
Prior year encumbrances appropriated.....	231,799	231,799	231,799	-
Fund balance at end of year.....	<u>\$ 472,454</u>	<u>\$ 472,454</u>	<u>\$ 496,260</u>	<u>\$ 23,806</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2020

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Refuse	Total
Assets:				
Current assets:				
Equity in pooled cash and investments.....	\$ 1,785,671	\$ 3,836,689	\$ 1,643,639	\$ 7,265,999
Receivables:				
Accounts.....	661,067	720,582	-	1,381,649
Due from other governments.....	19,954	10,486	2,640	33,080
Notes receivable.....	56,213	-	-	56,213
Materials and supplies inventory.....	1,293	1,293	7,686	10,272
Prepayments.....	4,970	2,612	658	8,240
Net pension asset (see Note 12).....	720	525	113	1,358
Total current assets.....	<u>2,529,888</u>	<u>4,572,187</u>	<u>1,654,736</u>	<u>8,756,811</u>
Noncurrent assets:				
Capital assets:				
Land and construction in progress.....	2,122,692	97,911	-	2,220,603
Depreciable capital assets, net.....	10,369,055	4,413,021	86,994	14,869,070
Total noncurrent assets.....	<u>12,491,747</u>	<u>4,510,932</u>	<u>86,994</u>	<u>17,089,673</u>
Total assets.....	<u>15,021,635</u>	<u>9,083,119</u>	<u>1,741,730</u>	<u>25,846,484</u>
Deferred outflows of resources:				
Unamortized deferred charges on debt refunding....	31,982	118,848	-	150,830
Pension (see Note 12).....	91,594	55,654	26,590	173,838
OPEB (see Note 13).....	59,892	38,385	16,319	114,596
Total deferred outflows of resources.....	<u>183,468</u>	<u>212,887</u>	<u>42,909</u>	<u>439,264</u>
Liabilities:				
Current liabilities:				
Accounts payable.....	7,892	64,036	82,579	154,507
Accrued wages and benefits payable.....	5,610	2,753	388	8,751
Due to other governments.....	419,717	462,903	107	882,727
Accrued interest payable.....	914	1,419	-	2,333
Vacation balances payable.....	22,313	9,170	-	31,483
Compensated absences payable - current.....	810	206	-	1,016
General obligation bonds payable - current.....	72,690	68,600	-	141,290
OPWC loans payable - current.....	239,784	51,836	-	291,620
Total current liabilities.....	<u>769,730</u>	<u>660,923</u>	<u>83,074</u>	<u>1,513,727</u>
Long-term liabilities:				
Compensated absences payable.....	21,740	5,526	-	27,266
General obligation bonds payable.....	686,460	473,200	-	1,159,660
OPWC loans payable.....	6,361,040	542,380	-	6,903,420
Net pension liability (see Note 12).....	364,263	265,698	57,132	687,093
Net OPEB Liability (see Note 13).....	253,202	184,689	39,713	477,604
Total long-term liabilities.....	<u>7,686,705</u>	<u>1,471,493</u>	<u>96,845</u>	<u>9,255,043</u>
Total liabilities.....	<u>8,456,435</u>	<u>2,132,416</u>	<u>179,919</u>	<u>10,768,770</u>
Deferred inflows of resources:				
Pension (see Note 12).....	77,525	56,548	12,159	146,232
OPEB (see Note 13).....	36,516	26,295	6,269	69,080
Total deferred inflows of resources.....	<u>114,041</u>	<u>82,843</u>	<u>18,428</u>	<u>215,312</u>
Net position:				
Net investment in capital assets.....	5,163,755	3,493,764	86,994	8,744,513
Unrestricted.....	1,470,872	3,586,983	1,499,298	6,557,153
Total net position.....	<u>\$ 6,634,627</u>	<u>\$ 7,080,747</u>	<u>\$ 1,586,292</u>	<u>\$ 15,301,666</u>

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, 2020

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Refuse	Total
Operating revenues:				
Charges for services.....	\$ 2,942,577	\$ 2,860,380	\$ 1,291,430	\$ 7,094,387
Other operating revenues.....	5,795	2,258	674	8,727
Total operating revenues.....	<u>2,948,372</u>	<u>2,862,638</u>	<u>1,292,104</u>	<u>7,103,114</u>
Operating expenses:				
Personal services.....	413,992	292,273	49,091	755,356
Contract services.....	2,496,536	1,906,946	971,692	5,375,174
Materials and supplies.....	53,423	65,202	50,157	168,782
Depreciation.....	270,015	157,584	19,627	447,226
Other.....	12,608	6,438	104,616	123,662
Total operating expenses.....	<u>3,246,574</u>	<u>2,428,443</u>	<u>1,195,183</u>	<u>6,870,200</u>
Operating income (loss).....	<u>(298,202)</u>	<u>434,195</u>	<u>96,921</u>	<u>232,914</u>
Nonoperating revenues (expenses):				
Interest and fiscal charges.....	(37,407)	(263,857)	-	(301,264)
Intergovernmental.....	11,431	9,276	-	20,707
Total nonoperating revenues (expenses).....	<u>(25,976)</u>	<u>(254,581)</u>	<u>-</u>	<u>(280,557)</u>
Change in net position.....	(324,178)	179,614	96,921	(47,643)
Net position at beginning of year.....	<u>6,958,805</u>	<u>6,901,133</u>	<u>1,489,371</u>	<u>15,349,309</u>
Net position at end of year.....	<u>\$ 6,634,627</u>	<u>\$ 7,080,747</u>	<u>\$ 1,586,292</u>	<u>\$ 15,301,666</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2020

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Refuse	Total
Cash flows from operating activities:				
Cash received from customers.....	\$ 2,915,892	\$ 2,782,466	\$ 1,291,430	\$ 6,989,788
Cash received from other operations.....	5,795	2,258	674	8,727
Cash payments for personal services.....	(373,296)	(229,493)	(48,207)	(650,996)
Cash payments for contractual services.....	(2,076,278)	(1,894,458)	(964,085)	(4,934,821)
Cash payments for materials and supplies.....	(72,211)	(64,566)	(54,439)	(191,216)
Cash payments for other expenses.....	(12,608)	(6,438)	(104,616)	(123,662)
Net cash provided by operating activities.....	<u>387,294</u>	<u>589,769</u>	<u>120,757</u>	<u>1,097,820</u>
Cash flows from noncapital financing activities:				
Cash received from grants and subsidies.....	11,431	9,276	-	20,707
Cash flows from capital and related financing activities:				
Acquisition of capital assets.....	(902,468)	(454,970)	-	(1,357,438)
OPWC loan proceeds.....	901,097	58,143	-	959,240
Bond proceeds.....	714,480	137,400	-	851,880
Principal retirement on bonds.....	(6,430)	(4,400)	-	(10,830)
Principal retirement on OPWC loans.....	(60,657)	(14,653)	-	(75,310)
Interest and fiscal charges.....	(24,679)	(251,462)	-	(276,141)
Payment to refunded bond escrow agent.....	(767,513)	(198,606)	-	(966,119)
Bond issue costs.....	(9,367)	(1,794)	-	(11,161)
Net cash used in capital and related financing activities.....	<u>(155,537)</u>	<u>(730,342)</u>	<u>-</u>	<u>(885,879)</u>
Net increase (decrease) in cash and investments.....	243,188	(131,297)	120,757	232,648
Cash and cash equivalents at beginning of year.....	1,542,483	3,967,986	1,522,882	7,033,351
Cash and cash equivalents at end of year.....	<u>\$ 1,785,671</u>	<u>\$ 3,836,689</u>	<u>\$ 1,643,639</u>	<u>\$ 7,265,999</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss).....	\$ (298,202)	\$ 434,195	\$ 96,921	\$ 232,914
Adjustments:				
Depreciation.....	270,015	157,584	19,627	447,226
Changes in assets and liabilities:				
(Increase) in accounts receivable.....	(26,685)	(77,914)	-	(104,599)
(Increase) in due from other governments.....	(19,954)	(10,486)	(2,640)	(33,080)
(Increase) in materials and supplies inventory.....	(23)	(23)	(136)	(182)
(Increase) in prepayments.....	(4,970)	(2,612)	(658)	(8,240)
(Increase) decrease in deferred outflows of resources - pension.....	54,974	78,351	(11,651)	121,674
(Increase) in deferred outflows of resources - OPEB.....	(36,017)	(7,318)	(14,009)	(57,344)
(Increase) in net pension asset.....	(663)	(480)	(107)	(1,250)
Increase (decrease) in accounts payable.....	(17,003)	8,708	3,461	(4,834)
(Decrease) in accrued wages and benefits payable.....	(8,002)	(4,949)	(1,088)	(14,039)
Increase in deferred inflows of resources - pension.....	62,859	51,622	877	115,358
Increase (decrease) in deferred inflows of resources - OPEB.....	30,388	25,838	(1,115)	55,111
Increase (decrease) in net pension liability.....	(85,559)	(91,167)	12,686	(164,040)
Increase in net OPEB liability.....	41,044	16,374	18,750	76,168
Increase (decrease) in due to other governments.....	417,051	3,416	(161)	420,306
Increase in compensated absences payable.....	4,230	4,429	-	8,659
Increase in vacation balances payable.....	3,811	4,201	-	8,012
Net cash provided by operating activities.....	<u>\$ 387,294</u>	<u>\$ 589,769</u>	<u>\$ 120,757</u>	<u>\$ 1,097,820</u>

Noncash Transactions:

At December 31, 2019 the Water fund had purchased \$1,371 in capital assets on account.

At December 31, 2020 the Sewer fund had purchased \$51,459 in capital assets on account.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY

STATEMENT OF FIUCIARY NET POSITION
CUSTODIAL FUND
DECEMBER 31, 2020

	<u>Custodial</u>
Assets:	
Cash in segregated accounts.....	\$ 1,270
Net position:	
Restricted for individuals, organizations and other governments...	<u>\$ 1,270</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, 2020

	<u>Custodial</u>
Additions:	
Fines and forfeitures collected for other governments.....	\$ 6,342
Deductions:	
Fines and forfeitures distributed to other governments.....	<u>7,657</u>
Net change in fiduciary net position.....	(1,315)
Net position beginning of year.....	<u>2,585</u>
Net position end of year.....	<u><u>\$ 1,270</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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, 2020**

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 Mr. Nathan Green, Treasurer, Bexley Community Improvement Corporation, 2242 East Main Street, Bexley, Ohio, 43209.

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

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

JOINTLY GOVERNED ORGANIZATION

Mid-Ohio Regional Planning Commission

The City is a participant in the Mid-Ohio Regional Planning Commission (MORPC), a jointly governed organization. MORPC is composed of 123 representatives appointed by member governments who make up the Commission, the policy-making body of MORPC, and the oversight board. MORPC is a voluntary association of local governments in central and south-central Ohio and a regional planning agency whose membership includes 64 political subdivisions in and around Franklin, Ross, Fayette, Delaware, Pickaway, Madison, Licking, and Fairfield counties, Ohio. The purpose of the organization is to improve the quality of life for member communities by improving housing conditions, to promote and support livability/sustainability measures as a means of addressing regional growth challenges, and to administer and facilitate the availability of regional environmental infrastructure program funding to the full advantage of MORPC's members. Financial statements can be obtained from Mr. Shawn P. Hufstedler, 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.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

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

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

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.

Capital improvements fund - This fund accounts for and reports all transactions assigned to various capital projects.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

The other governmental funds of the City account for (1) financial resources assigned to the repayment of long-term debt principal and interest, and (2) grants and other resources whose use is restricted, committed, or assigned for a particular purpose.

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

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

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

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

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

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and 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.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

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

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

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2020, but which were levied to finance 2021 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes, but is not limited to, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

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

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

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, 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.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

During 2020, 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 2020, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Interest income is distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue credited to the general fund during 2020 amounted to \$234,621, which includes \$154,116 assigned from other funds.

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

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.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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.

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.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

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.

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.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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

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. 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.

CITY OF BEXLEY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

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

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 2020.

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 2020.

S. Pensions/Other Postemployment Benefits (OPEB)

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

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

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.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2020, the City has applied GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance" to GASB Statement Nos. 87 and 89, which were originally due to be implemented in 2020. GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following pronouncement is postponed by one year and the City has elected delaying implementation until the fiscal year ended December 31, 2021:

- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*

The following pronouncements are postponed by eighteen months and the City has elected delaying implementation until the fiscal year ended December 31, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

B. Deficit Fund Balances

Fund balances at December 31, 2020 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Urban Redevelopment TIF fund	\$ 5,721
Jeffery Mansion fund	5,035

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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.

CITY OF BEXLEY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

1. Bonds of the State of Ohio; 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.

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 \$5,455 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 \$90,501 on deposit with the Franklin County Treasurer. The data regarding insurance and collateralization can be obtained from the Franklin County Comprehensive Annual Financial Report for the year ended December 31, 2020. This amount is not included in the City's depository balance below.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Deposits with Financial Institutions

At December 31, 2020, the carrying amount of all City deposits was \$2,550,557 and the bank balance of all City deposits was \$2,955,805. Of the bank balance, \$697,946 was covered by the FDIC and \$1,128,930 was covered by the Ohio Pooled Collateral System (OPCS) and \$1,128,929 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 2020, 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.

D. Investments

As of December 31, 2020, 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	\$ 1,355,830	\$ -	\$ 305,961	\$ -	\$ -	\$ 1,049,869
FHLB	399,967	-	-	-	399,967	-
FNMA	399,597	-	-	-	-	399,597
FHLMC	2,152,451	-	-	-	-	2,152,451
Negotiable CDs	8,387,510	1,244,156	1,006,527	254,847	3,565,154	2,316,826
Municipal bonds	1,612,227	281,588	-	-	420,216	910,423
U.S. Treasury Bills	1,116,325	1,116,325	-	-	-	-
U.S. Treasury Money Market Mutual Funds	12,029	12,029	-	-	-	-
<i>Amortized Cost:</i>						
STAR Ohio	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 16,435,936</u>	<u>\$ 3,654,098</u>	<u>\$ 1,312,488</u>	<u>\$ 254,847</u>	<u>\$ 4,385,337</u>	<u>\$ 6,829,166</u>

The weighted average of maturity of investments is 2.21 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.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, 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 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.

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, 2020:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>% of Total</u>
<i>Fair Value:</i>		
FFCB	\$ 1,355,830	8.25
FHLB	399,967	2.43
FNMA	399,597	2.43
FHLMC	2,152,451	13.10
Negotiable CDs	8,387,510	51.04
Municipal bonds	1,612,227	9.81
U.S. Treasury Bills	1,116,325	6.79
U.S. Treasury Money Market Mutual Funds	12,029	0.07
<i>Amortized Cost:</i>		
STAR Ohio	<u>1,000,000</u>	<u>6.08</u>
Total	<u>\$ 16,435,936</u>	<u>100.00</u>

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2020:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 2,550,557
Cash with fiscal agent	90,501
Investments	<u>16,435,936</u>
Total	<u>\$ 19,076,994</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 11,809,725
Business-type activities	7,265,999
Custodial fund	<u>1,270</u>
Total	<u>\$ 19,076,994</u>

NOTE 5 - MUNICIPAL INCOME TAX

The City levies and collects an income tax of two and one-half percent on all income earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 65 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. The City utilizes the Regional Income Tax Agency (RITA) for the collection of income taxes on its behalf. Income tax revenue recognized in the general fund amounted to \$13,867,862 in 2020.

NOTE 6 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended December 31, 2020, consisted of the following, as reported on the fund financial statements.

Transfers from:	Transfers to:		Total
	Capital Improvement Fund	Nonmajor Governmental Funds	
General fund	\$ 1,250,000	\$ 1,342,285	\$ 2,592,285
Roads and sidewalks	-	565,926	565,926
Nonmajor governmental funds	-	<u>252,700</u>	<u>252,700</u>
Total	<u>\$ 1,250,000</u>	<u>\$ 2,160,911</u>	<u>\$ 3,410,911</u>

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 6 - INTERFUND TRANSACTIONS - (Continued)

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. 2020 public utility property taxes became a lien December 31, 2019, are levied after October 1, 2020, and are collected in 2021 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, 2020 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 2020 operations and the collection of delinquent taxes has been offset by deferred inflow of resources since the collection of the taxes during the available period is not subject to reasonable estimation. On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is a deferred inflow of resources.

The full tax rate for all City operations for the year ended December 31, 2020 was \$5.45 per \$1,000 of assessed value. The assessed values of real property and public utility personal property upon which 2020 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 630,692,590
Commercial/industrial/public utility	23,781,160
<u>Public utility</u>	
Personal	<u>7,045,070</u>
Total assessed value	<u>\$ 661,518,820</u>

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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

B. Taxes Abatements

As of December 31, 2020, 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 2020, the City's property tax revenues were reduced as a result of these agreements as follows:

<u>Tax Abatement Program</u>	<u>City Taxes Abated</u>
CRA	\$ <u>19,975</u>

NOTE 8 - RECEIVABLES

Receivables at December 31, 2020, 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	\$ 227,360
Grants	168,850
Homestead and rollback	93,050
Auto license	23,353
Gasoline tax	253,347
Estate tax	364
Permissive motor vehicle license tax	32,749
Workers compensation refund	<u>504,894</u>
Total due from other governments	<u>\$ 1,303,967</u>
 <u>Business-Type Activities</u>	
Workers compensation refund	<u>\$ 33,080</u>

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 8 - RECEIVABLES - (Continued)

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, 2020, the City has reported a \$56,213 note receivable from Capital University (the "University") related to water line improvements being performed as part of the College and South Cassady Improvement project financed through the OPWC. The University signed a promissory note on October 28, 2014 to pay the City \$76,926 in consideration for the City performing certain water improvements that could potentially benefit future growth of the University. The promissory note calls for annual payments of \$2,959 beginning December 1, 2014 and continuing for a 26-year period. The City reports this activity as a capital contribution in the water enterprise fund.

NOTE 9 - CAPITAL ASSETS

A. Governmental activities

Governmental activities capital asset activity for the year ended December 31, 2020, was as follows:

<u>Governmental activities:</u>	Balance 12/31/19	Additions	Disposals	Balance 12/31/20
<i>Capital assets, not being depreciated:</i>				
Land	\$ 823,893	\$ -	\$ -	\$ 823,893
Construction in progress	2,530,757	5,029,636	-	7,560,393
Total capital assets, not being depreciated	<u>3,354,650</u>	<u>5,029,636</u>	-	<u>8,384,286</u>
<i>Capital assets being depreciated:</i>				
Land improvements	893,947	-	-	893,947
Buildings and improvements	17,225,356	-	-	17,225,356
Equipment	3,423,732	1,058,785	-	4,482,517
Vehicles	2,404,486	-	-	2,404,486
Infrastructure	48,867,919	1,035,295	-	49,903,214
Total capital assets being depreciated	<u>72,815,440</u>	<u>2,094,080</u>	-	<u>74,909,520</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(549,501)	(38,131)	-	(587,632)
Buildings and improvements	(4,833,685)	(513,625)	-	(5,347,310)
Equipment	(2,003,360)	(309,211)	-	(2,312,571)
Vehicles	(1,365,945)	(178,819)	-	(1,544,764)
Infrastructure	(23,604,642)	(1,456,741)	-	(25,061,383)
Total accumulated depreciation	<u>(32,357,133)</u>	<u>(2,496,527)</u>	-	<u>(34,853,660)</u>
Total capital assets being depreciated, net	<u>40,458,307</u>	<u>(402,447)</u>	-	<u>40,055,860</u>
Governmental activities capital assets, net	<u>\$ 43,812,957</u>	<u>\$ 4,627,189</u>	<u>\$ -</u>	<u>\$ 48,440,146</u>

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 9 - CAPITAL ASSETS - (Continued)

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

Governmental activities:

General government	\$ 189,728
Security of persons and property	325,192
Leisure time activities	373,671
Transportation	<u>1,607,936</u>
Total depreciation expense	<u>\$ 2,496,527</u>

B. Business-type activities

Business-type activities capital asset activity for the year ended December 31, 2020, was as follows:

	Balance 12/31/19	Additions	Disposals	Balance 12/31/20
<u>Business-type activities:</u>				
<i>Capital assets, not being depreciated:</i>				
Construction in progress	\$ 4,482,334	\$ 959,240	\$ (3,220,971)	\$ 2,220,603
Total capital assets, not being depreciated	<u>4,482,334</u>	<u>959,240</u>	<u>(3,220,971)</u>	<u>2,220,603</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	455,000	-	-	455,000
Equipment	207,871	-	-	207,871
Vehicles	515,730	-	-	515,730
Infrastructure	<u>16,613,604</u>	<u>3,669,257</u>	-	<u>20,282,861</u>
Total capital assets being depreciated	<u>17,792,205</u>	<u>3,669,257</u>	-	<u>21,461,462</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(97,875)	(22,750)	-	(120,625)
Equipment	(110,898)	(13,906)	-	(124,804)
Vehicles	(321,416)	(41,605)	-	(363,021)
Infrastructure	<u>(5,614,977)</u>	<u>(368,965)</u>	-	<u>(5,983,942)</u>
Total accumulated depreciation	<u>(6,145,166)</u>	<u>(447,226)</u>	-	<u>(6,592,392)</u>
Total capital assets being depreciated, net	<u>11,647,039</u>	<u>3,222,031</u>	-	<u>14,869,070</u>
Business-type activities capital assets, net	<u>\$ 16,129,373</u>	<u>\$ 4,181,271</u>	<u>\$ (3,220,971)</u>	<u>\$ 17,089,673</u>

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

Business-type activities:

Water	\$ 270,015
Sewer	157,584
Refuse	<u>19,627</u>
Total depreciation expense	<u>\$ 447,226</u>

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 - LONG-TERM OBLIGATIONS

Bonded debt and other long-term obligations payable activity for 2020 was as follows:

