

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 1999**

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BEXLEY CITY SCHOOL DISTRICT

GENERAL PURPOSE FINANCIAL STATEMENTS

FOR FISCAL YEAR ENDED JUNE 30, 1999

AUDITED



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

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## REPORT OF INDEPENDENT ACCOUNTANTS

Bexley City School District  
Franklin County  
348 South Cassingham Road  
Bexley, Ohio 43209

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Bexley City School District, Franklin County, Ohio, (the District) as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

**Bexley City School District**

*Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards receipts and expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.*



**JIM PETRO**  
Auditor of State

January 7, 2000

**Bexley City School District**  
**Combined Balance Sheet**  
**All Fund Types and Account Groups**  
**June 30, 1999**

**Governmental Fund Types**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>ASSETS AND OTHER DEBITS</b>				
Cash and investments	\$4,695,569	\$693,833	\$622,319	\$223,731