	Interest Rate	Balance 12/31/19	Increase	Decrease	Balance 12/31/20	Due Within One Year
Governmental Activities						
<u>General Obligation Bonds:</u>						
Series 2008 Various Purpose Refunding and Improvement, \$7,912,500	3.0-4.0%	\$ 808,900	\$ -	\$ (808,900)	\$ -	\$ -
Premium on Refunding Bonds		24,620	-	(24,620)	-	-
Series 2009 Capital Facilities, \$7,400,000	2.5-5.0%	745,000	-	(745,000)	-	-
Premium on Bonds		99,352	-	(99,352)	-	-
Series 2010 Improvement, \$5,706,250	2.0-4.0%	3,581,450	-	(3,581,450)	-	-
Premium on Bonds		21,835	-	(21,835)	-	-
Series 2014 Various Purpose Construction, \$2,625,000	1.5-4.0%	2,125,000	-	(100,000)	2,025,000	100,000
Premium on Bonds		49,381	-	(3,310)	46,071	-
Series 2015 Various Purpose Refunding, \$4,722,900	2.0-4.0%	4,650,100	-	(18,200)	4,631,900	18,200
Premium on Refunding Bonds		470,253	-	(52,251)	418,002	-
Series 2020 Capital Facilities, \$1,700,000	2.79%	-	1,700,000	-	1,700,000	65,000
Series 2020A Various Purpose Refunding, \$535,860	3.6-3.63%	-	535,860	(10,920)	524,940	261,300
Series 2020B Capital Facilities Refunding, \$401,000	1.28%	-	401,000	(13,000)	388,000	388,000
Series 2020C Various Purpose Refunding, \$3,421,260	1.28%	-	3,421,260	(29,050)	3,392,210	321,210
<i>Direct Placement:</i>						
Series 2013 Capital Facilities, \$1,400,000	2.90%	610,000	-	(145,000)	465,000	150,000
Total General Obligation Bonds		13,185,891	6,058,120	(5,652,888)	13,591,123	1,303,710
<u>Revenue Bonds:</u>						
<i>Direct Placement:</i>						
Series 2013 Nontax Revenue, \$1,150,000	4.50%	910,000	-	(50,000)	860,000	50,000
<u>Ohio Public Works Commission (OPWC) Loans:</u>						
<i>Direct Borrowings:</i>						
2006 North Cassady Avenue Reconstruction, \$1,468,415	0.00%	660,786	-	(36,710)	624,076	110,132
2008 Maryland Avenue Reconstruction, \$672,734	0.00%	269,095	-	(22,425)	246,670	67,274
2009 Sheridan/Francis Avenue Reconstruction, \$337,958	0.00%	237,823	-	(6,259)	231,564	18,775
2012 College and South Cassady Improvements, \$1,906,666	0.00%	1,532,143	-	(34,047)	1,498,096	102,143
2012 East Main Improvements, \$275,262	0.00%	227,091	-	(6,881)	220,210	20,645
2014 Northeast Quadrant Improvements, \$730,368	0.00%	649,216	-	(13,525)	635,691	40,576
2018 S. Roosevelt & Stanwood Improvements, \$1,004,412	0.00%	523,102	246,008	-	769,110	-
2020 S. Cassingham & Vernon Improvements, \$1,176,536	0.00%	-	66,427	-	66,427	-
Total OPWC Loans		4,099,256	312,435	(119,847)	4,291,844	359,545
<u>Other Long-Term Obligations:</u>						
Net Pension Liability		17,284,064	-	(3,836,796)	13,447,268	-
Net OPEB Liability		4,607,210	153,394	-	4,760,604	-
Compensated Absences		403,712	-	(38,875)	364,837	13,107
Total Other Long-Term Obligations		22,294,986	153,394	(3,875,671)	18,572,709	13,107
Total Governmental Activities		\$ 40,490,133	\$ 6,523,949	\$ (9,698,406)	\$ 37,315,676	\$ 1,726,362

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

	Interest Rate	Balance 12/31/19	Increase	Decrease	Balance 12/31/20	Due Within One Year
Business-Type Activities						
<u>General Obligation Bonds:</u>						
Series 2008 Various Purpose						
Refunding, \$1,017,500	3.0%-4.0%	\$ 166,100	\$ -	\$ (166,100)	\$ -	\$ -
Series 2010 Improvement, \$1,168,750	2.0%-4.0%	733,550	-	(733,550)	-	-
Series 2015 Various Purpose						
Refunding, \$467,100	2.0%-4.0%	459,900	-	(1,800)	458,100	1,800
Series 2020A Various Purpose						
Refunding, \$151,140	3.6-3.63%	-	151,140	(3,080)	148,060	73,700
Series 2020C Various Purpose						
Refunding, \$700,740	1.28%	-	700,740	(5,950)	694,790	65,790
Total General Obligation Bonds		<u>1,359,550</u>	<u>851,880</u>	<u>(910,480)</u>	<u>1,300,950</u>	<u>141,290</u>
<u>Ohio Public Works Commission (OPWC) Loans:</u>						
<i>Direct Borrowings:</i>						
2005 Main Street Sewer, \$474,500	0.00%	154,213	-	(11,863)	142,350	35,588
2009 Sheridan/Francis Avenue						
Water, \$249,022	0.00%	175,238	-	(4,612)	170,626	13,835
2009 Sheridan/Francis Avenue						
Sewer, \$5,929	0.00%	4,171	-	(111)	4,060	329
2012 College and South Cassady						
Water, \$817,142	0.00%	656,630	-	(14,592)	642,038	43,776
2013 East Main Water, \$108,436	0.00%	89,459	-	(2,711)	86,748	8,133
2013 East Main Sewer, \$33,365	0.00%	27,527	-	(834)	26,693	2,502
2014 Northeast Quadrant						
Water, \$829,967	0.00%	737,749	-	(15,369)	722,380	46,108
2014 Northeast Quadrant						
Sewer, \$99,597	0.00%	88,531	-	(1,845)	86,686	5,533
2016 East Broad Street						
Water, \$1,255,000	0.00%	1,145,257	-	(23,373)	1,121,884	70,117
2018 S. Roosevelt & Ashbourne						
Sewer, \$450,000	0.00%	218,162	18,354	-	236,516	7,884
2018 S. Roosevelt & Ashbourne						
Water, \$3,300,000	0.00%	1,599,859	134,597	-	1,734,456	57,815
2018 S. Roosevelt & Stanwood						
Sewer, \$111,600	0.00%	58,122	27,334	-	85,456	-
2018 S. Roosevelt & Stanwood						
Water, \$2,604,030	0.00%	1,356,192	637,797	-	1,993,989	-
2020 S. Cassingham & Vernon						
Water, \$2,279,539	0.00%	-	128,703	-	128,703	-
2020 S. Cassingham & Vernon						
Sewer, \$220,601	0.00%	-	12,455	-	12,455	-
Total OPWC Loans		<u>6,311,110</u>	<u>959,240</u>	<u>(75,310)</u>	<u>7,195,040</u>	<u>291,620</u>
<u>Other Long-Term Obligations:</u>						
Net Pension Liability		851,133	-	(164,040)	687,093	-
Net OPEB Liability		401,436	76,168	-	477,604	-
Compensated Absences		19,623	8,659	-	28,282	1,016
Total Other Long-Term Obligations		<u>1,272,192</u>	<u>84,827</u>	<u>(164,040)</u>	<u>1,192,979</u>	<u>1,016</u>
Total Business-Type Activities		<u>\$ 8,942,852</u>	<u>\$ 1,895,947</u>	<u>\$ (1,149,830)</u>	<u>\$ 9,688,969</u>	<u>\$ 433,926</u>

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Legal Debt Margin

The City's overall legal debt margin was \$55,687,003, with an unvoted debt margin of \$36,383,535 at December 31, 2020.

Future Debt Service Requirements

As of December 31, 2020, the 2018 S. Roosevelt & Stanwood OPWC loan and the 2020 S. Cassingham & Vernon OPWC loan were not closed and not all monies available have been borrowed. As of December 31, 2020, the City has drawn \$2,079,445 of the \$2,715,630 permissible borrowing for the 2018 S. Roosevelt & Stanwood OPWC loan and has drawn \$141,158 of the \$2,500,140 permissible borrowings for the S. Cassingham & Vernon 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		<i>Direct Borrowings</i>	
	Principal	Interest	Principal	Interest	Sewer OPWC Loans Principal	Water OPWC Loans Principal
2021	\$ 72,690	\$ 10,978	\$ 68,600	\$ 17,027	\$ 51,836	\$ 239,784
2022	77,430	10,047	101,200	16,137	37,186	179,128
2023	74,850	8,983	61,600	14,264	37,185	179,129
2024	76,240	7,893	63,200	12,416	37,186	179,129
2025	76,830	6,702	65,200	9,888	37,186	179,129
2026 - 2030	381,110	15,560	182,000	13,472	79,165	895,642
2031 - 2035	-	-	-	-	67,306	895,632
2036 - 2040	-	-	-	-	59,354	852,799
2041 - 2045	-	-	-	-	50,485	588,680
2046 - 2050	-	-	-	-	39,416	289,080
Totals	<u>\$ 759,150</u>	<u>\$ 60,163</u>	<u>\$ 541,800</u>	<u>\$ 83,204</u>	<u>\$ 496,305</u>	<u>\$ 4,478,132</u>

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

As of December 31, 2020, the 2018 S. Roosevelt & Stanwood OPWC and the 2020 S. Cassingham & Vernon OPWC loan are not closed and not all monies available have been borrowed. As of December 31, 2020, the City has drawn \$769,110 of the \$1,004,412 permissible borrowing for the 2018 S. Roosevelt & Stanwood OPWC loan and has drawn \$66,427 of the \$1,176,536 permissible borrowings for the 2020 S. Cassingham & Vernon OPWC loan. As such, no amortization schedule 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
2021	\$ 1,153,710	\$ 344,807	\$ 150,000	\$ 13,485	\$ 50,000	\$ 38,700	\$ 359,545
2022	1,137,370	327,956	155,000	9,135	55,000	36,450	239,696
2023	1,221,550	304,843	160,000	4,640	755,000	33,975	239,695
2024	1,247,560	274,716	-	-	-	-	239,695
2025	1,283,970	236,499	-	-	-	-	239,696
2026 - 2030	4,951,890	602,044	-	-	-	-	827,393
2031 - 2035	1,150,000	172,565	-	-	-	-	607,131
2036 - 2040	516,000	44,018	-	-	-	-	520,163
2041 - 2043	-	-	-	-	-	-	183,293
Totals	<u>\$ 12,662,050</u>	<u>\$ 2,307,448</u>	<u>\$ 465,000</u>	<u>\$ 27,260</u>	<u>\$ 860,000</u>	<u>\$ 109,125</u>	<u>\$ 3,456,307</u>

Series 2008 Various Purpose Refunding Bonds and Improvement Bonds

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

In 2015, the City advance refunded a portion of the Series 2008 Various Purpose Refunding Bonds and Improvement Bonds with the issuance of the Series 2015 Various Purpose Refunding Bonds. The portion of the bonds refunded were as follows: (1) \$1,569,900 of the governmental activities portion of the Series 2008 Various Purpose Refunding Bonds and Improvement Bonds and (2) \$320,100 of the business-type activities portion of the Series 2008 Various Purpose Refunding Bonds.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

In 2020, the City advance refunded the remaining amounts of the Series 2008 Various Purpose Refunding Bonds and Improvement Bonds with the issuance of the Series 2020A Various Purpose Refunding Bonds. The portion of the bonds refunded were as follows: (1) \$808,900 of the governmental activities portion of the Series 2008 Various Purpose Refunding Bonds and Improvement Bonds and (2) \$166,100 of the business-type activities portion of the Series 2008 Various Purpose Refunding Bonds. At December 31, 2020, the Series 2008 Various Purpose Refunding Bonds and Improvement Bonds were retired.

Series 2009 Capital Facilities Bonds

On April 7, 2009, the City issued \$7,400,000 in Series 2009 Capital Facilities General Obligation Bonds for the purpose of paying the costs of constructing, furnishing and equipping a police station and related facilities, landscaping and otherwise improving the site and acquiring related interests in real estate (2.5 - 5.0 percent). Principal and interest is paid from the bond retirement fund. During 2015, the City advance refunded \$3,220,000 of the Series 2009 Capital Facilities bonds with the issuance of the Series 2015 Various Purpose Refunding Bonds. During 2020, the City advance refunded the remaining \$745,000 of the Series 2009 Capital Facilities bonds with the issuance of the Series 2020B Capital Facilities Refunding Bonds. At December 31, 2020, the Series 2009 Capital Facilities General Obligation Bonds were retired.

Series 2010 Bonds

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

In 2020, the City advance refunded the remaining amounts of the Series 2010 General Obligation Bonds with the issuance of the Series 2020C Various Purpose Refunding Bonds. The portion of the bonds refunded were as follows: (1) \$3,581,450 of the governmental activities portion of the Series 2010 General Obligation Bonds and (2) \$733,550 of the business-type activities portion of the Series 2010 General Obligation Bonds. At December 31, 2020, the Series 2010 General Obligation Bonds were retired.

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.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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 2020 principal and interest payments on the bonds required 3.7 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$969,125. For 2020, principal and interest paid and net revenues were \$90,950 and \$2,447,619, 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.

Series 2015 Various Purpose Refunding Bonds

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

As part of the advance refunding, the City deposited \$5,916,901 into an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The refunded bonds were not included in the City's outstanding debt since the City has satisfied its obligations through the refunding (in-substance defeased). The assets held in trust as a result of the refunding are not included in the financial statements. The balance of the refunded bonds was \$5,110,000 at December 31, 2020.

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 2020A Various Purpose Refunding Bonds

On November 5, 2020, the City issued \$687,000 in general obligation bonds for the purpose of advance refunding the remaining amount of the Series 2008 Various Purpose Refunding Bonds. Of this amount, \$151,140 is reported in the business-type activities and \$535,860 is reported in the governmental activities. The bonds are serial bonds and were issued for a 2-year period with final maturity in December 1, 2022. Principal and interest related to the governmental activities portion is paid from the bond retirement fund. Principal and interest related to the business-type activities portion is paid from the water and sewer enterprise funds.

As part of the advance refunding, the City deposited \$993,031 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 \$660,000 at December 31, 2020.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The reacquisition price exceeded the net carrying amount of the old debt by \$52,367 in the business-type activities and the net carrying amount of the old debt exceeded the reacquisition price by \$58,956 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 \$13,125 resulting in an economic gain of \$12,707.

Series 2020B Capital Improvement Refunding Bonds

On November 5, 2020, the City issued \$401,000 in Capital Improvement bonds for the purpose of advance refunding a portion of the Series 2009 Capital Improvement Bonds. The bonds are serial bonds and were issued for a 1-year period with final maturity in December 1, 2021. Principal and interest is paid from the bond retirement fund.

As part of the advance refunding, the City deposited \$760,153 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 \$380,000 at December 31, 2020.

The net carrying amount of the old debt exceeded the reacquisition price by \$84,199. 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. The refunding reduced future debt service payments by \$3,763 resulting in an economic gain of \$3,427.

Series 2020C Various Purpose Refunding Bonds

On November 5, 2020, the City issued \$4,122,000 in general obligation bonds for the purpose of advance refunding the remaining amount of the Series 2010 General Obligation Bonds. Of this amount, \$700,740 is reported in the business-type activities and \$3,421,260 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. Principal and interest related to the business-type activities portion is paid from the water enterprise fund.

As part of the advance refunding, the City deposited \$4,397,955 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 \$3,985,000 at December 31, 2020.

The reacquisition price exceeded the net carrying amount of the old debt by \$14,102 in the business-type activities and \$47,018 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 \$548,333 resulting in an economic gain of \$515,419.

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 rates of 2.79 percent and mature on December 1, 2040. Principal and interest payments are made from the bond retirement fund.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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 with final maturity in 2025.

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

In 2012 - 2013, the City received loan proceeds from OPWC for College Avenue and South Cassady Avenue street improvements and water projects. This is a zero percent interest general obligation loan. Principal payments are due semi-annually and will be 70 percent from the bond retirement fund and 30 percent from the water enterprise fund. The loan has a final maturity in 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, 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, 50 percent from the water enterprise fund, and 6 percent from the sewer enterprise fund. The loan has a final maturity in 2043.

In 2016, the City received loan proceeds from OPWC for East Broad Street Water Improvement Project. This is a zero percent interest general obligation loan. Principal payments are due semi-annually and will be paid from the water enterprise fund. The loan has a final maturity in 2044.

CITY OF BEXLEY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

In 2018, the City received loan proceeds from OPWC for South Roosevelt and Ashbourne Project. This is a zero percent interest general obligation loan. When completed, principal payments will be due semi-annually and paid 88% from the water enterprise fund and 12% from the sewer enterprise fund. The 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. When completed, principal payments will be due semi-annually and paid 70% from the water enterprise fund, 3% from the sewer enterprise fund, and 27% from the street maintenance and repair fund (a nonmajor governmental fund). The City may borrow up to \$3,720,042 and at December 31, 2020, the City had outstanding borrowings of \$2,848,555. At December 31, 2020, the loan remains open and final loan amount has not been determined as the City has \$871,487 remaining to be drawn on the loan. No principal payments were made in 2020.

In 2020, 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, 2020, the City had outstanding borrowings of \$207,585. At December 31, 2020, the loan remains open and final loan amount has not been determined as the City has \$3,469,091 remaining to be drawn on the loan. No principal payments were made in 2020.

Net Pension Liability and Net OPEB Liability

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

Compensated Absences

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

NOTE 11 - EMPLOYEE BENEFITS

Compensated Absences

Vacation leave is earned at rates which vary depending upon length of service. For 2020, all employees may carry over 80 hours of vacation leave per year. City employees are paid for earned, unused vacation leave at the time of termination of employment.

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

Health Care Benefits

During 2020, 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.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 11 - EMPLOYEE BENEFITS - (Continued)

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

Pensions and OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period.

The net pension liability/asset and the net OPEB liability 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 liability/asset on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in due to other governments on both the accrual and modified accrual bases of accounting.

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

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 Comprehensive Annual Financial Report referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	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, 2020

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. 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.

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
2020 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee *	10.0 %
2020 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, 2020

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 \$612,694 for 2020. Of this amount, \$7,644 is reported as due to other governments.

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

Plan Description – City full-time police participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the 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 2.5 percent 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 Comprehensive Annual 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.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either 3.00% or the percent increase, if any, in the consumer price index over the 12 month period ending on September 30th of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013, is equal to 3.00% of their base pension or disability benefit.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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>
2020 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee	12.25 %
2020 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 \$654,077 for 2020. Of this amount, \$8,501 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 the OPERS were measured as of December 31, 2019, 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, 2019, and was determined by rolling forward the total pension liability as of January 1, 2019, to December 31, 2019. 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	0.03027200%	0.00000000%	0.04573900%	0.12060200%	
Proportion of the net pension liability/asset current measurement date	<u>0.02920100%</u>	<u>0.00468100%</u>	<u>0.04354500%</u>	<u>0.12413780%</u>	
Change in proportionate share	<u>-0.00107100%</u>	<u>0.00468100%</u>	<u>-0.00219400%</u>	<u>0.00353580%</u>	
Proportionate share of the net pension liability	\$ 5,771,776	\$ -	\$ -	\$ 8,362,585	\$ 14,134,361
Proportionate share of the net pension asset	-	9,761	1,646	-	11,407
Pension expense	1,135,868	1,118	(970)	1,191,066	2,327,082

Of the \$2,327,082 pension expense, \$2,182,403 relates to the governmental activities and \$144,679 relates to the business-type activities.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

At December 31, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS - Traditional</u>	<u>OPERS - Combined</u>	<u>OPERS - Member- Directed</u>	<u>OP&F</u>	<u>Total</u>
Deferred outflows of resources					
Differences between expected and actual experience	\$ -	\$ -	\$ 5,496	\$ 316,551	\$ 322,047
Changes of assumptions	308,279	1,006	266	205,279	514,830
Changes in employer's proportionate percentage/difference between employer contributions	177,747	-	-	442,176	619,923
Contributions subsequent to the measurement date	581,135	3,479	28,079	654,077	1,266,770
Total deferred outflows of resources	<u>\$ 1,067,161</u>	<u>\$ 4,485</u>	<u>\$ 33,841</u>	<u>\$ 1,618,083</u>	<u>\$ 2,723,570</u>
	<u>OPERS - Traditional</u>	<u>OPERS - Combined</u>	<u>OPERS - Member- Directed</u>	<u>OP&F</u>	<u>Total</u>
Deferred inflows of resources					
Differences between expected and actual experience	\$ 72,976	\$ 2,295	\$ -	\$ 431,290	\$ 506,561
Net difference between projected and actual earnings on pension plan investments	1,151,335	1,264	520	403,979	1,557,098
Changes in employer's proportionate percentage/difference between employer contributions	166,035	-	-	180,364	346,399
Total deferred inflows of resources	<u>\$ 1,390,346</u>	<u>\$ 3,559</u>	<u>\$ 520</u>	<u>\$ 1,015,633</u>	<u>\$ 2,410,058</u>

\$1,266,770 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2021. Of this amount, \$1,193,833 relates to governmental activities and \$72,937 relates to business-type activities.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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
2021	\$ (82,166)	\$ (620)	\$ 650	\$ 34,990	\$ (47,146)
2022	(412,675)	(598)	659	27,080	(385,534)
2023	47,676	(245)	789	221,418	269,638
2024	(457,155)	(710)	588	(315,312)	(772,589)
2025	-	(132)	703	(19,803)	(19,232)
Thereafter	-	(248)	1,853	-	1,605
Total	\$ (904,320)	\$ (2,553)	\$ 5,242	\$ (51,627)	\$ (953,258)

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, 2019, 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, 2019, are presented below.

Wage inflation	3.25%
Future salary increases, including inflation COLA or ad hoc COLA	3.25% to 10.75% including wage inflation Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 1.40%, simple through 2020, then 2.15% simple
Investment rate of return	
Current measurement date	7.20%
Prior measurement date	7.20%
Actuarial cost method	Individual entry age

In October 2019, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 3.00% simple through 2018 then 2.15% simple to 1.40% simple through 2020 the 2.15% simple.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.20% for 2019.

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, 2019, 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	25.00 %	1.83 %
Domestic equities	19.00	5.75
Real estate	10.00	5.20
Private equity	12.00	10.70
International equities	21.00	7.66
Other investments	13.00	4.98
Total	100.00 %	5.61 %

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.20%, 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, 2019 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 7.20%, 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 (6.20%) or one-percentage-point higher (8.20%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 9,519,526	\$ 5,771,776	\$ 2,402,658
Combined Plan	(5,898)	(9,761)	(12,545)
Member-Directed Plan	(871)	(1,646)	(2,177)

Actuarial Assumptions - OP&F

OP&F's total pension liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, 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, 2019, are presented below.

Valuation date	1/1/19 with actuarial liabilities rolled forward to 12/31/19
Actuarial cost method	Entry age normal
Investment rate of return	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	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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%.

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 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.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2019 are summarized below:

Asset Class	Target Allocation	Long Term Expected Real Rate of Return **
Cash and Cash Equivalents	- %	1.00 %
Domestic Equity	16.00	5.40
Non-US Equity	16.00	5.80
Private Markets	8.00	8.00
Core Fixed Income *	23.00	2.70
High Yield Fixed Income	7.00	4.70
Private Credit	5.00	5.50
U.S. Inflation		
Linked Bonds *	17.00	2.50
Master Limited Partnerships	8.00	6.60
Real Assets	8.00	7.40
Private Real Estate	12.00	6.40
Total	<u>120.00 %</u>	

Note: assumptions are geometric.

* levered 2x

** numbers include inflation

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

Discount Rate - The total pension liability was calculated using the discount rate of 8.00%. 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 8.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00%), or one percentage point higher (9.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 11,590,252	\$ 8,362,585	\$ 5,662,962

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

Plan Description - Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

Funding Policy - The Ohio Revised Code provides the statutory authority 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 2020, 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. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care was 0.00% for the Traditional and Combined plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2020 was 4.00%.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020

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 \$11,231 for 2020. Of this amount, \$140 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.

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.

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 2020, 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.

The City's contractually required contribution to OP&F was \$17,213 for 2020. Of this amount, \$224 is reported as due to other governments.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, 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, 2019, and was determined by rolling forward the total OPEB liability as of January 1, 2019, to December 31, 2019. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities.

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net OPEB liability prior measurement date	0.02999300%	0.12060200%	
Proportion of the net OPEB liability current measurement date	<u>0.02904600%</u>	<u>0.12413780%</u>	
Change in proportionate share	<u>-0.00094700%</u>	<u>0.00353580%</u>	
Proportionate share of the net OPEB liability	\$ 4,012,008	\$ 1,226,200	\$ 5,238,208
OPEB expense	\$ 561,953	\$ 136,322	\$ 698,275

Of the \$698,275 reported as OPEB expense, \$623,003 relates to governmental activities and \$75,272 relates to business-type activities.

At December 31, 2020, 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	\$ 107	\$ -	\$ 107
Changes of assumptions	635,057	716,884	1,351,941
Changes in employer's proportionate percentage/ difference between employer contributions	121,853	183,013	304,866
Contributions subsequent to the measurement date	11,231	17,213	28,444
Total deferred outflows of resources	<u>\$ 768,248</u>	<u>\$ 917,110</u>	<u>\$ 1,685,358</u>

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 366,917	\$ 131,866	\$ 498,783
Net difference between projected and actual earnings on OPEB plan investments	204,292	56,427	260,719
Changes of assumptions	-	261,321	261,321
Changes in employer's proportionate percentage/ difference between employer contributions	99,592	124,478	224,070
Total deferred inflows of resources	<u>\$ 670,801</u>	<u>\$ 574,092</u>	<u>\$ 1,244,893</u>

\$28,444 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2021. Of the amount, \$27,107 relates to governmental activities and \$1,337 relates to business-type activities.

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

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Year Ending December 31:			
2021	\$ 151,001	\$ 59,212	\$ 210,213
2022	22,351	59,212	81,563
2023	161	70,782	70,943
2024	(87,297)	52,539	(34,758)
2025	-	54,008	54,008
Thereafter	-	30,052	30,052
Total	<u>\$ 86,216</u>	<u>\$ 325,805</u>	<u>\$ 412,021</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.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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, 2018, rolled forward to the measurement date of December 31, 2019. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25%
Projected Salary Increases, including inflation	3.25 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	3.16%
Prior Measurement date	3.96%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	2.75%
Prior Measurement date	3.71%
Health Care Cost Trend Rate	
Current measurement date	10.50% initial, 3.50% ultimate in 2030
Prior Measurement date	10.00%, initial 3.25%, ultimate in 2029
Actuarial Cost Method	Individual Entry Age Normal

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

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

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

During 2019, 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, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. 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 19.70% for 2019.

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, 2019, 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	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other investments	14.00	4.90
Total	<u>100.00 %</u>	<u>4.55 %</u>

Discount Rate - A single discount rate of 3.16% was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.75%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

- The following table presents the proportionate share of the net OPEB liability calculated using the single discount rate of 3.16%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.16%) or one-percentage-point higher (4.16%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB liability	\$ 5,250,355	\$ 4,012,008	\$ 3,020,494

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

- Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2020 is 10.50%. 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 that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	<u>1% Decrease</u>	<u>Current Health Care Trend Rate Assumption</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB liability	\$ 3,893,616	\$ 4,012,008	\$ 4,128,889

Changes between Measurement Date and Reporting Date

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-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 pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

Actuarial Assumptions - OP&F

OP&F's total OPEB liability as of December 31, 2019, is based on the results of an actuarial valuation date of January 1, 2019, 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.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

Valuation Date	January 1, 2019, with actuarial liabilities rolled forward to December 31, 2019
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	3.56%
Prior measurement date	4.66%
Cost of Living Adjustments	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%

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

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 Conduent 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.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2019, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return **</u>
Cash and Cash Equivalents	- %	1.00 %
Domestic Equity	16.00	5.40
Non-US Equity	16.00	5.80
Private Markets	8.00	8.00
Core Fixed Income *	23.00	2.70
High Yield Fixed Income	7.00	4.70
Private Credit	5.00	5.50
U.S. Inflation		
Linked Bonds *	17.00	2.50
Master Limited Partnerships	8.00	6.60
Real Assets	8.00	7.40
Private Real Estate	12.00	6.40
Total	<u>120.00 %</u>	

Note: assumptions are geometric.

* levered 2x

** numbers include inflation

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

Discount Rate - For 2019, the total OPEB liability was calculated using the discount rate of 3.56%. For 2018, the total OPEB liability was calculated using the discount rate of 4.66%. 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 of 8.00%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.75% at December 31, 2019 and 4.13% at December 31, 2018, was blended with the long-term rate of 8.00%, which resulted in a blended discount rate of 3.56% for 2019 and 4.66% for 2018. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2034. The long-term expected rate of return on health care investments was applied to projected costs through 2034, and the municipal bond rate was applied to all health care costs after that date.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate - Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.56%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.56%), or one percentage point higher (4.56%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 1,520,409	\$ 1,226,200	\$ 981,733

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

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

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

NOTE 15 - CONTINGENCIES

A. Federal and State Grants

For the period January 1, 2020, to December 31, 2020, 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.

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund and roads and sidewalks fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

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

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

Net Change in Fund Balance

	General	Roads and Sidewalks
Budget basis	\$ (329,820)	\$ (43,633)
Net adjustment for revenue accruals	561,196	-
Net adjustment for expenditure accruals	372,662	36,789
Net adjustment for other sources/uses	845,349	-
Funds budgeted elsewhere	378,512	-
Adjustment for encumbrances	528,586	495,828
GAAP basis	\$ 2,356,485	\$ 488,984

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, 2020**

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	\$ 475,658
Roads and sidewalks	425,883
Capital Improvement	598,662
Nonmajor governmental	<u>762,604</u>
Total	<u>\$ 2,262,807</u>

THIS SPACE INTENTIONALLY LEFT BLANK

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

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	Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Materials and supplies inventory	\$ 6,570	\$ -	\$ -	\$ 33,088	\$ 39,658
Unclaimed monies	11,491	-	-	-	11,491
Prepayments	<u>118,026</u>	-	-	<u>3,695</u>	<u>121,721</u>
Total nonspendable	<u>136,087</u>	-	-	<u>36,783</u>	<u>172,870</u>
Restricted:					
Police programs	-	-	-	31,168	31,168
Police pension	-	-	-	247,000	247,000
Streets and transportation	-	918,827	-	726,287	1,645,114
Coronavirus relief	-	-	-	658,169	658,169
Capital improvements	-	-	-	10,365	10,365
Other purposes	-	-	-	<u>87,279</u>	<u>87,279</u>
Total restricted	<u>-</u>	<u>918,827</u>	<u>-</u>	<u>1,760,268</u>	<u>2,679,095</u>
Committed:					
Community environment	-	-	-	22,022	22,022
Leisure time activity	-	-	-	<u>1,815</u>	<u>1,815</u>
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,837</u>	<u>23,837</u>
Assigned:					
Debt service	-	-	-	655,527	655,527
Capital improvements	58,734	-	1,514,735	67,701	1,641,170
General government	651,313	-	-	-	651,313
Security of persons and property	40,696	-	-	-	40,696
Leisure time activity	937,467	-	-	-	937,467
Other purposes	<u>6,265</u>	-	-	<u>798</u>	<u>7,063</u>
Total assigned	<u>1,694,475</u>	<u>-</u>	<u>1,514,735</u>	<u>724,026</u>	<u>3,933,236</u>
Unassigned	<u>7,565,661</u>	<u>-</u>	<u>-</u>	<u>(10,756)</u>	<u>7,554,905</u>
Total fund balances	<u>\$ 9,396,223</u>	<u>\$ 918,827</u>	<u>\$ 1,514,735</u>	<u>\$ 2,534,158</u>	<u>\$ 14,363,943</u>

CITY OF BEXLEY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 19 - BEXLEY COMMUNITY IMPROVEMENT CORPORATION

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

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

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

Summary of Significant Accounting Policies

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

A. Basis of Accounting

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

B. Basis of Presentation

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

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

C. Federal Income Tax

The CIC is exempt from federal income tax under Section 501 (c) (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.

CITY OF BEXLEY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE 19 - BEXLEY COMMUNITY IMPROVEMENT CORPORATION - (Continued)

E. Accrued Liabilities

The CIC recognizes expenses due, but unpaid as of December 31, 2020.

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.

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 \$267,606 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

Deposits

At December 31, 2020, the carrying amount of all CIC deposits was \$447,021 and the bank balance was \$474,914. Of the bank balance, \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC) and \$224,914 was covered by the Ohio Pooled Collateral System.

Inventory Held for Future Distribution

The City of Bexley has contributed \$520,000 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 2020, the CIC incurred additional expenses related to the property in the amount of \$49,988. 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.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 19 - BEXLEY COMMUNITY IMPROVEMENT CORPORATION - (Continued)

	Balance 12/31/2019	Additions	Disposals	Balance 12/31/2020
Ferndale/Mayfield Area	\$ 307,231	\$ 49,988	\$ -	\$ 357,219

Litigation

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

Development Agreement

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

Ground Lease

On October 11, 2013, the CIC entered into a ground lease with Continental Bexley GE, LLC for the land owned by the CIC. The ground lease was established for the purposes of developing the site for commercial purposes, including operation of a grocery by Giant Eagle. The ground lease has a 50-year term. During 2020, the CIC received \$50,000 in ground lease payments and subsequently disbursed \$50,000 to the City of Bexley. Payments received and disbursed under the ground lease have been recorded as operating revenue and expense, respectively, in the CIC’s financial statements.

Risk Management

The CIC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to contracted personnel; and natural disasters. For 2020, 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 2020, the CIC received \$130,000 in contributions from the City of Bexley that are restricted for future land assembly in the Ferndale/Mayfield Area. This amount has been reported as nonoperating revenue in the CIC’s financial statements.

During 2020, 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 2020, the CIC collected and passed-through \$50,000 in ground lease payments to the City of Bexley.

THIS SPACE INTENTIONALLY LEFT BLANK

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 19 - BEXLEY COMMUNITY IMPROVEMENT CORPORATION - (Continued)

Capital Assets

Capital asset activity for the year ended December 31, 2020, was as follows:

	Balance 12/31/19	Additions	Disposals	Balance 12/31/20
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,608,801	\$ -	\$ -	\$ 1,608,801
Total capital assets, not being depreciated	<u>1,608,801</u>	<u>-</u>	<u>-</u>	<u>1,608,801</u>
<i>Capital assets being depreciated:</i>				
Buildings	1,018,309	-	-	1,018,309
Leasehold improvements	<u>276,239</u>	<u>-</u>	<u>-</u>	<u>276,239</u>
Total capital assets being depreciated	<u>1,294,548</u>	<u>-</u>	<u>-</u>	<u>1,294,548</u>
<i>Less: accumulated depreciation:</i>				
Buildings	(188,783)	(50,916)	-	(239,699)
Leasehold improvements	<u>(163,416)</u>	<u>(55,248)</u>	<u>-</u>	<u>(218,664)</u>
Total accumulated depreciation	<u>(352,199)</u>	<u>(106,164)</u>	<u>-</u>	<u>(458,363)</u>
Net capital assets	<u>\$ 2,551,150</u>	<u>\$ (106,164)</u>	<u>\$ -</u>	<u>\$ 2,444,986</u>

Mortgage Note Payable

On September 26, 2017, the CIC entered into a mortgage note with First Financial Bank, which is used as a line of credit to support the operations of Bexley Square and other projects undertaken by the CIC. The CIC can make draws on the line of credit with a maximum borrowing of \$1.5 million. In 2019, the CIC renegotiated the line of credit to a maximum borrowing of \$750,000. The CIC makes monthly interest payments based upon the amount drawn. During 2020, the CIC did not make any draws from the line of credit and made \$159,073 in principal payments on the line of credit. The following is a schedule of the line of credit activity for 2020:

	Balance 12/31/2019	Draws	Principal Payments	Balance 12/31/2020
Mortgage Note Payable	<u>\$ 159,073</u>	<u>\$ -</u>	<u>\$ (159,073)</u>	<u>\$ -</u>

Other Operating Revenues

Other Operating Revenues consist primarily of \$11,100 of property settlements from the CIC's Cassady Ave property.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020

NOTE 20 - INTERFUND BALANCES

Interfund balances at June 30, 2020 as reported on the fund financial statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 5,721</u>

Balances due among the governmental activities and internal service funds are eliminated on the government-wide statement of net position.

NOTE 21 - RISK MANAGEMENT

Self-Funded 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 \$111,681 reported in the internal service funds at December 31, 2020 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 2020 and 2019 were:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2020	\$ 124,000	\$ 919,382	\$ (931,701)	\$ 111,681
2019	\$ -	\$ 1,076,883	\$ (952,883)	\$ 124,000

NOTE 22 - 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. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the City. The City's investment portfolio and the pension and other employee benefits plan in which the City participate 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. In addition, the impact on the City's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the City received \$1,563,847 as a pass-through of grant from another government. These amounts are recorded in the Coronavirus Relief Special Revenue Fund.

THIS PAGE IS INTENTIONALLY LEFT BLANK

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 SEVEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Traditional Plan:</i>				
City's proportion of the net pension liability	0.029201%	0.030272%	0.027830%	0.026149%
City's proportionate share of the net pension liability	\$ 5,771,776	\$ 8,290,887	\$ 4,365,987	\$ 5,937,993
City's covered payroll	\$ 4,472,343	\$ 3,968,936	\$ 3,938,185	\$ 3,702,725
City's proportionate share of the net pension liability as a percentage of its covered payroll	129.05%	208.89%	110.86%	160.37%
Plan fiduciary net position as a percentage of the total pension liability	82.17%	74.70%	84.66%	77.25%
<i>Combined Plan:</i>				
City's proportion of the net pension asset	0.004681%			
City's proportionate share of the net pension asset	\$ 9,761			
City's covered payroll	\$ 20,836			
City's proportionate share of the net pension asset as a percentage of its covered payroll	46.85%			
Plan fiduciary net position as a percentage of the total pension asset	145.28%			
<i>Member Directed Plan:</i>				
City's proportion of the net pension asset	0.043545%	0.045739%	0.045003%	0.037245%
City's proportionate share of the net pension asset	\$ 1,646	\$ 1,043	\$ 1,571	\$ 155
City's covered payroll	\$ 258,740	\$ 262,340	\$ 242,520	\$ 155,733
City's proportionate share of the net pension asset as a percentage of its covered payroll	0.64%	0.40%	0.65%	0.10%
Plan fiduciary net position as a percentage of the total pension asset	118.84%	113.42%	124.45%	103.40%

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

	2016	2015	2014
	0.025788%	0.025523%	0.025523%
\$	4,466,808	\$ 3,078,360	\$ 3,008,828
\$	3,356,175	\$ 3,540,033	\$ 2,946,231
	133.09%	86.96%	102.12%
	81.08%	86.45%	86.36%

0.037622%

\$ 144

\$ 209,525

0.07%

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 SEVEN YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net pension liability	0.12413780%	0.12060200%	0.12398600%	0.11832100%
City's proportionate share of the net pension liability	\$ 8,362,585	\$ 9,844,310	\$ 7,609,552	\$ 7,494,332
City's covered payroll	\$ 3,330,547	\$ 3,045,079	\$ 2,892,332	\$ 2,637,900
City's proportionate share of the net pension liability as a percentage of its covered payroll	251.09%	323.29%	263.09%	284.10%
Plan fiduciary net position as a percentage of the total pension liability	69.89%	63.07%	70.91%	68.36%

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>2016</u>	<u>2015</u>	<u>2014</u>
0.12069100%	0.11255920%	0.11255920%
\$ 7,764,126	\$ 5,831,036	\$ 5,481,986
\$ 2,953,284	\$ 2,459,305	\$ 2,723,948
262.90%	237.10%	201.25%
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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 581,135	\$ 626,128	\$ 555,651	\$ 511,964
Contributions in relation to the contractually required contribution	<u>(581,135)</u>	<u>(626,128)</u>	<u>(555,651)</u>	<u>(511,964)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 4,150,964	\$ 4,472,343	\$ 3,968,936	\$ 3,938,185
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.00%
 <i>Combined Plan:</i>				
Contractually required contribution	\$ 3,479	\$ 2,917		
Contributions in relation to the contractually required contribution	<u>(3,479)</u>	<u>(2,917)</u>		
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>		
City's covered payroll	\$ 24,850	\$ 20,836		
Contributions as a percentage of covered payroll	14.00%	14.00%		
 <i>Member Directed Plan:</i>				
Contractually required contribution	\$ 28,079	\$ 25,874	\$ 26,234	\$ 24,252
Contributions in relation to the contractually required contribution	<u>(28,079)</u>	<u>(25,874)</u>	<u>(26,234)</u>	<u>(24,252)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 280,790	\$ 258,740	\$ 262,340	\$ 242,520
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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 444,327	\$ 402,741	\$ 424,804	\$ 383,010	\$ 300,381	\$ 319,081
<u>(444,327)</u>	<u>(402,741)</u>	<u>(424,804)</u>	<u>(383,010)</u>	<u>(300,381)</u>	<u>(319,081)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,702,725	\$ 3,356,175	\$ 3,540,033	\$ 2,946,231	\$ 3,003,810	\$ 3,190,810
12.00%	12.00%	12.00%	13.00%	10.00%	10.00%

\$ 18,688	\$ 25,143
<u>(18,688)</u>	<u>(25,143)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 155,733	\$ 209,525
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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Police:</i>				
Contractually required contribution	\$ 654,077	\$ 632,804	\$ 578,565	\$ 549,543
Contributions in relation to the contractually required contribution	<u>(654,077)</u>	<u>(632,804)</u>	<u>(578,565)</u>	<u>(549,543)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 3,442,511	\$ 3,330,547	\$ 3,045,079	\$ 2,892,332
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 501,201	\$ 561,124	\$ 467,268	\$ 432,563	\$ 227,724	\$ 299,827
<u>(501,201)</u>	<u>(561,124)</u>	<u>(467,268)</u>	<u>(432,563)</u>	<u>(227,724)</u>	<u>(299,827)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,637,900	\$ 2,953,284	\$ 2,459,305	\$ 2,723,948	\$ 1,786,071	\$ 2,351,584
19.00%	19.00%	15.88%	12.75%	12.75%	12.75%

CITY OF BEXLEY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.029046%	0.029993%	0.027700%	0.025768%
City's proportionate share of the net OPEB liability	\$ 4,012,008	\$ 3,910,380	\$ 3,008,015	\$ 2,602,672
City's covered payroll	\$ 4,751,919	\$ 4,231,276	\$ 4,180,705	\$ 3,858,458
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	84.43%	92.42%	71.95%	67.45%
Plan fiduciary net position as a percentage of the total OPEB liability	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 FOUR YEARS

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.12413780%	0.12060200%	0.12398600%	0.11832100%
City's proportionate share of the net OPEB liability	\$ 1,226,200	\$ 1,098,266	\$ 7,024,850	\$ 5,616,432
City's covered payroll	\$ 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	36.82%	36.07%	242.88%	212.91%
Plan fiduciary net position as a percentage of the total OPEB liability	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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 11,231	\$ 10,350	\$ 10,493	\$ 49,083
Contributions in relation to the contractually required contribution	<u>(11,231)</u>	<u>(10,350)</u>	<u>(10,493)</u>	<u>(49,083)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 4,456,604	\$ 4,751,919	\$ 4,231,276	\$ 4,180,705
Contributions as a percentage of covered payroll	0.25%	0.22%	0.25%	1.17%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 82,906	\$ 67,123	\$ 62,584	\$ 29,462	\$ 120,152	\$ 127,632
<u>(82,906)</u>	<u>(67,123)</u>	<u>(62,584)</u>	<u>(29,462)</u>	<u>(120,152)</u>	<u>(127,632)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,858,458	\$ 3,565,700	\$ 3,540,033	\$ 2,946,231	\$ 3,003,810	\$ 3,190,810
2.15%	1.88%	1.77%	1.00%	4.00%	4.00%

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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>Police:</i>				
Contractually required contribution	\$ 17,213	\$ 16,653	\$ 15,225	\$ 14,462
Contributions in relation to the contractually required contribution	<u>(17,213)</u>	<u>(16,653)</u>	<u>(15,225)</u>	<u>(14,462)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 3,442,511	\$ 3,330,547	\$ 3,045,079	\$ 2,892,332
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 13,189	\$ 15,166	\$ 13,299	\$ 98,496	\$ 120,560	\$ 158,732
<u>(13,189)</u>	<u>(15,166)</u>	<u>(13,299)</u>	<u>(98,496)</u>	<u>(120,560)</u>	<u>(158,732)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,637,900	\$ 2,953,284	\$ 2,459,305	\$ 2,723,948	\$ 1,786,071	\$ 2,351,584
0.50%	0.51%	0.54%	3.62%	6.75%	6.75%

CITY OF BEXLEY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2020.

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

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2020.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017. For 2018, the following were the most significant changes of assumptions that affected the total pension since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.50% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple. There were no changes in assumptions for 2019-2020.

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 2017-2020.

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.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2018. 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 for 2020.

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%.

CITY OF BEXLEY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019. 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 2019 are as follows:

- The total net position of the City increased \$5,665,322 over the prior year as restated (see Note 3). Net position of governmental activities increased \$4,898,682 or 27.31% from 2018's net position and net position of business-type activities increased \$766,640 or 5.26% over 2018's net position.
- General revenues accounted for \$17,586,246 or 82.76% of total governmental activities revenues. Program specific revenues accounted for \$3,663,083 or 17.24% of total governmental activities revenue.
- The City had \$16,350,647 in expenses related to governmental activities; \$3,663,083 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 \$17,586,246 were adequate to offset the remaining expenses of the governmental activities of \$12,687,564.
- The general fund had revenues of \$17,563,883 in 2019. This represents an increase of \$1,004,427 from 2018. The expenditures and other financing uses of the general fund, which totaled \$16,170,986 in 2019, decreased \$1,043,175 from 2018. The net increase in fund balance for the general fund was \$1,392,897 or 23.76%.
- The roads and sidewalks fund had \$2,034,687 in revenues and \$1,912,893 in expenditures and other financing uses in 2019. The net increase in fund balance for the roads and sidewalks fund was \$121,794 or 39.54%.
- Net position for the business-type activities, which are composed of the water, sewer, and refuse enterprise operations, increased in 2019 by \$766,640 over the prior year.
- The water enterprise fund had operating revenues of \$2,799,094 and operating expenses of \$2,480,646. The water fund additionally had \$31,615 in non-operating expenses, and capital contributions of \$150,533. The net position of the water fund increased \$437,366 or 6.71% during 2019.
- The sewer enterprise fund had operating revenues of \$2,685,358 and operating expenses of \$2,465,395. The sewer fund had \$16,977 in non-operating expenses, and capital contributions of \$14,745. The net position of the sewer fund increased \$217,731 or 3.26% during 2019.
- The refuse enterprise fund had operating revenues of \$1,316,417 and operating expenses of \$1,204,874. The net position of the refuse fund increased \$111,543 or 8.10% during 2019.

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, 2019

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 2019?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting, similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

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

Reporting the City's Most Significant Funds

Fund Financial Statements

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

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

CITY OF BEXLEY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

Governmental Funds

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

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

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

Proprietary Funds

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

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The fiduciary funds are reported using the accrual basis of accounting, similar to the proprietary funds. Custodial funds are the City's only fiduciary fund type. The basic fiduciary fund financial statements can be found on pages 31-32 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 33-95 of this report.

Required Supplementary Information (RSI)

The RSI contains information regarding the City's proportionate share of the Ohio Public Employees Retirement System's (OPERS) and Ohio Police and Fire Retirement System (OP&F) net pension liability and the City's schedule of contributions to OPERS and OP&F. The RSI can be found on pages 98-112 of this report.

CITY OF BEXLEY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

Government-Wide Financial Analysis

The statement of net position provides the perspective of the City as a whole. The table below provides a summary of the City's net position at December 31, 2019 compared to 2018.

	Net Position					
	Governmental Activities		Business-type Activities		Total	
	2019	Restated 2018	2019	2018	2019	Restated 2018
<u>Assets</u>						
Current and other assets	\$ 17,709,392	\$ 16,354,001	\$ 8,379,771	\$ 7,582,708	\$ 26,089,163	\$ 23,936,709
Capital assets, net	43,812,957	43,971,269	16,129,373	15,428,762	59,942,330	59,400,031
Total assets	61,522,349	60,325,270	24,509,144	23,011,470	86,031,493	83,336,740
<u>Deferred outflows of resources</u>	7,241,119	4,514,359	450,159	297,355	7,691,278	4,811,714
<u>Liabilities</u>						
Current and other liabilities	1,292,710	955,187	622,299	986,904	1,915,009	1,942,091
Long-term liabilities:						
Due within one year	1,344,849	1,427,230	187,684	259,046	1,532,533	1,686,276
Due in more than one year	39,145,284	39,426,295	8,755,168	7,280,464	47,900,452	46,706,759
Total liabilities	41,782,843	41,808,712	9,565,151	8,526,414	51,347,994	50,335,126
<u>Deferred inflows of resources</u>	4,145,428	5,094,402	44,843	199,742	4,190,271	5,294,144
<u>Net Position</u>						
Net investment in capital assets	25,943,496	25,179,823	8,554,737	8,776,421	34,498,233	33,956,244
Restricted for:						
Capital projects	288,902	246,702	-	-	288,902	246,702
Transportation	627,292	430,427	-	-	627,292	430,427
Police programs	28,189	23,370	-	-	28,189	23,370
Main Street improvements	261,466	185,806	-	-	261,466	185,806
Other purposes	17,577	13,940	-	-	17,577	13,940
Unrestricted (deficit)	(4,331,725)	(8,143,553)	6,794,572	5,806,248	2,462,847	(2,337,305)
Total net position	\$ 22,835,197	\$ 17,936,515	\$ 15,349,309	\$ 14,582,669	\$ 38,184,506	\$ 32,519,184

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 and the net pension asset.

CITY OF BEXLEY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

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.

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

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

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

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

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

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, respectively, not accounted for as deferred inflows/outflows.

CITY OF BEXLEY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2019, the City's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$38,184,506. At year-end, net position was \$22,835,197 and \$15,349,309 for the governmental activities and the business-type activities, respectively.

Current and other assets increased 8.29% from the prior year primarily in the area of equity in pooled cash and investments due to current year operations. For the governmental activities, the City saw an increase in income and property tax revenue which helped increase the cash and investment balance. For the business-type activities, water, sewer, and refuse fees were sufficient to cover expenses and increase the City's cash and investment balance. Capital assets increased as additions exceeded depreciation expense. During 2019, the City continued the South Roosevelt Avenue and Ashbourne Area Improvements project and the South Roosevelt and South Stanwood improvement project as well as the East Main Street environmental cleanup project.

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 69.67% 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, 2019, was \$25,943,496 and \$8,554,737 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 \$2,879,564 from 2018. This increase was primarily in the area of net difference in projected and actual earnings on pension plan investments as reported by the Ohio Public Employees Retirement System (OPERS) and the Ohio Police and Fire Pension Fund (OP&F). The City reports its proportionate share of the OPERS and OP&F deferred outflows of resources in the financial statements.

Total liabilities increased \$1,102,868 or 2.01% from 2018. Current liabilities at December 31, 2019 remained comparable to December 31, 2018. Long-term obligations increased \$1,039,950 or 2.15% as the City saw an increase in the net pension liability being partially offset by a decrease in the net OPEB liability. The decrease in the net OPEB liability resulted from the OP&F replacing its retiree health care model and current self-insured health care plan with a stipend-based health care model. As a result of the change in OPEB models, OP&F reported a significant decrease in 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, \$1,223,426, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position in the governmental activities is a deficit balance of \$4,331,725 and a positive balance of \$6,794,572 in the business-type activities.

CITY OF BEXLEY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

The table below shows the comparative analysis of changes in net position for 2019 compared to 2018.

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	2019	Restated 2018	2019	2018	2019	Restated 2018
Revenues:						
Program revenues:						
Charges for services	\$ 2,599,108	\$ 2,620,107	\$ 6,796,380	\$ 6,577,417	\$ 9,395,488	\$ 9,197,524
Operating grants and contributions	916,084	725,953	-	-	916,084	725,953
Capital grants and contributions	<u>147,891</u>	<u>1,742,041</u>	<u>165,278</u>	<u>507,394</u>	<u>313,169</u>	<u>2,249,435</u>
Total program revenues	<u>3,663,083</u>	<u>5,088,101</u>	<u>6,961,658</u>	<u>7,084,811</u>	<u>10,624,741</u>	<u>12,172,912</u>
General revenues:						
Property taxes	2,953,644	1,982,565	-	-	2,953,644	1,982,565
Income taxes	12,652,808	11,895,467	-	-	12,652,808	11,895,467
Revenue in lieu of taxes	511,654	268,230	-	-	511,654	268,230
Other local taxes	182,631	185,691	-	-	182,631	185,691
Grants and entitlements	708,421	1,181,870	-	-	708,421	1,181,870
Investment earnings	306,262	204,835	-	-	306,262	204,835
Net increase/(decrease) in FMV of investments	214,027	(82,672)	-	-	214,027	(82,672)
Other	<u>56,799</u>	<u>295,452</u>	<u>4,489</u>	<u>3,162</u>	<u>61,288</u>	<u>298,614</u>
Total general revenues	<u>17,586,246</u>	<u>15,931,438</u>	<u>4,489</u>	<u>3,162</u>	<u>17,590,735</u>	<u>15,934,600</u>
Total revenues	<u>21,249,329</u>	<u>21,019,539</u>	<u>6,966,147</u>	<u>7,087,973</u>	<u>28,215,476</u>	<u>28,107,512</u>
Expenses:						
General government	5,251,276	4,612,075	-	-	5,251,276	4,612,075
Security of persons and property	4,346,691	9,344,505	-	-	4,346,691	9,344,505
Public health and welfare	121,646	115,594	-	-	121,646	115,594
Transportation	2,506,927	2,325,622	-	-	2,506,927	2,325,622
Community environment	-	821	-	-	-	821
Leisure time activity	3,450,564	2,995,587	-	-	3,450,564	2,995,587
Interest and fiscal charges	524,983	585,025	-	-	524,983	585,025
Other	148,560	15,965	-	-	148,560	15,965
Water	-	-	2,512,261	2,658,199	2,512,261	2,658,199
Sewer	-	-	2,482,372	2,396,915	2,482,372	2,396,915
Refuse	-	-	<u>1,204,874</u>	<u>1,185,023</u>	<u>1,204,874</u>	<u>1,185,023</u>
Total expenses	<u>16,350,647</u>	<u>19,995,194</u>	<u>6,199,507</u>	<u>6,240,137</u>	<u>22,550,154</u>	<u>26,235,331</u>
Change in net position	4,898,682	1,024,345	766,640	847,836	5,665,322	1,872,181
Net position at beginning of year (restated)	<u>17,936,515</u>	<u>16,912,170</u>	<u>14,582,669</u>	<u>13,734,833</u>	<u>32,519,184</u>	<u>30,647,003</u>
Net position at end of year	<u>\$ 22,835,197</u>	<u>\$ 17,936,515</u>	<u>\$ 15,349,309</u>	<u>\$ 14,582,669</u>	<u>\$ 38,184,506</u>	<u>\$ 32,519,184</u>

CITY OF BEXLEY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

Governmental Activities

The net position of the governmental activities increased \$4,898,682 in 2019.

General government expenses totaled \$5,251,276 and were partially funded by \$311,781 in direct charges to consumers of City services. General government expenses increased \$639,201 or 13.86% from 2018 primarily due to an increase in the development and City garage departments.

Security of persons and property, which includes police department operations, accounted for \$4,346,691 or 26.58% of the total expenses of the City's governmental activities. Security of persons and property expenses were partially funded by \$74,428 in direct charges to users of the services. During 2019, security of persons and property expense decreased \$4,997,814 primarily resulting from a decrease in Other Postemployment Benefits (OPEB) expense related to the Ohio Police & Fire Pension Fund (OP&F). Beginning January 1, 2019, OP&F replaced its retiree health care model and current self-insured health care plan with a stipend-based health care model. As a result of the change in OPEB models, OP&F reported a significant decrease in OPEB expense. The City reports its proportionate share of OP&F OPEB expense. As a result, the City's OPEB expense for OP&F for 2019 was (\$5.4) million, a decrease of approximately \$6.0 million from the City's 2018 OPEB expense. This decrease was partially offset by an increase in wages and benefits expense related to police operations.

Transportation expenses totaled \$2,506,927 and were funded by operating grants and contributions of \$872,082 and capital grants and contributions of \$147,891. Capital grants and contributions decreased due to a decrease in OPWC grant funding related to the South Roosevelt and Asbourne improvement project as well as the South Roosevelt and Stanwood improvement project. Transportation expenses increased 7.80% due primarily to an increase in street maintenance and repair expenses.

Leisure time activity expenses totaled \$3,450,564 and were partially funded by \$2,212,899 in direct charges to consumers of City services and \$44,002 in operating grants and contributions. Leisure time activity expenses increased 15.19% from the prior year primarily related recreation and swimming pool operations.

The state and federal government contributed to the City a total of \$916,084 in operating grants and contributions and \$147,891 in capital grants and contributions. These revenues are restricted to a particular program or purpose. Of these totals, \$1,019,973 subsidized transportation programs.

General revenues totaled \$17,586,246 and amounted to 82.76% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$15,606,452, as well as grants and entitlements not restricted to specific programs, including local government, making up \$708,421.

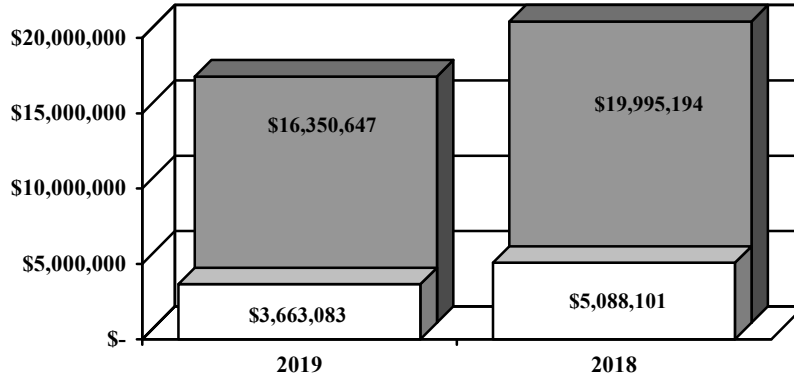
In November 2018, voters approved a 3.5 mill replacement levy restricted for road repairs and improvements. The City began collecting on this levy in 2019 resulting in an increase in property tax revenue.

CITY OF BEXLEY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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 2019 compared to 2018.

Governmental Activities

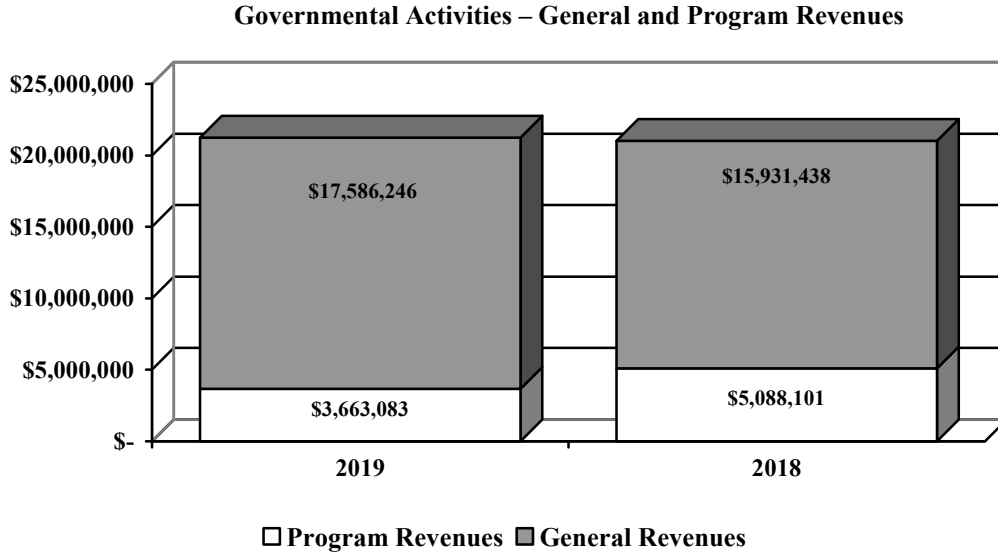
	2019		2018	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Program Expenses:				
General government	\$ 5,251,276	\$ 4,939,495	\$ 4,612,075	\$ 4,205,406
Security of persons and property	4,346,691	4,272,263	9,344,505	9,270,279
Public health and welfare	121,646	121,646	115,594	115,594
Transportation	2,506,927	1,486,954	2,325,622	(93,815)
Community environment	-	-	821	821
Leisure time activities	3,450,564	1,193,663	2,995,587	810,937
Interest and fiscal charges	524,983	524,983	585,025	585,025
Other	148,560	148,560	15,965	12,846
Total Expenses	\$ 16,350,647	\$ 12,687,564	\$ 19,995,194	\$ 14,907,093

The dependence upon general revenues for governmental activities is apparent, as 77.60% 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, 2019**

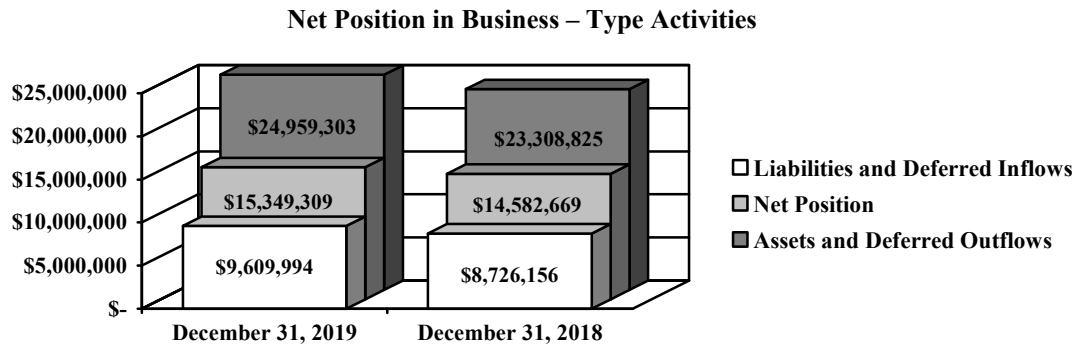
The chart below illustrates the City’s program revenues versus general revenues for 2019 and 2018.



Business-type Activities

Business-type activities include the water, sewer and refuse enterprise funds. These programs had program revenues of \$6,961,658, general revenues of \$4,489, and expenses of \$6,199,507 for 2019.

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



Overall, expenses of the business-type activities decreased 0.65% due to a decrease in water related contract services. Charges for services revenue increased 3.33% from the prior year due to increased charges for services related to water operation. Capital grants and contributions decreased 67.43% due to decreased OPWC funding received for the South Roosevelt Avenue and Ashbourne Area Improvements project and the South Roosevelt and Stanwood Improvements project.

CITY OF BEXLEY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Financial Analysis of the City's Funds

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

Governmental Funds

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

The City's governmental funds (as presented on the balance sheet on page 22) reported a combined fund balance of \$10,767,917, which is \$1,631,091 more than last year's restated total of \$9,136,826. The following schedule indicates the fund balances and the total change in fund balances as of December 31, 2019 for all major and nonmajor governmental funds.

	Fund Balance 12/31/19	Restated Fund Balance 12/31/18	Increase
Major funds:			
General	\$ 7,255,569	\$ 5,862,672	\$ 1,392,897
Roads and sidewalks	429,843	308,049	121,794
Nonmajor governmental funds	<u>3,082,505</u>	<u>2,966,105</u>	<u>116,400</u>
Total	<u>\$ 10,767,917</u>	<u>\$ 9,136,826</u>	<u>\$ 1,631,091</u>

CITY OF BEXLEY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

General Fund

The City's general fund balance increased \$1,393,695 during 2019. The table that follows assists in illustrating the revenues of the general fund.

	2019 <u>Amount</u>	2018 <u>Amount</u>	Increase/ (Decrease)	Percentage Change
Revenues				
Municipal income taxes	\$ 12,961,574	\$ 11,865,776	\$ 1,095,798	9.23 %
Property and other local taxes	653,308	949,638	(296,330)	(31.20) %
Intergovernmental	797,173	720,005	77,168	10.72 %
Charges for services	2,002,657	1,896,691	105,966	5.59 %
Licenses and permits	301,702	369,747	(68,045)	(18.40) %
Fines and forfeitures	66,524	71,653	(5,129)	(7.16) %
Investment income	303,674	195,588	108,086	55.26 %
Net increase (decrease) in FMV of investments	214,027	(82,672)	296,699	(358.89) %
Rental income	210,242	242,521	(32,279)	(13.31) %
Contributions and donations	32,682	35,057	(2,375)	(6.77) %
Miscellaneous	20,320	295,452	(275,132)	(93.12) %
Total	<u>\$ 17,563,883</u>	<u>\$ 16,559,456</u>	<u>\$ 1,004,427</u>	6.07 %

Revenue of the general fund increased \$1,004,427 or 6.07%. Tax revenue (income tax, property taxes, and other local taxes) represents 77.52% of all general fund revenue. Income tax revenue increased \$1,095,798 from the prior year due to increased collections by the City. Investment income increased 55.26% from investment income in 2018, due to earnings on the City's bank and investment accounts. The City received \$210,242 in rental revenue from the CIC in 2019, contributing to a decrease in rental income of 13.31%. Charges for services revenue increased 5.59% from 2018 due to increased fees collected from the Jeffery Mansion programs. Licenses and permits revenue decreased 18.40% from 2018 as fewer building permits were issued during the year. Intergovernmental revenue increased 10.72% due to increased grant funding.

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

	2019 <u>Amount</u>	2018 <u>Amount</u>	Increase/ (Decrease)	Percentage Change
Expenditures				
General government	\$ 3,948,350	\$ 4,036,694	\$ (88,344)	(2.19) %
Security of persons and property	7,732,114	7,242,707	489,407	6.76 %
Public health and welfare	121,646	115,594	6,052	5.24 %
Leisure time activities	2,469,727	2,384,034	85,693	3.59 %
Other	148,560	15,965	132,595	830.54 %
Capital outlay	148,664	353,758	(205,094)	(57.98) %
Total	<u>\$ 14,569,061</u>	<u>\$ 14,148,752</u>	<u>\$ 420,309</u>	2.97 %

CITY OF BEXLEY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2019

General fund expenditures increased \$420,309 or 2.97%. General government expenditures decreased due to decreased spending by the City garage department. Security of persons and property expenditures increased due to increased costs related to police operations primarily in the area of wages and benefit expenditures. Public health and welfare expenditures increased due to increased contracted services from the Franklin County Health Department. Leisure time activities expenditures increased as additional costs were incurred related to recreation programs. Capital outlay expenditures decreased due to a decrease in recreational program capital outlays. Other expenditures increased due to increased costs associated with the City's health insurance program.

Roads and Sidewalks Fund

The roads and sidewalks fund had \$2,034,687 in revenues and \$1,912,893 in expenditures and other financing uses during 2019. The balance of the roads and sidewalks fund increased \$121,794 during 2019 from a balance of \$308,049 to a balance of \$429,843.

In November 2018, voters approved a 3.5 mill replacement levy restricted for road repairs and improvements. The City began collecting on this levy in 2019 resulting in an increase in property tax revenue in the roads and sidewalks fund. The roads and sidewalks fund also saw an increase in capital outlay expenditures as the road improvement and repairs were performed.

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 of \$15,035,681 were \$581,410 higher than final budgeted revenues of \$14,454,271 while actual expenditures and other financing uses of \$14,420,062 were \$834,163 less than final budgeted expenditures and other financing uses of \$15,254,225. Budgeted revenues were increased by \$8,180 from the original budget to the final budget, while budgeted expenditures and other financing uses were increased by \$456,008.

Proprietary Funds

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

Capital Assets and Debt Administration

Capital Assets

At the end of 2019, the City had \$59,942,330 (net of accumulated depreciation) invested in land, construction in progress, land improvements, buildings and improvements, equipment, vehicles, and infrastructure. Of this total, \$43,812,957 was reported in the governmental activities and \$16,129,373 was reported in business-type activities.

CITY OF BEXLEY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

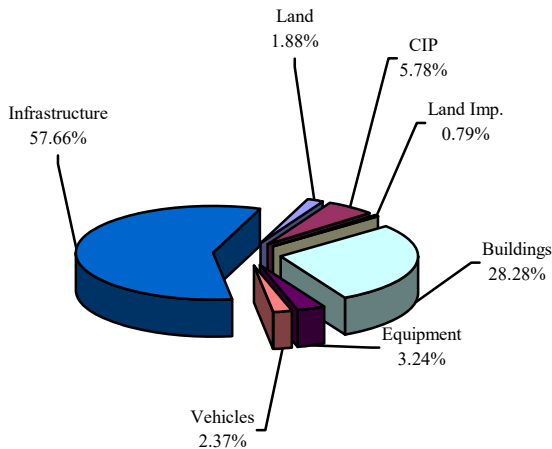
The following table shows December 31, 2019 balances compared to December 31, 2018:

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

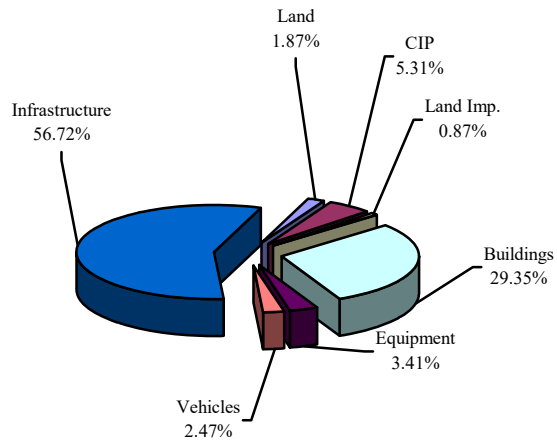
	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 823,893	\$ 823,893	\$ -	\$ -	\$ 823,893	\$ 823,893
Construction in Progress	2,530,757	2,334,422	4,482,334	3,386,280	7,013,091	5,720,702
Land improvements	344,446	382,574	-	-	344,446	382,574
Buildings and improvements	12,391,671	12,905,299	357,125	379,875	12,748,796	13,285,174
Equipment	1,420,372	1,500,614	96,973	117,536	1,517,345	1,618,150
Vehicles	1,038,541	1,085,304	194,314	235,919	1,232,855	1,321,223
Infrastructure	25,263,277	24,939,163	10,998,627	11,309,152	36,261,904	36,248,315
Totals	\$ 43,812,957	\$ 43,971,269	\$ 16,129,373	\$ 15,428,762	\$ 59,942,330	\$ 59,400,031

The following graphs show the breakdown of governmental capital assets by category for 2019 and 2018.

**Capital Assets - Governmental Activities
December 31, 2019**



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

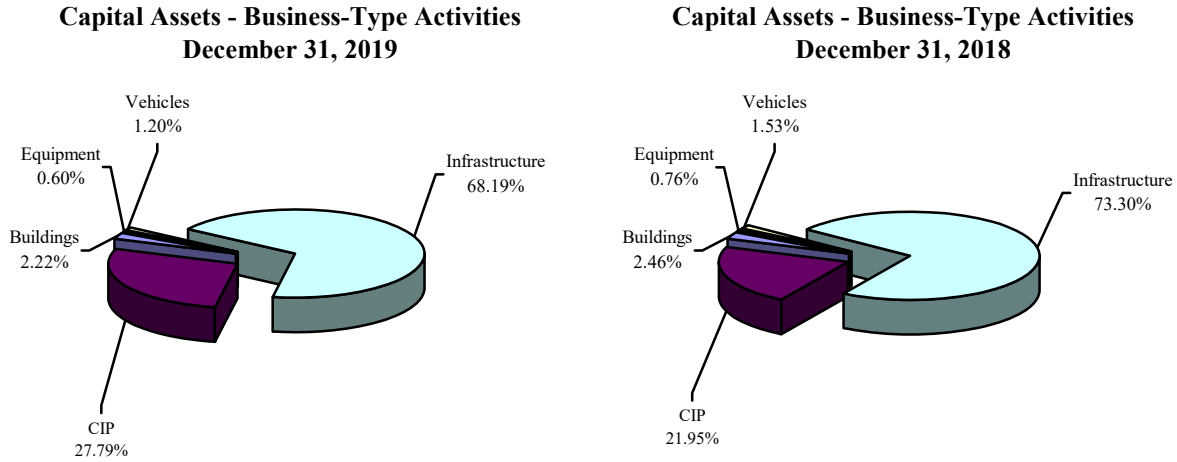


Infrastructure primarily includes roads. These items are immovable and of value only to the City; however, the annual cost of purchasing these items is quite significant. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 57.66% of the City's total governmental capital assets.

CITY OF BEXLEY, OHIO

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

The following graphs show the breakdown of business-type capital assets by category for 2019 and 2018.



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 68.19% 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 2019, the City issued \$322,959 in OPWC loans in the governmental activities and \$1,096,054 in the business-type activities.

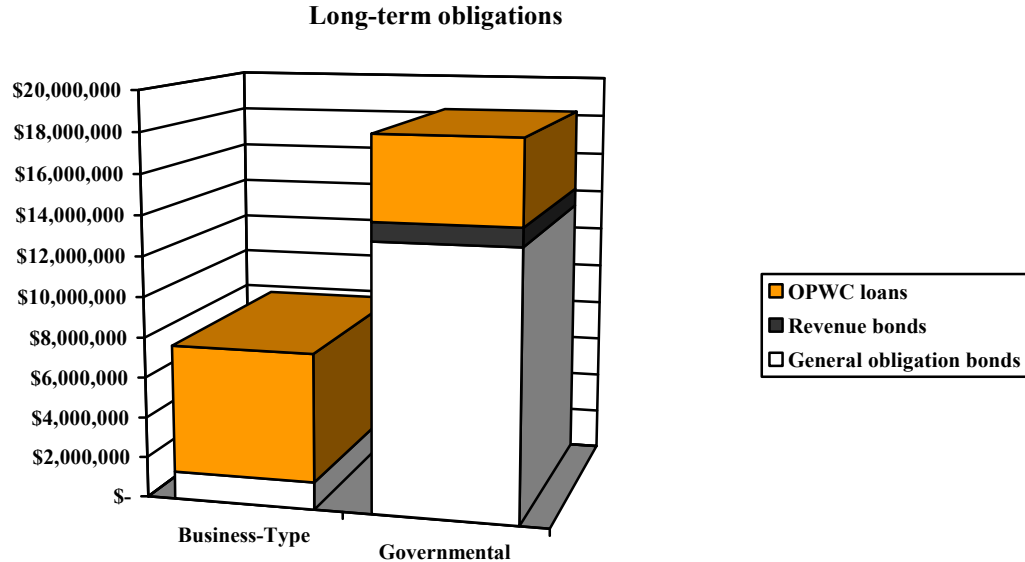
The City had the following long-term obligations outstanding at December 31, 2019 and 2018.

	Governmental Activities		Business-type Activities	
	2019	2018	2019	2018
General obligation bonds	\$ 13,185,891	\$ 14,389,851	\$ 1,359,550	\$ 1,467,450
Revenue bonds	910,000	955,000	-	-
OPWC loans	4,099,256	3,896,144	6,311,110	5,290,363
Total long-term obligations	\$ 18,195,147	\$ 19,240,995	\$ 7,670,660	\$ 6,757,813

CITY OF BEXLEY, OHIO

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019**

A comparison of the long-term obligations by category as of December 31, 2019 is depicted in the chart below.



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

Economic Factors and Next Year’s Budget

Inflationary trends in the region compare favorably to national indices. These factors were considered in preparing the City’s budget for the 2020 year. For 2020 in the general fund, the City anticipates receipts of \$16,089,189 and disbursements of \$16,073,070. The City had unassigned fund balance in the general fund, on the modified accrual basis of accounting, amounting to \$5,845,566 at December 31, 2019.

Contacting the City’s Financial Management

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

CITY OF BEXLEY, OHIO

STATEMENT OF NET POSITION
DECEMBER 31, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets:				
Equity in pooled cash and investments	\$ 9,272,768	\$ 7,033,351	\$ 16,306,119	\$ 444,017
Cash with fiscal agent	45,829	-	45,829	-
Cash in segregated accounts	81,162	-	81,162	-
Receivables:				
Municipal income taxes	3,923,422	-	3,923,422	-
Property taxes	2,979,692	-	2,979,692	-
Other local taxes	42,907	-	42,907	-
Revenue in lieu of taxes	388,924	-	388,924	-
Accounts	-	1,277,050	1,277,050	46,844
Special assessments	7,200	-	7,200	-
Accrued interest	57,798	-	57,798	-
Due from other governments	869,801	-	869,801	20,000
Notes	-	59,172	59,172	-
Materials and supplies inventory	38,954	10,090	49,044	-
Other assets	-	-	-	5,095
Net pension asset (see Note 12)	935	108	1,043	-
Inventory held for future distribution	-	-	-	307,231
Capital assets:				
Land and construction in progress	3,354,650	4,482,334	7,836,984	1,608,801
Depreciable capital assets, net	40,458,307	11,647,039	52,105,346	942,349
Total capital assets, net	43,812,957	16,129,373	59,942,330	2,551,150
Total assets	61,522,349	24,509,144	86,031,493	3,374,337
Deferred outflows of resources:				
Unamortized deferred charges on debt refunding	437,234	97,395	534,629	-
Pension (see Note 12)	5,474,358	295,512	5,769,870	-
OPEB (see Note 13)	1,329,527	57,252	1,386,779	-
Total deferred outflows of resources	7,241,119	450,159	7,691,278	-
Liabilities:				
Accounts payable	220,945	107,882	328,827	7,478
Contracts payable	111,548	1,371	112,919	-
Accrued wages and benefits payable	390,594	22,790	413,384	-
Vacation balances payable	335,437	23,471	358,908	-
Due to other governments	113,456	462,421	575,877	71,812
Accrued interest payable	46,676	4,364	51,040	-
Deposits held and due to others	74,054	-	74,054	-
Long-term liabilities:				
Due within one year	1,344,849	187,684	1,532,533	159,073
Due in more than one year:				
Net pension liability (see Note 12)	17,284,064	851,133	18,135,197	-
Net OPEB liability (see Note 13)	4,607,210	401,436	5,008,646	-
Other amounts due in more than one year	17,254,010	7,502,599	24,756,609	-
Total liabilities	41,782,843	9,565,151	51,347,994	238,363
Deferred inflows of resources:				
Property taxes levied for next fiscal year	2,910,456	-	2,910,456	-
Revenue in lieu of taxes levied for next fiscal year	388,924	-	388,924	-
Pension (see Note 12)	353,972	30,874	384,846	-
OPEB (see Note 13)	492,076	13,969	506,045	-
Total deferred inflows of resources	4,145,428	44,843	4,190,271	-
Net position:				
Net investment in capital assets	25,943,496	8,554,737	34,498,233	2,392,077
Restricted for:				
Capital projects	288,902	-	288,902	-
Transportation projects	627,292	-	627,292	-
Police programs	28,189	-	28,189	-
Main Street public improvements	261,466	-	261,466	-
Other purposes	17,577	-	17,577	215,022
Unrestricted (deficit)	(4,331,725)	6,794,572	2,462,847	528,875
Total net position	\$ 22,835,197	\$ 15,349,309	\$ 38,184,506	\$ 3,135,974

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY, OHIO

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 5,251,276	\$ 311,781	\$ -	\$ -
Security of persons and property	4,346,691	74,428	-	-
Public health and welfare	121,646	-	-	-
Transportation	2,506,927	-	872,082	147,891
Leisure time activity	3,450,564	2,212,899	44,002	-
Other	148,560	-	-	-
Interest and fiscal charges	524,983	-	-	-
Total governmental activities	16,350,647	2,599,108	916,084	147,891
Business-type activities:				
Water	2,512,261	2,795,262	-	150,533
Sewer	2,482,372	2,685,358	-	14,745
Refuse	1,204,874	1,315,760	-	-
Total business-type activities	6,199,507	6,796,380	-	165,278
Total primary government	\$ 22,550,154	\$ 9,395,488	\$ 916,084	\$ 313,169
Component unit:				
Bexley Community Improvement Corporation	\$ 416,281	\$ 466,326	\$ 130,000	\$ -

General revenues:

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

Total general revenues

Change in net position

Net position at beginning of year (restated)

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Unit
\$ (4,939,495)	\$ -	\$ (4,939,495)	\$ -
(4,272,263)	-	(4,272,263)	-
(121,646)	-	(121,646)	-
(1,486,954)	-	(1,486,954)	-
(1,193,663)	-	(1,193,663)	-
(148,560)	-	(148,560)	-
(524,983)	-	(524,983)	-
<u>(12,687,564)</u>	<u>-</u>	<u>(12,687,564)</u>	<u>-</u>
-	433,534	433,534	-
-	217,731	217,731	-
-	110,886	110,886	-
<u>-</u>	<u>762,151</u>	<u>762,151</u>	<u>-</u>
<u>(12,687,564)</u>	<u>762,151</u>	<u>(11,925,413)</u>	<u>-</u>
-	-	-	180,045
496,941	-	496,941	-
1,987,701	-	1,987,701	-
469,002	-	469,002	-
12,652,808	-	12,652,808	-
511,654	-	511,654	-
182,631	-	182,631	-
708,421	-	708,421	-
306,262	-	306,262	-
214,027	-	214,027	-
56,799	4,489	61,288	-
<u>17,586,246</u>	<u>4,489</u>	<u>17,590,735</u>	<u>-</u>
4,898,682	766,640	5,665,322	180,045
<u>17,936,515</u>	<u>14,582,669</u>	<u>32,519,184</u>	<u>2,955,929</u>
<u>\$ 22,835,197</u>	<u>\$ 15,349,309</u>	<u>\$ 38,184,506</u>	<u>\$ 3,135,974</u>

CITY OF BEXLEY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2019

	<u>General</u>	<u>Roads and Sidewalks</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and investments	\$ 5,725,757	\$ 539,893	\$ 3,007,118	\$ 9,272,768
Cash with fiscal agent	-	-	45,829	45,829
Cash in segregated accounts	80,624	-	538	81,162
Receivables:				
Municipal income taxes	3,923,422	-	-	3,923,422
Property taxes	503,614	1,997,644	478,434	2,979,692
Other local taxes	42,907	-	-	42,907
Revenue in lieu of taxes	-	-	388,924	388,924
Special assessments	-	-	7,200	7,200
Accrued interest	57,798	-	-	57,798
Due from other governments	403,094	8,918	457,789	869,801
Materials and supplies inventory	6,454	-	32,500	38,954
Total assets	<u>\$ 10,743,670</u>	<u>\$ 2,546,455</u>	<u>\$ 4,418,332</u>	<u>\$ 17,708,457</u>
Liabilities:				
Accounts payable	\$ 171,861	\$ -	\$ 49,084	\$ 220,945
Contracts payable	1,498	110,050	-	111,548
Accrued wages and benefits payable	371,833	-	18,761	390,594
Due to other governments	54,863	-	58,593	113,456
Deposits held and due to others	74,054	-	-	74,054
Total liabilities	<u>674,109</u>	<u>110,050</u>	<u>126,438</u>	<u>910,597</u>
Deferred inflows of resources:				
Property taxes levied for next fiscal year	491,912	1,951,227	467,317	2,910,456
Revenue in lieu of taxes levied for next fiscal year	-	-	388,924	388,924
Delinquent property tax revenue not available	11,702	46,417	11,117	69,236
Income tax revenue not available	1,949,610	-	-	1,949,610
Intergovernmental revenue not available	315,949	8,918	334,831	659,698
Accrued interest not available	20,520	-	-	20,520
Special assessments revenue not available	-	-	7,200	7,200
Miscellaneous revenue not available	24,299	-	-	24,299
Total deferred inflows of resources	<u>2,813,992</u>	<u>2,006,562</u>	<u>1,209,389</u>	<u>6,029,943</u>
Total liabilities and deferred inflows of resources.	<u>3,488,101</u>	<u>2,116,612</u>	<u>1,335,827</u>	<u>6,940,540</u>
Fund balances:				
Nonspendable	17,945	-	32,500	50,445
Restricted	-	429,843	1,156,524	1,586,367
Committed	-	-	25,584	25,584
Assigned	1,392,856	-	1,867,897	3,260,753
Unassigned	5,844,768	-	-	5,844,768
Total fund balances	<u>7,255,569</u>	<u>429,843</u>	<u>3,082,505</u>	<u>10,767,917</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 10,743,670</u>	<u>\$ 2,546,455</u>	<u>\$ 4,418,332</u>	<u>\$ 17,708,457</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2019

Total governmental fund balances	\$	10,767,917
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		43,812,957
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows of resources in the funds.		
Municipal income taxes receivable	\$ 1,949,610	
Delinquent property taxes receivable	69,236	
Other local taxes	24,299	
Intergovernmental receivable	659,698	
Special assessments receivable	7,200	
Accrued interest receivable	20,520	
Total		2,730,563
Accrued interest is not due and payable in the current period and therefore is not reported in the governmental funds.		(46,676)
Unamortized deferred amounts on refundings are not recognized in the governmental funds.		437,234
Unamortized premiums on bond issuances are not recognized in the funds.		(665,441)
The net pension asset is not available to pay for current period expenditures; therefore, the asset is not reported in the governmental funds.		935
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/ outflows are not reported in the governmental funds:		
Deferred outflows of resources - pension	5,474,358	
Deferred inflows of resources - pension	(353,972)	
Net pension liability	(17,284,064)	
Total		(12,163,678)
The net OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/ outflows are not reported in the governmental funds:		
Deferred outflows of resources	1,329,527	
Deferred inflows of resources	(492,076)	
Net OPEB liability	(4,607,210)	
Total		(3,769,759)
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	(403,712)	
Vacation balances payable	(335,437)	
General obligation bonds payable	(12,520,450)	
Revenue bonds payable	(910,000)	
OPWC loans payable	(4,099,256)	
Total		(18,268,855)
Net position of governmental activities	\$	22,835,197

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>General</u>	<u>Roads and Sidewalks</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Municipal income taxes	\$ 12,961,574	\$ -	\$ -	\$ 12,961,574
Property taxes	494,976	1,979,863	467,135	2,941,974
Other local taxes	158,332	-	196,391	354,723
Intergovernmental	797,173	18,643	961,628	1,777,444
Charges for services	2,002,657	-	557	2,003,214
Licenses and permits	301,702	-	3,085	304,787
Fines and forfeitures	66,524	-	6,656	73,180
Special assessments	-	-	49,067	49,067
Revenue in lieu of taxes	-	-	315,263	315,263
Investment income	303,674	-	5,771	309,445
Net increase in fair value of investments	214,027	-	-	214,027
Rental income	210,242	-	-	210,242
Contributions and donations	32,682	-	10,800	43,482
Other	20,320	36,181	818	57,319
Total revenues	<u>17,563,883</u>	<u>2,034,687</u>	<u>2,017,171</u>	<u>21,615,741</u>
Expenditures:				
Current:				
General government	3,948,350	-	38,031	3,986,381
Security of persons and property	7,732,114	-	665,372	8,397,486
Public health and welfare	121,646	-	-	121,646
Transportation	-	26,934	787,561	814,495
Leisure time activity	2,469,727	-	11,075	2,480,802
Other	148,560	-	-	148,560
Capital outlay	148,664	1,320,033	1,041,256	2,509,953
Debt service:				
Principal retirement	-	-	1,296,947	1,296,947
Interest and fiscal charges	-	-	551,339	551,339
Total expenditures	<u>14,569,061</u>	<u>1,346,967</u>	<u>4,391,581</u>	<u>20,307,609</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,994,822</u>	<u>687,720</u>	<u>(2,374,410)</u>	<u>1,308,132</u>
Other financing sources (uses):				
Loan issuance	-	-	322,959	322,959
Transfers in	-	-	2,417,576	2,417,576
Transfers (out)	<u>(1,601,925)</u>	<u>(565,926)</u>	<u>(249,725)</u>	<u>(2,417,576)</u>
Total other financing sources (uses)	<u>(1,601,925)</u>	<u>(565,926)</u>	<u>2,490,810</u>	<u>322,959</u>
Net change in fund balances	1,392,897	121,794	116,400	1,631,091
Fund balances at beginning of year (restated) . .	<u>5,862,672</u>	<u>308,049</u>	<u>2,966,105</u>	<u>9,136,826</u>
Fund balances at end of year	<u>\$ 7,255,569</u>	<u>\$ 429,843</u>	<u>\$ 3,082,505</u>	<u>\$ 10,767,917</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019

Net change in fund balances - total governmental funds		\$	1,631,091
<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	\$	2,199,220	
Current year depreciation		<u>(2,357,532)</u>	
Total			(158,312)
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		(308,766)	
Delinquent property taxes		11,670	
Intergovernmental revenues		(54,821)	
Special assessments		(41,382)	
Investment income		2,588	
Other local taxes		<u>24,299</u>	
Total			(366,412)
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.			
			(322,959)
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		1,177,100	
OPWC loans		<u>119,847</u>	
Total			1,296,947
In the statement of activities, interest is accrued on outstanding bonds, whereas in the funds, an interest expenditure is reported when due. The following items resulted in more interest being reported on the statement of activities:			
Decrease in accrued interest payable		3,078	
Amortization of deferred amounts on refunding		(48,582)	
Amortization of bond premiums		<u>71,860</u>	
Total			26,356
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		1,220,490	
OPEB		<u>25,940</u>	
Total			1,246,430
Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB liability are reported as pension/OPEB expense in the statement of activities.			
Pension		(3,303,426)	
OPEB		<u>4,929,926</u>	
Total			1,626,500
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		(44,359)	
Increase in compensated absences payable		<u>(36,600)</u>	
Total			(80,959)
Change in net position of governmental activities		<u>\$</u>	<u>4,898,682</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 GENERAL FUND
 FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Municipal income taxes	\$ 12,210,273	\$ 12,217,186	\$ 12,708,612	\$ 491,426
Property taxes	475,567	475,836	494,976	19,140
Other local taxes	177,292	177,393	184,528	7,135
Licenses and permits	289,871	290,036	301,702	11,666
Fines and forfeitures	65,653	65,690	68,332	2,642
Intergovernmental	754,502	754,930	785,296	30,366
Investment income	305,180	305,352	317,635	12,283
Rental income	153,726	153,813	160,000	6,187
Other	14,027	14,035	14,600	565
Total revenues	<u>14,446,091</u>	<u>14,454,271</u>	<u>15,035,681</u>	<u>581,410</u>
Expenditures:				
Current:				
General government	3,006,669	4,260,761	3,976,500	284,261
Security of persons and property	8,269,539	7,727,673	7,270,301	457,372
Public health and welfare	121,645	121,645	121,645	-
Leisure time activity	1,869,661	576,054	483,524	92,530
Total expenditures	<u>13,267,514</u>	<u>12,686,133</u>	<u>11,851,970</u>	<u>834,163</u>
Excess of revenues over expenditures	<u>1,178,577</u>	<u>1,768,138</u>	<u>3,183,711</u>	<u>1,415,573</u>
Other financing uses:				
Transfers out	<u>(1,530,703)</u>	<u>(2,568,890)</u>	<u>(2,568,890)</u>	<u>-</u>
Total other financing uses	<u>(1,530,703)</u>	<u>(2,568,890)</u>	<u>(2,568,890)</u>	<u>-</u>
Net change in fund balances	(352,126)	(800,752)	614,821	1,415,573
Fund balance at beginning of year	1,693,350	1,693,350	1,693,350	-
Prior year encumbrances appropriated . . .	<u>304,797</u>	<u>304,797</u>	<u>304,797</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,646,021</u>	<u>\$ 1,197,395</u>	<u>\$ 2,612,968</u>	<u>\$ 1,415,573</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
 ROADS AND SIDEWALKS
 FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 1,959,897	\$ 1,959,897	\$ 1,979,863	\$ 19,966
Intergovernmental	45,391	45,391	18,643	(26,748)
Other	88,112	88,112	36,181	(51,931)
Total revenues	<u>2,093,400</u>	<u>2,093,400</u>	<u>2,034,687</u>	<u>(58,713)</u>
Expenditures:				
Current:				
Transportation	27,047	27,000	26,934	66
Capital outlay	1,452,919	1,452,966	1,446,865	6,101
Total expenditures	<u>1,479,966</u>	<u>1,479,966</u>	<u>1,473,799</u>	<u>6,167</u>
Excess of revenues over expenditures	<u>613,434</u>	<u>613,434</u>	<u>560,888</u>	<u>(52,546)</u>
Other financing uses:				
Transfers out	(565,926)	(565,926)	(565,926)	-
Total other financing uses	<u>(565,926)</u>	<u>(565,926)</u>	<u>(565,926)</u>	<u>-</u>
Net change in fund balances	47,508	47,508	(5,038)	(52,546)
Fund balance at beginning of year	68,566	68,566	68,566	-
Prior year encumbrances appropriated . . .	244,566	244,566	244,566	-
Fund balance at end of year	<u>\$ 360,640</u>	<u>\$ 360,640</u>	<u>\$ 308,094</u>	<u>\$ (52,546)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY, OHIO

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 DECEMBER 31, 2019

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Refuse	Total
Assets:				
Current assets:				
Equity in pooled cash and investments	\$ 1,542,483	\$ 3,967,986	\$ 1,522,882	\$ 7,033,351
Receivables:				
Accounts	634,382	642,668	-	1,277,050
Notes	59,172	-	-	59,172
Materials and supplies inventory	1,270	1,270	7,550	10,090
Net pension asset (see Note 12)	57	45	6	108
Total current assets	<u>2,237,364</u>	<u>4,611,969</u>	<u>1,530,438</u>	<u>8,379,771</u>
Noncurrent assets:				
Capital assets:				
Land and construction in progress	4,056,050	426,284	-	4,482,334
Depreciable capital assets, net	7,804,615	3,735,803	106,621	11,647,039
Total noncurrent assets	<u>11,860,665</u>	<u>4,162,087</u>	<u>106,621</u>	<u>16,129,373</u>
Total assets	<u>14,098,029</u>	<u>8,774,056</u>	<u>1,637,059</u>	<u>24,509,144</u>
Deferred outflows of resources:				
Unamortized deferred charges on debt refunding	15,105	82,290	-	97,395
Pension (see Note 12)	146,568	134,005	14,939	295,512
OPEB (see Note 13)	23,875	31,067	2,310	57,252
Total deferred outflows of resources	<u>185,548</u>	<u>247,362</u>	<u>17,249</u>	<u>450,159</u>
Liabilities:				
Current liabilities:				
Accounts payable	24,895	3,869	79,118	107,882
Contracts payable	1,371	-	-	1,371
Accrued wages and benefits payable	13,612	7,702	1,476	22,790
Due to other governments	2,666	459,487	268	462,421
Accrued interest payable	2,498	1,866	-	4,364
Vacation balances payable	18,502	4,969	-	23,471
Compensated absences payable - current	536	38	-	574
General obligation bonds payable - current	61,200	50,600	-	111,800
OPWC loans payable - current	60,657	14,653	-	75,310
Total current liabilities	<u>185,937</u>	<u>543,184</u>	<u>80,862</u>	<u>809,983</u>
Long-term liabilities:				
Compensated absences payable	17,784	1,265	-	19,049
General obligation bonds payable	738,550	509,200	-	1,247,750
OPWC loans payable	5,699,727	536,073	-	6,235,800
Net pension liability (see Note 12)	449,822	356,865	44,446	851,133
Net OPEB liability (see Note 13)	212,158	168,315	20,963	401,436
Total long-term liabilities	<u>7,118,041</u>	<u>1,571,718</u>	<u>65,409</u>	<u>8,755,168</u>
Total liabilities	<u>7,303,978</u>	<u>2,114,902</u>	<u>146,271</u>	<u>9,565,151</u>
Deferred inflows of resources:				
Pension (see Note 12)	14,666	4,926	11,282	30,874
OPEB (see Note 13)	6,128	457	7,384	13,969
Total deferred inflows of resources	<u>20,794</u>	<u>5,383</u>	<u>18,666</u>	<u>44,843</u>
Net position:				
Net investment in capital assets	5,314,265	3,133,851	106,621	8,554,737
Unrestricted	1,644,540	3,767,282	1,382,750	6,794,572
Total net position	<u>\$ 6,958,805</u>	<u>\$ 6,901,133</u>	<u>\$ 1,489,371</u>	<u>\$ 15,349,309</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Refuse	Total
Operating revenues:				
Charges for services	\$ 2,795,262	\$ 2,685,358	\$ 1,315,760	\$ 6,796,380
Other	3,832	-	657	4,489
Total operating revenues	<u>2,799,094</u>	<u>2,685,358</u>	<u>1,316,417</u>	<u>6,800,869</u>
Operating expenses:				
Personal services	438,503	353,177	60,549	852,229
Contract services	1,723,631	1,886,296	957,875	4,567,802
Materials and supplies	86,563	26,368	99,080	212,011
Depreciation	221,821	153,995	19,627	395,443
Other	10,128	45,559	67,743	123,430
Total operating expenses	<u>2,480,646</u>	<u>2,465,395</u>	<u>1,204,874</u>	<u>6,150,915</u>
Operating income	318,448	219,963	111,543	649,954
Non-operating expenses:				
Interest and fiscal charges	(31,615)	(16,977)	-	(48,592)
Income before contributions	286,833	202,986	111,543	601,362
Capital contributions	150,533	14,745	-	165,278
Change in net position	437,366	217,731	111,543	766,640
Net position at beginning of year	<u>6,521,439</u>	<u>6,683,402</u>	<u>1,377,828</u>	<u>14,582,669</u>
Net position at end of year	<u>\$ 6,958,805</u>	<u>\$ 6,901,133</u>	<u>\$ 1,489,371</u>	<u>\$ 15,349,309</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY, OHIO

STATEMENT OF CASH FLOWS
 PROPRIETARY FUNDS
 FOR THE YEAR ENDED DECEMBER 31, 2019

	Business-type Activities - Enterprise Funds			
	Water	Sewer	Refuse	Total
Cash flows from operating activities:				
Cash received from customers	\$ 2,736,494	\$ 2,688,686	\$ 1,315,760	\$ 6,740,940
Cash received from other operations	3,832	-	657	4,489
Cash payments for personal services	(346,844)	(253,636)	(62,097)	(662,577)
Cash payments for contractual services	(2,128,429)	(1,871,145)	(971,457)	(4,971,031)
Cash payments for materials and supplies	(68,064)	(24,372)	(90,012)	(182,448)
Cash payments for other expenses	(10,128)	(45,579)	(74,820)	(130,527)
Net cash provided by operating activities	<u>186,861</u>	<u>493,954</u>	<u>118,031</u>	<u>798,846</u>
Cash flows from capital and related financing activities:				
Acquisition of capital assets	(1,034,801)	(62,628)	-	(1,097,429)
Capital contributions	150,533	14,745	-	165,278
OPWC loan proceeds	1,033,426	62,628	-	1,096,054
Principal retirement on bonds	(59,300)	(48,600)	-	(107,900)
Principal retirement on OPWC loans	(60,657)	(8,014)	-	(68,671)
Interest and fiscal charges	(27,131)	(14,650)	-	(41,781)
Net cash provided by (used in) capital and related financing activities	<u>2,070</u>	<u>(56,519)</u>	<u>-</u>	<u>(54,449)</u>
Net increase in cash and cash equivalents	188,931	437,435	118,031	744,397
Cash and cash equivalents at beginning of year	1,353,552	3,530,551	1,404,851	6,288,954
Cash and cash equivalents at end of year	<u>\$ 1,542,483</u>	<u>\$ 3,967,986</u>	<u>\$ 1,522,882</u>	<u>\$ 7,033,351</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	\$ 318,448	\$ 219,963	\$ 111,543	\$ 649,954
Adjustments:				
Depreciation	221,821	153,995	19,627	395,443
Changes in assets and liabilities:				
(Increase) decrease in accounts receivable	(58,768)	3,328	-	(55,440)
(Increase) in materials and supplies inventory	(30)	(30)	(180)	(240)
(Increase) in deferred outflows of resources - pension	(84,805)	(60,659)	(2,074)	(147,538)
(Increase) in deferred outflows of resources - OPEB	(11,008)	(4,048)	(1,033)	(16,089)
Decrease in net pension asset	30	22	3	55
Increase (decrease) in accounts payable	957	2,261	(11,411)	(8,193)
Increase in accrued wages and benefits payable	7,595	1,889	795	10,279
(Decrease) in deferred inflows of resources - pension	(63,160)	(41,586)	(16,262)	(121,008)
(Decrease) in deferred inflows of resources - OPEB	(16,945)	(9,058)	(7,888)	(33,891)
Increase in net pension liability	207,511	171,475	20,399	399,385
Increase in net OPEB liability	45,214	40,588	4,396	90,198
Increase (decrease) in due to other governments	(385,843)	15,443	116	(370,284)
Increase (decrease) in compensated absences payable	2,935	(2,023)	-	912
Increase in vacation balances payable	2,909	2,394	-	5,303
Net cash provided by operating activities	<u>\$ 186,861</u>	<u>\$ 493,954</u>	<u>\$ 118,031</u>	<u>\$ 798,846</u>

Noncash Transactions:

At December 31, 2019 and 2018, the Water fund had purchased \$1,371 and \$2,746, respectively, in capital assets on account.

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY, OHIO

**STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUND
DECEMBER 31, 2019**

	<u>Custodial</u>
Assets:	
Cash in segregated accounts	<u>\$ 2,585</u>
Net position:	
Restricted for individuals, organizations, and other governments	<u>\$ 2,585</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY, OHIO

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2019

	Custodial
Additions:	
Fines and forfeitures collected for other governments	\$ 11,961
Deductions:	
Fines and forfeitures distributed to other governments	12,673
Net change in fiduciary net position	(712)
Net position beginning of year (restated)	3,297
Net position end of year	\$ 2,585

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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, 2019

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 Mr. Nathan Green, Treasurer, Bexley Community Improvement Corporation, 2242 East Main Street, Bexley, Ohio, 43209.

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

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

JOINTLY GOVERNED ORGANIZATION

Mid-Ohio Regional Planning Commission

The City is a participant in the Mid-Ohio Regional Planning Commission (MORPC), a jointly governed organization. MORPC is composed of 123 representatives appointed by member governments who make up the Commission, the policy-making body of MORPC, and the oversight board. MORPC is a voluntary association of local governments in central and south-central Ohio and a regional planning agency whose membership includes 64 political subdivisions in and around Franklin, Ross, Fayette, Delaware, Pickaway, Madison, Licking, and Fairfield counties, Ohio. The purpose of the organization is to improve the quality of life for member communities by improving housing conditions, to promote and support livability/sustainability measures as a means of addressing regional growth challenges, and to administer and facilitate the availability of regional environmental infrastructure program funding to the full advantage of MORPC's members. Financial statements can be obtained from Mr. Shawn P. Hufstedler, 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.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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

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

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

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

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.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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

The other governmental funds of the City account for (1) financial resources assigned to the repayment of long-term debt principal and interest, and (2) grants and other resources whose use is restricted, committed, or assigned for a particular purpose.

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

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

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

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

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

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and 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.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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

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

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).

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of December 31, 2019, but which were levied to finance 2020 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes, but is not limited to, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

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

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

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.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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

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 Home Loan Bank (FHLB) securities, U.S. Treasury Bills, negotiable certificates of deposit (negotiable CDs), 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 2019, 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 2019, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Interest income is distributed to the funds according to Ohio constitutional and statutory requirements. Interest revenue credited to the general fund during 2019 amounted to \$303,674, which includes \$198,930 assigned from other funds.

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

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.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

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, 2019**

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.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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

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.

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.

CITY OF BEXLEY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

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. 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.

CITY OF BEXLEY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

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

P. Contributions of Capital

Capital contributions on the proprietary fund financial statements arise from contributions from governmental activities, from outside contributions of capital assets, from grants, or from outside contributions of resources restricted to capital acquisition and construction. The City recognized \$150,533 and \$14,745 in capital contributions during 2019 in the water and sewer enterprise funds, respectively.

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 2019.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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

S. Pensions/Other Postemployment Benefits (OPEB)

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

T. 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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2019, the City has implemented GASB Statement No. 83, "*Certain Asset Retirement Obligations*", GASB Statement No. 84, "*Fiduciary Activities*", GASB Statement No. 88, "*Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*" and GASB Statement No. 90, "*Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61*".

GASB Statement No. 83 addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability. The implementation of GASB Statement No. 83 did not have an effect on the financial statements of the City.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the City will no longer be reporting agency funds. The City reviewed its agency funds and certain funds will be reported in the new fiduciary classification of custodial funds, while other funds have been reclassified as part of the City's general fund. These fund reclassifications resulted in the restatement of the City's financial statements (see Note 3.B).

GASB Statement No. 88 improves the information that is disclosed in notes to the basic financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The implementation of GASB Statement No. 88 did not have an effect on the financial statements of the City, however, certain debt disclosures have been modified to conform to GASB Statement No. 88.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the City.

B. Restatement of Fund Balances and Net Position

The implementation of GASB 84 had the following effect on fund balance/net position as previously reported at December 31, 2018:

	General Fund	Total Governmental Funds	Governmental Activities
Fund balance/net position as previously reported	\$ 5,846,872	\$ 9,121,026	\$ 17,920,715
Implementation of GASB Statement No. 84	15,800	15,800	15,800
Restated fund balance/net position at December 31, 2018	\$ 5,862,672	\$ 9,136,826	\$ 17,936,515

Due to the implementation of GASB Statement No. 84, the new classification of custodial funds is reporting a beginning net position of \$3,297. Also, related to the implementation of GASB Statement No. 84, the City will no longer be reporting agency funds. At December 31, 2018, agency funds reported assets and liabilities of \$38,345.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, 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.

CITY OF BEXLEY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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.

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 \$83,747 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 \$45,829 on deposit with the Franklin County Treasurer. The data regarding insurance and collateralization can be obtained from the Franklin County Comprehensive Annual Financial Report for the year ended December 31, 2019. This amount is not included in the City's depository balance below.

C. Deposits with Financial Institutions

At December 31, 2019, the carrying amount of all City deposits was \$1,319,349 and the bank balance of all City deposits was \$1,538,864. Of the bank balance, \$473,032 was covered by the FDIC and \$528,070 was covered by the Ohio Pooled Collateral System (OPCS) and \$537,762 was exposed to custodial credit risk because this amount was uninsured and uncollateralized.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 2019, 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.

D. Investments

As of December 31, 2019, 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	\$ 2,354,512	\$ 749,873	\$ -	\$ -	\$ 306,516	\$ 1,298,123
FHLB	750,135	-	499,980	-	-	250,155
FHLMC	2,210,222	-	1,250,400	-	330,013	629,809
Negotiable CDs	4,705,401	-	-	-	993,452	3,711,949
U.S. Treasury Bills	2,678,069	614,951	1,317,513	745,605	-	-
U.S. Treasury Money Market Mutual Funds	262,178	262,178	-	-	-	-
<i>Amortized Cost:</i>						
STAR Ohio	<u>2,110,000</u>	<u>2,110,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 15,070,517</u>	<u>\$ 3,737,002</u>	<u>\$ 3,067,893</u>	<u>\$ 745,605</u>	<u>\$ 1,629,981</u>	<u>\$ 5,890,036</u>

The weighted average of maturity of investments is 1.79 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), U.S. Treasury Bills, 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).

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 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.

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, 2019:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>% of Total</u>
<i>Fair Value:</i>		
FFCB	\$ 2,354,512	15.62
FHLB	750,135	4.98
FHLMC	2,210,222	14.67
Negotiable CDs	4,705,401	31.22
U.S. Treasury Bills	2,678,069	17.77
U.S. Treasury Money Market Mutual Funds	262,178	1.74
<i>Amortized Cost:</i>		
STAR Ohio	<u>2,110,000</u>	<u>14.00</u>
Total	<u>\$ 15,070,517</u>	<u>100.00</u>

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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, 2019:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 1,319,349
Cash with fiscal agent	45,829
Investments	<u>15,070,517</u>
Total	<u>\$ 16,435,695</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 9,399,759
Business-type activities	7,033,351
Custodial fund	<u>2,585</u>
Total	<u>\$ 16,435,695</u>

NOTE 5 - MUNICIPAL INCOME TAX

The City levies and collects an income tax of two and one-half percent on all income earned within the City as well as on incomes of residents earned outside the City. In the latter case, the City allows a credit of 65 percent of the tax paid to another municipality, not to exceed the amount owed. Employers within the City are required to withhold income tax on employee earnings and remit the tax to the City at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. The City utilizes the Regional Income Tax Agency (RITA) for the collection of income taxes on its behalf. Income tax revenue recognized in the general fund amounted to \$12,961,574 in 2019.

NOTE 6 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended December 31, 2019, consisted of the following, as reported on the fund financial statements.

	<u>Transfers to:</u>
	Nonmajor Governmental Funds
<u>Transfers from:</u>	
General fund	\$ 1,601,925
Roads and sidewalks	565,926
Nonmajor governmental funds	<u>249,725</u>
Total	<u>\$ 2,417,576</u>

CITY OF BEXLEY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 6 - INTERFUND TRANSACTIONS - (Continued)

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. 2019 public utility property taxes became a lien December 31, 2018, are levied after October 1, 2019, and are collected in 2020 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, 2019 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 2019 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, 2019

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

The full tax rate for all City operations for the year ended December 31, 2019 was \$5.45 per \$1,000 of assessed value. The assessed values of real property and public utility personal property upon which 2019 property tax receipts were based are as follows:

<u>Real property</u>	
Residential/agricultural	\$ 535,671,270
Commercial/industrial/public utility	20,921,560
<u>Public utility</u>	
Personal	6,808,210
Total assessed value	\$ 563,401,040

B. Taxes Abatements

As of December 31, 2019, 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 2019, 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	\$ 19,961

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 8 - RECEIVABLES

Receivables at December 31, 2019, 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	\$ 234,834
Grants	133,272
Homestead and rollback	83,361
Auto license	31,683
Gasoline tax	299,008
Permissive motor vehicle license tax	<u>87,643</u>
Total due from other governments	<u>\$ 869,801</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, 2019, the City has reported a \$59,172 note receivable from Capital University (the "University") related to water line improvements being performed as part of the College and South Cassady Improvement project financed through the OPWC. The University signed a promissory note on October 28, 2014 to pay the City \$76,926 in consideration for the City performing certain water improvements that could potentially benefit future growth of the University. The promissory note calls for annual payments of \$2,959 beginning December 1, 2014 and continuing for a 26-year period. The City reports this activity as a capital contribution in the water enterprise fund. During 2019, the City received the \$2,959 payment and applied the amount received to the principal payment required on the OPWC loan.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 9 - CAPITAL ASSETS

A. Governmental activities

Governmental activities capital asset activity for the year ended December 31, 2019, was as follows:

	Balance 12/31/18	Additions	Disposals	Balance 12/31/19
<u>Governmental activities:</u>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 823,893	\$ -	\$ -	\$ 823,893
Construction in progress	2,334,422	615,745	(419,410)	2,530,757
Total capital assets, not being depreciated	<u>3,158,315</u>	<u>615,745</u>	<u>(419,410)</u>	<u>3,354,650</u>
<i>Capital assets being depreciated:</i>				
Land improvements	893,947	-	-	893,947
Buildings and improvements	17,225,356	-	-	17,225,356
Equipment	3,291,207	132,525	-	3,423,732
Vehicles	2,273,569	130,917	-	2,404,486
Infrastructure	47,128,476	1,739,443	-	48,867,919
Total capital assets being depreciated	<u>70,812,555</u>	<u>2,002,885</u>	<u>-</u>	<u>72,815,440</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(511,373)	(38,128)	-	(549,501)
Buildings and improvements	(4,320,057)	(513,628)	-	(4,833,685)
Equipment	(1,790,593)	(212,767)	-	(2,003,360)
Vehicles	(1,188,265)	(177,680)	-	(1,365,945)
Infrastructure	(22,189,313)	(1,415,329)	-	(23,604,642)
Total accumulated depreciation	<u>(29,999,601)</u>	<u>(2,357,532)</u>	<u>-</u>	<u>(32,357,133)</u>
Total capital assets being depreciated, net	<u>40,812,954</u>	<u>(354,647)</u>	<u>-</u>	<u>40,458,307</u>
Governmental activities capital assets, net	<u>\$ 43,971,269</u>	<u>\$ 261,098</u>	<u>\$ (419,410)</u>	<u>\$ 43,812,957</u>

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

<u>Governmental activities:</u>	
General government	\$ 189,264
Security of persons and property	312,977
Leisure time activities	312,822
Transportation	<u>1,542,469</u>
Total depreciation expense	<u>\$ 2,357,532</u>

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 9 - CAPITAL ASSETS - (Continued)

B. Business-type activities

Business-type activities capital asset activity for the year ended December 31, 2019, was as follows:

	Balance 12/31/18	Additions	Disposals	Balance 12/31/19
<u>Business-type activities:</u>				
<i>Capital assets, not being depreciated:</i>				
Construction in progress	\$ 3,386,280	\$ 1,096,054	\$ -	\$ 4,482,334
Total capital assets, not being depreciated	<u>3,386,280</u>	<u>1,096,054</u>	<u>-</u>	<u>4,482,334</u>
<i>Capital assets being depreciated:</i>				
Buildings and improvements	455,000	-	-	455,000
Equipment	207,871	-	-	207,871
Vehicles	515,730	-	-	515,730
Infrastructure	<u>16,613,604</u>	<u>-</u>	<u>-</u>	<u>16,613,604</u>
Total capital assets being depreciated	<u>17,792,205</u>	<u>-</u>	<u>-</u>	<u>17,792,205</u>
<i>Less: accumulated depreciation:</i>				
Buildings and improvements	(75,125)	(22,750)	-	(97,875)
Equipment	(90,336)	(20,562)	-	(110,898)
Vehicles	(279,811)	(41,605)	-	(321,416)
Infrastructure	<u>(5,304,451)</u>	<u>(310,526)</u>	<u>-</u>	<u>(5,614,977)</u>
Total accumulated depreciation	<u>(5,749,723)</u>	<u>(395,443)</u>	<u>-</u>	<u>(6,145,166)</u>
Total capital assets being depreciated, net	<u>12,042,482</u>	<u>(395,443)</u>	<u>-</u>	<u>11,647,039</u>
Business-type activities capital assets, net	<u>\$ 15,428,762</u>	<u>\$ 700,611</u>	<u>\$ -</u>	<u>\$ 16,129,373</u>

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

<u>Business-type activities:</u>	
Water	\$ 221,821
Sewer	153,995
Refuse	<u>19,627</u>
Total depreciation expense	<u>\$ 395,443</u>

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 10 - LONG-TERM OBLIGATIONS

Bonded debt and other long-term obligations payable activity for 2019 was as follows.

	Interest Rate	Balance 12/31/18	Increase	Decrease	Balance 12/31/19	Due Within One Year
Governmental Activities						
<u>General Obligation Bonds:</u>						
Series 2008 Various Purpose Refunding and Improvement, \$7,912,500	3.0-4.0%	\$ 1,062,200	\$ -	\$ (253,300)	\$ 808,900	\$ 261,100
Premium on Refunding Bonds		27,697	-	(3,077)	24,620	-
Series 2009 Capital Facilities, \$7,400,000	2.5-5.0%	1,100,000	-	(355,000)	745,000	365,000
Premium on Bonds		110,391	-	(11,039)	99,352	-
Series 2010 Improvement, \$5,706,250	2.0-4.0%	3,847,050	-	(265,600)	3,581,450	273,900
Premium on Bonds		24,018	-	(2,183)	21,835	-
Series 2014 Various Purpose Construction, \$2,625,000	1.5-4.0%	2,225,000	-	(100,000)	2,125,000	100,000
Premium on Bonds		52,691	-	(3,310)	49,381	-
Series 2015 Various Purpose Refunding, \$4,722,900	2.0-4.0%	4,668,300	-	(18,200)	4,650,100	18,200
Premium on Refunding Bonds		522,504	-	(52,251)	470,253	-
<i>Direct Placement:</i>						
Series 2013 Capital Facilities, \$1,400,000	2.90%	750,000	-	(140,000)	610,000	145,000
Total General Obligation Bonds		<u>14,389,851</u>	<u>-</u>	<u>(1,203,960)</u>	<u>13,185,891</u>	<u>1,163,200</u>
<u>Revenue Bonds:</u>						
<i>Direct Placement:</i>						
Series 2013 Nontax Revenue, \$1,150,000	4.50%	955,000	-	(45,000)	910,000	50,000
<u>Ohio Public Works Commission (OPWC) Loans:</u>						
<i>Direct Borrowings:</i>						
2006 North Cassady Avenue Reconstruction, \$1,468,415	0.00%	697,496	-	(36,710)	660,786	36,710
2008 Maryland Avenue Reconstruction, \$672,734	0.00%	291,519	-	(22,424)	269,095	22,425
2009 Sheridan/Francis Avenue Reconstruction, \$337,958	0.00%	244,081	-	(6,258)	237,823	6,259
2012 College and South Cassady Improvements, \$1,906,666	0.00%	1,566,191	-	(34,048)	1,532,143	34,047
2012 East Main Improvements, \$275,262	0.00%	233,973	-	(6,882)	227,091	6,881
2014 Northeast Quadrant Improvements, \$730,368	0.00%	662,741	-	(13,525)	649,216	13,525
2018 S. Roosevelt & Stanwood Improvements, \$1,004,412	0.00%	200,143	322,959	-	523,102	-
Total OPWC Loans		<u>3,896,144</u>	<u>322,959</u>	<u>(119,847)</u>	<u>4,099,256</u>	<u>119,847</u>
<u>Other Long-Term Obligations:</u>						
Net Pension Liability		11,523,791	5,760,273	-	17,284,064	-
Net OPEB Liability		9,721,627	812,167	(5,926,584)	4,607,210	-
Compensated Absences		367,112	44,174	(7,574)	403,712	11,802
Total Other Long-Term Obligations		<u>21,612,530</u>	<u>6,616,614</u>	<u>(5,934,158)</u>	<u>22,294,986</u>	<u>11,802</u>
Total Governmental Activities		<u>\$ 40,853,525</u>	<u>\$ 6,939,573</u>	<u>\$ (7,302,965)</u>	<u>\$ 40,490,133</u>	<u>\$ 1,344,849</u>

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

	Interest Rate	Balance 12/31/18	Increase	Decrease	Balance 12/31/19	Due Within One Year
Business-Type Activities						
<u>General Obligation Bonds:</u>						
Series 2008 Various Purpose Refunding, \$1,017,500	3.0%-4.0%	\$ 217,800	\$ -	\$ (51,700)	\$ 166,100	\$ 53,900
Series 2010 Improvement, \$1,168,750	2.0%-4.0%	787,950	-	(54,400)	733,550	56,100
Series 2015 Various Purpose Refunding, \$467,100	2.0%-4.0%	461,700	-	(1,800)	459,900	1,800
Total General Obligation Bonds		<u>1,467,450</u>	<u>-</u>	<u>(107,900)</u>	<u>1,359,550</u>	<u>111,800</u>
<u>Ohio Public Works Commission (OPWC) Loans:</u>						
<i>Direct Borrowings:</i>						
2005 Main Street Sewer, \$474,500	0.00%	166,075	-	(11,862)	154,213	11,863
2009 Sheridan/Francis Avenue Water, \$249,022	0.00%	179,849	-	(4,611)	175,238	4,612
2009 Sheridan/Francis Avenue Sewer, \$5,929	0.00%	4,281	-	(110)	4,171	111
2012 College and South Cassady Water, \$817,142	0.00%	671,222	-	(14,592)	656,630	14,592
2013 East Main Water, \$108,436	0.00%	92,170	-	(2,711)	89,459	2,711
2013 East Main Sewer, \$33,365	0.00%	28,361	-	(834)	27,527	834
2014 Northeast Quadrant Water, \$829,967	0.00%	753,119	-	(15,370)	737,749	15,369
2014 Northeast Quadrant Sewer, \$99,597	0.00%	90,375	-	(1,844)	88,531	1,845
2016 East Broad Street Water, \$1,255,000	0.00%	1,168,630	-	(23,373)	1,145,257	23,373
2018 S. Roosevelt & Ashbourne Sewer, \$450,000	0.00%	191,418	26,744	-	218,162	-
2018 S. Roosevelt & Ashbourne Water, \$3,300,000	0.00%	1,403,735	196,124	-	1,599,859	-
2018 S. Roosevelt & Stanwood Sewer, \$111,600	0.00%	22,238	35,884	-	58,122	-
2018 S. Roosevelt & Stanwood Water, \$2,604,030	0.00%	518,890	837,302	-	1,356,192	-
Total OPWC Loans		<u>5,290,363</u>	<u>1,096,054</u>	<u>(75,307)</u>	<u>6,311,110</u>	<u>75,310</u>
<u>Other Long-Term Obligations:</u>						
Net Pension Liability		451,748	399,385	-	851,133	-
Net OPEB Liability		311,238	90,198	-	401,436	-
Compensated Absences		18,711	2,534	(1,622)	19,623	574
Total Other Long-Term Obligations		<u>781,697</u>	<u>492,117</u>	<u>(1,622)</u>	<u>1,272,192</u>	<u>574</u>
Total Business-Type Activities		<u>\$ 7,539,510</u>	<u>\$ 1,588,171</u>	<u>\$ (184,829)</u>	<u>\$ 8,942,852</u>	<u>\$ 187,684</u>

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Legal Debt Margin

The City's overall legal debt margin was \$45,823,279, with an unvoted debt margin of \$30,987,057 at December 31, 2019.

Future Debt Service Requirements

As of December 31, 2019, the 2018 S. Roosevelt and Ashbourne OPWC loan and the 2018 S. Roosevelt & Stanwood OPWC loan were not closed and not all monies available have been borrowed. As of December 31, 2019, the City has drawn \$1,818,021 of the \$3,750,000 permissible borrowing for the 2018 S. Roosevelt and Ashbourne OPWC loan and has drawn \$1,414,314 of the \$2,715,630 permissible borrowing for the 2018 S. Roosevelt & Stanwood 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		<i>Direct Borrowings</i>	
	Principal	Interest	Principal	Interest	Sewer OPWC Loans Principal	Water OPWC Loans Principal
2020	\$ 61,200	\$ 29,973	\$ 50,600	\$ 22,389	\$ 14,653	\$ 60,657
2021	63,000	28,004	51,600	20,089	43,952	181,969
2022	68,900	25,856	85,600	17,701	29,302	121,313
2023	68,900	23,464	61,600	14,264	29,301	121,314
2024	71,650	21,091	63,200	12,416	29,302	121,314
2025 - 2029	386,200	62,494	247,200	23,360	63,471	606,568
2030- 2034	79,900	3,196	-	-	27,885	606,559
2035 - 2039	-	-	-	-	21,823	578,366
2040 - 2043	-	-	-	-	14,753	406,273
Totals	<u>\$ 799,750</u>	<u>\$ 194,078</u>	<u>\$ 559,800</u>	<u>\$ 110,219</u>	<u>\$ 274,442</u>	<u>\$ 2,804,333</u>

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

As of December 31, 2019, the 2018 S. Roosevelt & Stanwood OPWC is not closed and not all monies available have been borrowed. As of December 31, 2019, the City has drawn \$523,102 of the \$1,004,412 permissible borrowing for the 2018 S. Roosevelt & Stanwood OPWC loan. As such, no amortization schedule is available for this loan and it is not included in the schedule below.

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

Year Ending December 31,	Governmental Activities						
	General Obligation Bonds		<u>Direct Placement</u>		<u>Direct Placement</u>		<i>Direct</i>
			General Obligation Bonds		Nontax Revenue Bonds		<i>Borrowings</i>
	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2020	\$ 1,018,200	\$ 435,477	\$ 145,000	\$ 17,690	\$ 50,000	\$ 40,950	\$ 119,847
2021	1,050,400	401,179	150,000	13,485	50,000	38,700	359,545
2022	1,050,500	364,861	155,000	9,135	55,000	36,450	239,696
2023	1,124,500	331,798	160,000	4,640	755,000	33,975	239,695
2024	1,155,150	297,193	-	-	-	-	239,695
2025 - 2029	5,261,600	795,871	-	-	-	-	945,663
2030 - 2034	1,250,100	108,629	-	-	-	-	607,131
2035 - 2039	-	-	-	-	-	-	546,443
2040 - 2043	-	-	-	-	-	-	278,439
Totals	<u>\$ 11,910,450</u>	<u>\$ 2,735,008</u>	<u>\$ 610,000</u>	<u>\$ 44,950</u>	<u>\$ 910,000</u>	<u>\$ 150,075</u>	<u>\$ 3,576,154</u>

Series 2008 Various Purpose Refunding Bonds and Improvement Bonds

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

In 2015, the City advance refunded a portion of the Series 2008 Various Purpose Refunding Bonds and Improvement Bonds with the issuance of the Series 2015 Various Purpose Refunding Bonds. The portion of the bonds refunded were as follows: (1) \$1,569,900 of the governmental activities portion of the Series 2008 Various Purpose Refunding Bonds and Improvement Bonds and (2) \$320,100 of the business-type activities portion of the Series 2008 Various Purpose Refunding Bonds. At December 31, 2019, the remaining balance (non-refunded portion) of the governmental activities and business-type activities portions of the Series 2008 Various Purpose Refunding Bonds and Improvement Bonds were \$808,900 and \$166,100, respectively. The final maturity date of the remaining bonds is December 1, 2022.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Series 2009 Capital Facilities Bonds

On April 7, 2009, the City issued \$7,400,000 in Series 2009 Capital Facilities General Obligation Bonds for the purpose of paying the costs of constructing, furnishing and equipping a police station and related facilities, landscaping and otherwise improving the site and acquiring related interests in real estate (2.5 - 5.0 percent). Principal and interest is paid from the bond retirement fund. During 2015, the City advanced refunded \$3,220,000 of the Series 2009 Capital Facilities bonds with the issuance of the Series 2015 Various Purpose Refunding Bonds. At December 31, 2019, the remaining balance (non-refunded portion) of the Series 2009 Capital facilities bonds was \$745,000. The final maturity date of the remaining bonds is December 1, 2021. Principal and interest payments are paid from the bond retirement fund.

Series 2010 Bonds

On June 24, 2010, the City issued \$6,875,000 in Series 2010 General Obligation Bonds for the purpose of improving municipal streets by reconstructing, resurfacing, repairing, and improving the same as well as related sidewalks and water improvements. The bonds bear interest rates ranging between 2.0 percent and 4.0 percent and maturity on December 1, 2030. Of this amount, \$1,168,750 was an obligation of the business-type activities and \$5,706,250 was an obligation of the governmental activities. Principal and interest payments related to the governmental activities portion are paid from the bond retirement fund. Principal and interest payments related to the business-type activities portion are paid from the water enterprise fund. At December 31, 2019, the remaining balance of the Series 2010 Bonds was \$4,315,000.

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. At December 31, 2019, the remaining balance of the Series 2013 Capital facilities bonds was \$610,000.

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 2019 principal and interest payments on the bonds required 4.4 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$1,060,075. For 2019, principal and interest paid and net revenues were \$87,975 and \$2,016,032, respectively.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Series 2014 Various Purpose Construction Bonds

On May 22, 2014, the City issued \$2,625,000 in Series 2014 Various Purpose Construction Bonds to finance improvements and renovations to the new city hall facility (\$790,000) and for the constructing a new service garage (\$1,835,000). The bonds bear interest rates ranging from 1.50 percent to 4.00 percent and mature on December 1, 2034. Principal and interest payments are made from the bond retirement fund. At December 31, 2019, the remaining balance of the Series 2014 Various Purpose Construction bonds was \$2,125,000.

Series 2015 Various Purpose Refunding Bonds

On May 19, 2015, the City issued \$5,190,000 in general obligation bonds for the purpose of advance refunding a portion of the Series 2008 Various Purpose Refunding Bonds and Capital Improvement Bonds and a portion of the Series 2009 Capital Improvement Bonds. Of this amount, \$467,100 is reported in the business-type activities and \$4,722,900 is reported in the governmental activities. The bonds are serial bonds and were issued for a 14-year period with final maturity in December 1, 2028. Principal and interest related to the governmental activities portion is paid from the bond retirement fund. Principal and interest related to the business-type activities portion is paid from the water and sewer enterprise funds. At December 31, 2019, the remaining balance of the Series 201 Various Purpose Refunding bonds was \$5,110,000.

As part of the advance refunding, the City deposited \$5,916,901 into an irrevocable trust for the purpose of generating resources for all future debt service payments of the refunded debt. The refunded bonds were not included in the City's outstanding debt since the City has satisfied its obligations through the refunding (in-substance defeased). The assets held in trust as a result of the refunding are not included in the financial statements. The balance of the refunded bonds was \$5,110,000 at December 31, 2019.

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

Ohio Public Works Commission (OPWC) Loans

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.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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

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

In 2012 - 2013, the City received loan proceeds from OPWC for College Avenue and South Cassady Avenue street improvements and water projects. This is a zero percent interest general obligation loan. Principal payments are due semi-annually and will be 70 percent from the bond retirement fund and 30 percent from the water enterprise fund. The loan has a final maturity in 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, 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, 50 percent from the water enterprise fund, and 6 percent from the sewer enterprise fund. The loan has a final maturity in 2043.

In 2016, the City received loan proceeds from OPWC for East Broad Street Water Improvement Project. This is a zero percent interest general obligation loan. Principal payments are due semi-annually and will be paid from the water enterprise fund. The loan has a final maturity in 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. When completed, principal payments will be due semi-annually and paid 88% from the water enterprise fund and 12% from the sewer enterprise fund. The City may borrow up to \$3,750,000 and at December 31, 2019, the City had outstanding borrowings of \$1,818,021. At December 31, 2019, the loan remains open and final loan amount has not been determined as the City has \$1,931,979 remaining to be drawn on the loan. No principal payments were made in 2019.

In 2018, the City received loan proceeds from OPWC for South Roosevelt and Stanwood Project. This is a zero percent interest general obligation loan. When completed, principal payments will be due semi-annually and paid 70% from the water enterprise fund, 3% from the sewer enterprise fund, and 27% from the street maintenance and repair fund (a nonmajor governmental fund). The City may borrow up to \$3,720,042 and at December 31, 2019, the City had outstanding borrowings of \$1,937,416. At December 31, 2019, the loan remains open and final loan amount has not been determined as the City has \$1,782,626 remaining to be drawn on the loan. No principal payments were made in 2019.

Net Pension Liability and Net OPEB Liability

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

CITY OF BEXLEY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

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 2019, all employees may carry over 80 hours of vacation leave per year. City employees are paid for earned, unused vacation leave at the time of termination of employment.

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

Health Care Benefits

During 2019, the City provided its employees group health and prescription drug insurance through Medical Mutual. Life, dental, and vision insurance is provided through Standard Insurance, Delta Dental, and VSP, respectively.

Deferred Compensation

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS

Net Pension Liability/Asset

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

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

CITY OF BEXLEY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	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.

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

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

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.00% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3.00% COLA adjustment on the defined benefit portion of their benefit.

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

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

	State and Local
2019 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee ***	10.0 %
2019 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits ****	0.0 %
Total Employer	14.0 %
Employee	10.0 %

*** Member contributions within the combined plan are not used to fund the defined benefit retirement allowance

**** 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.

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$654,919 for 2019. Of this amount, \$29,353 is reported as due to other governments.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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 and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either 3.00% or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to 3.00% of their base pension or disability benefit.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	Police
2019 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee	12.25 %
2019 Actual Contribution Rates	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	0.50 %
Total Employer	19.50 %
Employee	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$632,804 for 2019. Of this amount, \$31,023 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 the OPERS Traditional Pension Plan, Combined Plan and Member-Directed Plan, respectively, were measured as of December 31, 2018, 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, 2018, and was determined by rolling forward the total pension liability as of January 1, 2018, to December 31, 2018. 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.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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	0.02783000%	0.00000000%	0.04500300%	0.12398600%	
Proportion of the net pension liability/asset current measurement date	<u>0.03027200%</u>	<u>0.00000000%</u>	<u>0.04573900%</u>	<u>0.12060200%</u>	
Change in proportionate share	<u>0.00244200%</u>	<u>0.00000000%</u>	<u>0.00073600%</u>	<u>-0.00338400%</u>	
Proportionate share of the net pension liability	\$ 8,290,887	\$ -	\$ -	\$ 9,844,310	\$ 18,135,197
Proportionate share of the net pension asset	-	-	(1,043)	-	(1,043)
Pension expense	2,130,842	-	(270)	1,370,982	3,501,554

Of the \$3,501,554 pension expense, \$3,303,426 relates to the governmental activities and \$198,128 relates to the business-type activities.

At December 31, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS - Traditional</u>	<u>OPERS - Combined</u>	<u>OPERS - Member- Directed</u>	<u>OP&F</u>	<u>Total</u>
Deferred outflows of resources					
Differences between expected and actual experience	\$ 381	\$ -	\$ 4,342	\$ 404,463	\$ 409,186
Net difference between projected and actual earnings on pension plan investments	1,125,309	-	344	1,212,812	2,338,465
Changes of assumptions	721,743	-	323	260,987	983,053
Changes in employer's proportionate percentage/difference between employer contributions	385,060	-	-	366,383	751,443
Contributions subsequent to the measurement date	626,128	2,917	25,874	632,804	1,287,723
Total deferred outflows of resources	<u>\$ 2,858,621</u>	<u>\$ 2,917</u>	<u>\$ 30,883</u>	<u>\$ 2,877,449</u>	<u>\$ 5,769,870</u>

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

	OPERS - Traditional	OPERS - Combined	OPERS - Member- Directed	OP&F	Total
Deferred inflows of resources					
Differences between expected and actual experience	\$ 108,863	\$ -	\$ -	\$ 9,191	\$ 118,054
Changes in employer's proportionate percentage/difference between employer contributions	19,698	-	-	247,094	266,792
Total deferred inflows of resources	<u>\$ 128,561</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 256,285</u>	<u>\$ 384,846</u>

\$1,287,723 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2020. Of this amount, \$1,220,490 relates to governmental activities and \$67,233 relates to business-type activities.

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
2020	\$ 987,143	\$ -	\$ 718	\$ 643,758	\$ 1,631,619
2021	489,044	-	659	379,005	868,708
2022	104,394	-	669	369,627	474,690
2023	523,351	-	805	558,720	1,082,876
2024	-	-	598	37,250	37,848
Thereafter	-	-	1,560	-	1,560
Total	<u>\$ 2,103,932</u>	<u>\$ -</u>	<u>\$ 5,009</u>	<u>\$ 1,988,360</u>	<u>\$ 4,097,301</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.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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, 2018, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67.

Wage inflation	3.25%
Future salary increases, including inflation COLA or ad hoc COLA	3.25% to 10.75% including wage inflation Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2018, then 2.15% simple
Investment rate of return	
Current measurement date	7.20%
Prior measurement date	7.50%
Actuarial cost method	Individual entry age

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

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

The long-term 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.

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 2.94% for 2018.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	23.00 %	2.79 %
Domestic equities	19.00	6.21
Real estate	10.00	4.90
Private equity	10.00	10.81
International equities	20.00	7.83
Other investments	18.00	5.50
Total	100.00 %	5.95 %

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.20%, 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, 2018 was 7.50%. 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 City's proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.20%, as well as what the City's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.20%) or one-percentage-point higher (8.20%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 12,248,051	\$ 8,290,887	\$ 5,002,448
Combined Plan	-	-	-
Member-Directed Plan	(457)	(1,043)	(1,830)

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions – OP&F

OP&F’s total pension liability as of December 31, 2018 is based on the results of an actuarial valuation date of January 1, 2018, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2018, are presented below.

Valuation date	1/1/18 with actuarial liabilities rolled forward to 12/31/18
Actuarial cost method	Entry age normal
Investment rate of return	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25%
Inflation assumptions	2.75%, plus productivity increase rate of 0.50%
Cost of living adjustments	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%

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

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

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

The most recent experience study was completed for the five-year period ended December 31, 2016. The recommended assumption changes based on this experience study were adopted by OP&F’s Board and were effective beginning with the January 1, 2018 actuarial valuation.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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, 2018 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return **</u>
Cash and Cash Equivalents	- %	0.80 %
Domestic Equity	16.00	5.50
Non-US Equity	16.00	5.90
Private Markets	8.00	8.40
Core Fixed Income *	23.00	2.60
High Yield Fixed Income	7.00	4.80
Private Credit	5.00	7.50
U.S. Inflation		
Linked Bonds *	17.00	2.30
Master Limited Partnerships	8.00	6.40
Real Assets	8.00	7.00
Private Real Estate	12.00	6.10
Total	<u>120.00 %</u>	

Note: assumptions are geometric.

* levered 2x

** numbers include inflation

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

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

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability	\$ 12,939,667	\$ 9,844,310	\$ 7,257,692

NOTE 13 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

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

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

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

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

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

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Plan Description – Ohio Public Employees Retirement System (OPERS)

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

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

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

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

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

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2019, 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. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care was 0.00% for the Traditional and Combined plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2019 was 4.00%.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

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 \$10,350 for 2019. Of this amount, \$464 is reported as due to other governments.

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

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

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

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

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

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.50% 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.

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

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2019, 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 and is limited by the provisions of Sections 115 and 401(h).

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

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

The City's contractually required contribution to OP&F was \$16,653 for 2019. Of this amount, \$816 is reported as due to other governments.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2017, rolled forward to the measurement date of December 31, 2018, 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, 2018, and was determined by rolling forward the total OPEB liability as of January 1, 2018, to December 31, 2018. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	OPERS	OP&F	Total
Proportion of the net OPEB liability			
prior measurement date	0.02770000%	0.12398600%	
Proportion of the net OPEB liability			
current measurement date	<u>0.02999300%</u>	<u>0.12060200%</u>	
Change in proportionate share	<u>0.00229300%</u>	<u>-0.00338400%</u>	
Proportionate share of the net OPEB liability	\$ 3,910,380	\$ 1,098,266	\$ 5,008,646
OPEB expense	\$ 509,662	\$ (5,398,308)	\$ (4,888,646)

Of the (\$4,888,646) reported as OPEB expense, (\$4,929,926) relates to governmental activities and \$41,280 relates to business-type activities.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

At December 31, 2019, 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	\$ 1,324	\$ -	\$ 1,324
Net difference between projected and actual earnings on OPEB plan investments	179,268	37,178	216,446
Changes of assumptions	126,075	569,288	695,363
Changes in employer's proportionate percentage/ difference between employer contributions	253,014	193,629	446,643
Contributions subsequent to the measurement date	10,350	16,653	27,003
Total deferred outflows of resources	<u>\$ 570,031</u>	<u>\$ 816,748</u>	<u>\$ 1,386,779</u>
	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 10,611	\$ 29,424	\$ 40,035
Changes of assumptions	-	304,052	304,052
Changes in employer's proportionate percentage/ difference between employer contributions	12,879	149,079	161,958
Total deferred inflows of resources	<u>\$ 23,490</u>	<u>\$ 482,555</u>	<u>\$ 506,045</u>

\$27,003 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2020. Of the amount, \$25,940 relates to governmental activities and \$1,063 relates to business-type activities.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Year Ending December 31:	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
2020	\$ 288,424	\$ 57,307	\$ 345,731
2021	125,387	57,307	182,694
2022	32,072	57,309	89,381
2023	90,308	68,551	158,859
2024	-	50,824	50,824
Thereafter	-	26,242	26,242
Total	<u>\$ 536,191</u>	<u>\$ 317,540</u>	<u>\$ 853,731</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 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, 2017, rolled forward to the measurement date of December 31, 2018.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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	3.25%
Projected Salary Increases, including inflation	3.25 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	3.96%
Prior Measurement date	3.85%
Investment Rate of Return:	
Current measurement date	6.00%
Prior Measurement date	6.50%
Municipal Bond Rate:	
Current measurement date	3.71%
Prior Measurement date	3.31%
Health Care Cost Trend Rate:	
Current measurement date	10.00% initial, 3.25% ultimate in 2029
Prior Measurement date	7.50%, initial 3.25%, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

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

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

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

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

During 2018, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 5.60% for 2018.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00 %	2.42 %
Domestic Equities	21.00	6.21
Real Estate Investment Trust	6.00	5.98
International Equities	22.00	7.83
Other investments	17.00	5.57
Total	<u>100.00 %</u>	<u>5.16 %</u>

Discount Rate - A single discount rate of 3.96% was used to measure the OPEB liability on the measurement date of December 31, 2018. A single discount rate of 3.85% was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 3.71%. 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 2031. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2031, and the municipal bond rate was applied to all health care costs after that date.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

- The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.96%, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.96%) or one-percentage-point higher (4.96%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 5,002,832	\$ 3,910,380	\$ 3,041,590

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

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2019 is 10.00%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25% in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$ 3,758,723	\$ 3,910,380	\$ 4,085,047

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2018, is based on the results of an actuarial valuation date of January 1, 2018 and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

Valuation Date	January 1, 2018, with actuarial liabilities rolled forward to December 31, 2018
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	Inflation rate of 2.75% plus productivity increase rate of 0.50%
Single discount rate:	
Current measurement date	4.66%
Prior measurement date	3.24%
Cost of Living Adjustments	3.00% simple; 2.20% simple for increases based on the lesser of the increase in CPI and 3.00%

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

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 Conduent 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.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2018, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return **</u>
Cash and Cash Equivalents	- %	0.80 %
Domestic Equity	16.00	5.50
Non-US Equity	16.00	5.90
Private Markets	8.00	8.40
Core Fixed Income *	23.00	2.60
High Yield Fixed Income	7.00	4.80
Private Credit	5.00	7.50
U.S. Inflation		
Linked Bonds *	17.00	2.30
Master Limited Partnerships	8.00	6.40
Real Assets	8.00	7.00
Private Real Estate	12.00	6.10
Total	<u>120.00 %</u>	

Note: assumptions are geometric.

* levered 2x

** numbers include inflation

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

Discount Rate - The total OPEB liability was calculated using the discount rate of 4.66%. A discount rate of 3.24% was used to measure the total OPEB liability at December 31, 2017. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8.00%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 4.13% at December 31, 2018 and 3.16% at December 31, 2017, was blended with the long-term rate of 8.00%, which resulted in a blended discount rate of 4.66%.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 4.66%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.66%), or one percentage point higher (5.66%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 1,337,988	\$ 1,098,266	\$ 897,040

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate - Due to the change from a self-funded plan to the stipend plan, disclosure of the healthcare cost trend rate for OP&F is no longer available.

Changes Between Measurement Date and Report Date - Beginning January 1, 2019 OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place will be a stipend-based health care model. OP&F has contracted with a vendor who will assist eligible retirees in choosing health care plans from their marketplace (both Medicare-eligible and pre-Medicare populations). A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses. As a result of changing from the current healthcare model to the stipend-based healthcare model, management expects that it will be able to provide stipends to eligible participants for the next 15 years. Although the exact amount of these changes is not known, the overall decrease to the City's net OPEB liability is expected to be significant.

NOTE 14 - RISK MANAGEMENT

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

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

NOTE 15 - CONTINGENCIES

A. Federal and State Grants

For the period January 1, 2019, to December 31, 2019, 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, 2019

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund and roads and sidewalks fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

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

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

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

Net Change in Fund Balance

	General	Roads and Sidewalks
Budget basis	\$ 615,619	\$ (5,038)
Net adjustment for revenue accruals	436,901	-
Net adjustment for expenditure accruals	(881,755)	(104,967)
Net adjustment for other sources/uses	776,965	-
Funds budgeted elsewhere	(19,868)	-
Adjustment for encumbrances	465,833	231,799
GAAP basis	\$ 1,393,695	\$ 121,794

CITY OF BEXLEY, OHIO

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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.

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	\$ 473,927
Roads and sidewalks	126,988
Nonmajor governmental	<u>923,310</u>
Total	<u>\$ 1,524,225</u>

THIS SPACE INTENTIONALLY LEFT BLANK

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

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	\$ 6,454	\$ -	\$ 32,500	\$ 38,954
Unclaimed monies	<u>11,491</u>	<u>-</u>	<u>-</u>	<u>11,491</u>
Total nonspendable	<u>17,945</u>	<u>-</u>	<u>32,500</u>	<u>50,445</u>
Restricted:				
Police programs	-	-	28,189	28,189
Police pension	-	-	191,551	191,551
Streets and transportation	-	429,843	740,355	1,170,198
Capital improvements	-	-	178,852	178,852
Other purposes	<u>-</u>	<u>-</u>	<u>17,577</u>	<u>17,577</u>
Total restricted	<u>-</u>	<u>429,843</u>	<u>1,156,524</u>	<u>1,586,367</u>
Committed:				
Community environment	-	-	21,522	21,522
Leisure time activity	<u>-</u>	<u>-</u>	<u>4,062</u>	<u>4,062</u>
Total committed	<u>-</u>	<u>-</u>	<u>25,584</u>	<u>25,584</u>
Assigned:				
Debt service	-	-	546,170	546,170
Capital improvements	42,120	-	1,320,929	1,363,049
General government	452,413	-	-	452,413
Security of persons and property	76,707	-	-	76,707
Leisure time activity	814,742	-	-	814,742
Other purposes	<u>6,874</u>	<u>-</u>	<u>798</u>	<u>7,672</u>
Total assigned	<u>1,392,856</u>	<u>-</u>	<u>1,867,897</u>	<u>3,260,753</u>
Unassigned	<u>5,844,768</u>	<u>-</u>	<u>-</u>	<u>5,844,768</u>
Total fund balances	<u>\$ 7,255,569</u>	<u>\$ 429,843</u>	<u>\$ 3,082,505</u>	<u>\$ 10,767,917</u>

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 19 - BEXLEY COMMUNITY IMPROVEMENT CORPORATION

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

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

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

Summary of Significant Accounting Policies

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

A. Basis of Accounting

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

B. Basis of Presentation

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

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

C. Federal Income Tax

The CIC is exempt from federal income tax under Section 501 (c) (4) of the Internal Revenue Code.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 19 - BEXLEY COMMUNITY IMPROVEMENT CORPORATION - (Continued)

D. Cash and Cash Equivalents

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

E. Accrued Liabilities

The CIC recognizes expenses due, but unpaid as of December 31, 2019.

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.

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 \$215,022 of restricted net position related to contributions received from the City of Bexley that are restricted for future land assembly in the Ferndale/Mayfield Area.

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

G. Estimates

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

H. Capital Assets

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

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

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

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 19 - BEXLEY COMMUNITY IMPROVEMENT CORPORATION - (Continued)

Deposits

At December 31, 2019, the carrying amount and bank balance of all CIC deposits was \$444,017. Of the bank balance, \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC) and \$194,017 was covered by the Ohio Pooled Collateral System.

Inventory Held for Future Distribution

The City of Bexley has contributed \$390,000 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 2019, the CIC incurred additional expenses related to the property in the amount of \$18,619. 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.

	Balance 12/31/2018	Additions	Disposals	Balance 12/31/2019
Ferndale/Mayfield Area	\$ 288,612	\$ 18,619	\$ -	\$ 307,231

Litigation

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

Development Agreement

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

Ground Lease

On October 11, 2013, the CIC entered into a ground lease with Continental Bexley GE, LLC for the land owned by the CIC. The ground lease was established for the purposes of developing the site for commercial purposes, including operation of a grocery by Giant Eagle. The ground lease has a 50-year term. During 2019, the CIC received \$50,000 in ground lease payments and subsequently disbursed \$50,000 to the City of Bexley. Payments received and disbursed under the ground lease have been recorded as operating revenue and expense, respectively, in the CIC's financial statements.

Risk Management

The CIC is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to contracted personnel; and natural disasters. For 2019, 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.

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 19 - BEXLEY COMMUNITY IMPROVEMENT CORPORATION - (Continued)

Related Party Transactions

During 2019, the CIC received \$130,000 in contributions from the City of Bexley that are restricted for future land assembly in the Ferndale/Mayfield Area. This amount has been reported as nonoperating revenue in the CIC's financial statements.

During 2019, 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 2019, the CIC collected and passed-through \$50,000 in ground lease payments to the City of Bexley.

Capital Assets

Capital asset activity for the year ended December 31, 2019, was as follows:

	Balance 12/31/18	Additions	Disposals	Balance 12/31/19
<i>Capital assets, not being depreciated:</i>				
Land	\$ 1,608,801	\$ -	\$ -	\$ 1,608,801
Total capital assets, not being depreciated	<u>1,608,801</u>	<u>-</u>	<u>-</u>	<u>1,608,801</u>
<i>Capital assets being depreciated:</i>				
Land improvements	858,411	159,898	-	1,018,309
Buildings	<u>276,239</u>	<u>-</u>	<u>-</u>	<u>276,239</u>
Total capital assets being depreciated	<u>1,134,650</u>	<u>159,898</u>	<u>-</u>	<u>1,294,548</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(137,867)	(50,916)	-	(188,783)
Buildings and improvements	<u>(108,168)</u>	<u>(55,248)</u>	<u>-</u>	<u>(163,416)</u>
Total accumulated depreciation	<u>(246,035)</u>	<u>(106,164)</u>	<u>-</u>	<u>(352,199)</u>
Net capital assets	<u>\$ 2,497,416</u>	<u>\$ 53,734</u>	<u>\$ -</u>	<u>\$ 2,551,150</u>

Mortgage Note Payable

On September 26, 2017, the CIC entered into a mortgage note with First Financial Bank, which is used as a line of credit to support the operations of Bexley Square and other projects undertaken by the CIC. The CIC can make draws on the line of credit with a maximum borrowing of \$1.5 million. In 2019, the CIC renegotiated the line of credit to a maximum borrowing of \$750,000. The CIC makes monthly interest payments based upon the amount drawn. During 2019, the CIC drew \$159,073 from the line of credit and made no principal payments on the line of credit. The following is a schedule of the line of credit activity for 2019:

	Balance 12/31/2018	Draws	Principal Payments	Balance 12/31/2019
Mortgage Note Payable	<u>\$ -</u>	<u>\$ 159,073</u>	<u>\$ -</u>	<u>\$ 159,073</u>

CITY OF BEXLEY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 19 - BEXLEY COMMUNITY IMPROVEMENT CORPORATION - (Continued)

Other Operating Revenues

Other Operating Revenues consist primarily of \$40,776 in expense recovery.

NOTE 20 - RISK MANAGEMENT

Self-Funded 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 \$124,000 reported in the internal service funds at December 31, 2019 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 2019 were:

	<u>Balance at Beginning of Year</u>		<u>Current Year Claims</u>	<u>Claim Payments</u>		<u>Balance at End of Year</u>
2019	\$ -		\$ 1,076,883	\$ (952,883)		\$ 124,000

NOTE 21 - SIGNIFICANT SUBSEQUENT EVENT

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the City. The City's investment portfolio and the investments of the pension and other employee benefit plan in which the City participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the City's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

THIS PAGE IS INTENTIONALLY LEFT BLANK

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 SIX YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Traditional Plan:</i>				
City's proportion of the net pension liability	0.030272%	0.027830%	0.026149%	0.025788%
City's proportionate share of the net pension liability	\$ 8,290,887	\$ 4,365,987	\$ 5,937,993	\$ 4,466,808
City's covered payroll	\$ 3,968,936	\$ 3,938,185	\$ 3,702,725	\$ 3,356,175
City's proportionate share of the net pension liability as a percentage of its covered payroll	208.89%	110.86%	160.37%	133.09%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	84.66%	77.25%	81.08%
<i>Member Directed Plan:</i>				
City's proportion of the net pension asset	0.045739%	0.045003%	0.037245%	0.037622%
City's proportionate share of the net pension asset	\$ 1,043	\$ 1,571	\$ 155	\$ 144
City's covered payroll	\$ 262,340	\$ 242,520	\$ 155,733	\$ 209,525
City's proportionate share of the net pension asset as a percentage of its covered payroll	0.40%	0.65%	0.10%	0.07%
Plan fiduciary net position as a percentage of the total pension asset	113.42%	124.45%	103.40%	103.91%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>
0.025523%	0.025523%
\$ 3,078,360	\$ 3,008,828
\$ 3,540,033	\$ 2,946,231
86.96%	102.12%
86.45%	86.36%

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
City's proportion of the net pension liability	0.12060200%	0.12398600%	0.11832100%	0.12069100%
City's proportionate share of the net pension liability	\$ 9,844,310	\$ 7,609,552	\$ 7,494,332	\$ 7,764,126
City's covered payroll	\$ 3,045,079	\$ 2,892,332	\$ 2,637,900	\$ 2,953,284
City's proportionate share of the net pension liability as a percentage of its covered payroll	323.29%	263.09%	284.10%	262.90%
Plan fiduciary net position as a percentage of the total pension liability	63.07%	70.91%	68.36%	66.77%

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>2015</u>	<u>2014</u>
0.11255920%	0.11255920%
\$ 5,831,036	\$ 5,481,986
\$ 2,459,305	\$ 2,723,948
237.10%	201.25%
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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 626,128	\$ 555,651	\$ 511,964	\$ 444,327
Contributions in relation to the contractually required contribution	<u>(626,128)</u>	<u>(555,651)</u>	<u>(511,964)</u>	<u>(444,327)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 4,472,343	\$ 3,968,936	\$ 3,938,185	\$ 3,702,725
Contributions as a percentage of covered payroll	14.00%	14.00%	13.00%	12.00%
<i>Combined Plan:</i>				
Contractually required contribution	\$ 2,917			
Contributions in relation to the contractually required contribution	<u>(2,917)</u>			
Contribution deficiency (excess)	<u>\$ -</u>			
City's covered payroll	\$ 20,836			
Contributions as a percentage of covered payroll	14.00%			
<i>Member Directed Plan:</i>				
Contractually required contribution	\$ 25,874	\$ 26,234	\$ 24,252	\$ 18,688
Contributions in relation to the contractually required contribution	<u>(25,874)</u>	<u>(26,234)</u>	<u>(24,252)</u>	<u>(18,688)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 258,740	\$ 262,340	\$ 242,520	\$ 155,733
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	12.00%

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>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 402,741	\$ 424,804	\$ 383,010	\$ 300,381	\$ 319,081	\$ 311,374
<u>(402,741)</u>	<u>(424,804)</u>	<u>(383,010)</u>	<u>(300,381)</u>	<u>(319,081)</u>	<u>(311,374)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,356,175	\$ 3,540,033	\$ 2,946,231	\$ 3,003,810	\$ 3,190,810	\$ 3,490,740
12.00%	12.00%	13.00%	10.00%	10.00%	8.92%

\$ 25,143
<u>(25,143)</u>
<u>\$ -</u>
\$ 209,525
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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Police:</i>				
Contractually required contribution	\$ 632,804	\$ 578,565	\$ 549,543	\$ 501,201
Contributions in relation to the contractually required contribution	<u>(632,804)</u>	<u>(578,565)</u>	<u>(549,543)</u>	<u>(501,201)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 3,330,547	\$ 3,045,079	\$ 2,892,332	\$ 2,637,900
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 561,124	\$ 467,268	\$ 432,563	\$ 227,724	\$ 299,827	\$ 306,985
<u>(561,124)</u>	<u>(467,268)</u>	<u>(432,563)</u>	<u>(227,724)</u>	<u>(299,827)</u>	<u>(306,985)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,953,284	\$ 2,459,305	\$ 2,723,948	\$ 1,786,071	\$ 2,351,584	\$ 2,407,725
19.00%	15.88%	12.75%	12.75%	12.75%	12.75%

CITY OF BEXLEY, OHIO

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.029993%	0.027700%	0.025768%
City's proportionate share of the net OPEB liability	\$ 3,910,380	\$ 3,008,015	\$ 2,602,672
City's covered payroll	\$ 4,231,276	\$ 4,180,705	\$ 3,858,458
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	92.42%	71.95%	67.45%
Plan fiduciary net position as a percentage of the total OPEB liability	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 THREE YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.12060200%	0.12398600%	0.11832100%
City's proportionate share of the net OPEB liability	\$ 1,098,266	\$ 7,024,850	\$ 5,616,432
City's covered payroll	\$ 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	36.07%	242.88%	212.91%
Plan fiduciary net position as a percentage of the total OPEB liability	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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 10,350	\$ 10,493	\$ 49,083	\$ 82,906
Contributions in relation to the contractually required contribution	<u>(10,350)</u>	<u>(10,493)</u>	<u>(49,083)</u>	<u>(82,906)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 4,751,919	\$ 4,231,276	\$ 4,180,705	\$ 3,858,458
Contributions as a percentage of covered payroll	0.22%	0.25%	1.17%	2.15%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 67,123	\$ 62,584	\$ 29,462	\$ 120,152	\$ 127,632	\$ 172,986
<u>(67,123)</u>	<u>(62,584)</u>	<u>(29,462)</u>	<u>(120,152)</u>	<u>(127,632)</u>	<u>(172,986)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,565,700	\$ 3,540,033	\$ 2,946,231	\$ 3,003,810	\$ 3,190,810	\$ 3,490,740
1.88%	1.77%	1.00%	4.00%	4.00%	4.96%

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>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<i>Police:</i>				
Contractually required contribution	\$ 16,653	\$ 15,225	\$ 14,462	\$ 13,189
Contributions in relation to the contractually required contribution	<u>(16,653)</u>	<u>(15,225)</u>	<u>(14,462)</u>	<u>(13,189)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 3,330,547	\$ 3,045,079	\$ 2,892,332	\$ 2,637,900
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
\$ 15,166	\$ 13,299	\$ 98,496	\$ 120,560	\$ 158,732	\$ 162,522
<u>(15,166)</u>	<u>(13,299)</u>	<u>(98,496)</u>	<u>(120,560)</u>	<u>(158,732)</u>	<u>(162,522)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,953,284	\$ 2,459,305	\$ 2,723,948	\$ 1,786,071	\$ 2,351,584	\$ 2,407,725
0.51%	0.54%	3.62%	6.75%	6.75%	6.75%

CITY OF BEXLEY, OHIO

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2019

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2019.

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

OHIO POLICE AND FIRE (OP&F) PENSION FUND

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

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017. For 2018, the following were the most significant changes of assumptions that affected the total pension since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.50% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple. There were no changes in assumptions for 2019.

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 2017-2019.

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.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2018. For 2019, OP&F changed its retiree health care model from a self-insured health care plan to a stipend-based health care model.

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%.

**CITY OF BEXLEY
FRANKLIN COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Provided Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF TREASURY				
<i>Passed Through Ohio Budget and Management</i>				
COVID-19 Coronavirus Relief Fund	21.019	HB481-CRF-Local	_____	\$785,586
TOTAL U.S. DEPARTMENT OF TREASURY			_____	785,586
Total Expenditures of Federal Awards			=====	\$785,586

The accompanying notes are an integral part of this schedule.

**CITY OF BEXLEY
FRANKLIN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2020**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Bexley (the City) under programs of the federal government for the year ended December 31, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

OHIO AUDITOR OF STATE KEITH FABER



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

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

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

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund and the discretely presented component unit and remaining fund information of the City of Bexley, Franklin County, (the City) as of and for the years ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 19, 2021, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the City.

Internal Control Over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the City's financial statements. We consider finding 2020-001 described in the accompanying schedule of findings to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider finding 2020-002 described in the accompanying schedule of findings to be a significant deficiency.

Compliance and Other Matters

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

City's Response to Findings

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and / or corrective action plan. We did not subject the City's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

November 19, 2021

OHIO AUDITOR OF STATE KEITH FABER



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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

To the City Council:

Report on Compliance for the Major Federal Program

We have audited the City of Bexley's (the City) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the City of Bexley's major federal program for the year ended December 31, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the City's major federal program.

Management's Responsibility

The City's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the City's compliance for the City's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the City's major program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on the Major Federal Program

In our opinion, City of Bexley complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended December 31, 2020.

Report on Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the City's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

November 19, 2021

**CITY OF BEXLEY
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020 AND 2019**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	CFDA #21.019 Corona Virus Relief Fund
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

**CITY OF BEXLEY
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020 AND 2019
(CONTINUED)**

-2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2020-001

Material Weakness - Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

The City did not have the proper internal controls in place to ensure that its financial statements were free of material errors. During Fiscal Years 2019 and 2020, the following material errors were identified and the City subsequently adjusted their financial statements within Governmental Activities, General Fund, and Roads and Sidewalks Fund:

- In Fiscal Year 2019, the Roads and Sidewalks Fund's final budgeted expenditures were overstated by \$244,565.
- In Fiscal Year 2019, the original and final estimated receipts within the Roads and Sidewalks Fund incorrectly classified \$26,210 of Intergovernmental receipts and \$50,887 of Other Revenue as Property Tax Receipts.
- In Fiscal Year 2020, the General Fund's Original Budgeted Other Financing Uses and Final Budgeted Expenditures were understated by \$1,150,001 and overstated by \$1,435,734, respectively.
- In Fiscal Year 2020, the Roads and Sidewalks Fund's Other Revenue, in the amount of \$95,200, was reclassified to Charges for Services, to better reflect the source of these receipts. This reclassification also resulted in an adjustment to the Statement of Activities, to reclassify these monies from general revenues to program revenues.

Other misstatements ranging from \$798 to \$271,829 were identified under audit and have been brought to the City's attention. Additionally, errors and omissions in the footnotes were identified, brought to management's attention and corrected in the final report.

The presentation of inaccurate financial information resulted in material misstatements to the City's financial statements. Inaccurately presented financial statements can impact the decision-making of those charged with governance and the general public.

To help reduce posting errors and increase the reliability of the financial data, we recommend the City review controls over posting transactions to the accounting records. The identified errors should be reviewed, to prevent similar errors from being reported improperly in subsequent years.

Officials' Response: Refer to Corrective Action Plan

**CITY OF BEXLEY
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020 AND 2019
(CONTINUED)**

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

FINDING NUMBER 2020-002

Significant Deficiency- Capital Assets

Sound financial practices, implementation of City policies and procedures and adhering to applicable compliance requirements is essential in helping to ensure capital assets are properly valued, recorded, and depreciated. Additionally, implementing monitoring procedures and establishing proper segregation of duties is necessary in supporting a strong internal control environment.

The City's Capital Asset Policy requires that capital asset acquisitions are capitalized at cost (or estimated historical cost). The City of Bexley's capitalization threshold is \$5,000 with a useful life of five years or more. Additionally, the policy includes a depreciation schedule which identifies the useful lives for each asset category (land improvements, buildings and improvements, equipment, vehicles, and infrastructure).

During 2019 and 2020, the City improperly recorded capital assets in bulk by expense function, rather than reporting individual assets that qualify for capitalization based on the City's approved Capital Asset Policy.

Failing to follow the City's policy resulted in the following errors:

- We noted 5 of 25 (20%) purchases, totaling \$84,099 did not meet capitalization thresholds; however, were still recorded as a Capital Asset addition (infrastructure).
- We noted 1 infrastructure expense of \$11,402, 1 building improvement purchase of \$13,224, and 1 equipment purchase of \$10,714 (total 3 out of 25 (12%) purchases), met the respective capitalization thresholds; however, were improperly omitted from capital asset records.
- In 2020, 3 vehicle purchases totaling \$230,746 were depreciated over 10 years rather than 8 years resulting in an annual understatement of depreciation expense of \$5,769.
- In 2020, 1 building and improvement purchase of \$20,000 was depreciated at 10 years rather than 20 years, resulting in an annual overstatement of depreciation expense of \$1,000.
- In 2019, 1 vehicle purchase of \$36,000 was reported as an addition to both vehicles and equipment. Depreciation expense for this acquisition was calculated both for vehicles (8 years) and equipment (15 years). This error resulted in an overstatement of equipment additions of \$36,000 and depreciation expense of \$2,400.
- In both 2020 and 2019, the City recorded acquisition cost plus accrual amounts when reporting infrastructure additions. Failing to record acquisitions at cost resulted in a \$104,967 overstatement and an understatement of \$36,789 during Fiscal Years 2019 and 2020, respectively.

In addition to improperly capitalizing assets, the City failed to have an independent employee evaluate and reconcile individual Capital Asset Additions and/or Deletions to the internal accounting system.

Failing to follow City policies and implement a strong internal control structure could result in misappropriated assets and/or material misstatements.

We recommend the City review their internal control procedures over maintaining Capital Assets and evaluate if additional safeguards are needed.

Officials' Response: Refer to Corrective Action Plan

**CITY OF BEXLEY
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2020 AND 2019
(CONTINUED)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



City of Bexley

**CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
FOR THE FISCAL YEARS ENDING DECEMBER 31, 2020 AND 2019**

Finding Number: 2020-001

Planned Corrective Action: The City will work closely with the GAAP-conversion firm to ensure that amounts reported as budgeted figures in the financial statements are accurately presented and that revenue is properly classified based upon the activity. In addition, the City will review the internal controls over the posting of transactions to the accounting records to eliminate the need for reclassifications between revenue and expense accounts.

Anticipated Completion Date: 10/21/2021

Responsible Contact Person: Beecher Hale- Finance Director

Finding Number: 2020-002

Planned Corrective Action: The City will strengthen its internal controls over capital assets by thoroughly reviewing capital asset additions and deletions. In addition, the City will have an independent employee evaluate and reconcile all capital transactions during the year to ensure that the proper amount of capital assets are reported in the internal accounting system. When reviewing the transactions and amounts mentioned in the above comment, the City would like to note that it maintains approximately \$65.5 million in capital assets, net of depreciation

Anticipated Completion Date: 10/21/2021

Responsible Contact Person: Beecher Hale- Finance Director

THIS PAGE INTENTIONALLY LEFT BLANK

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 12/21/2021

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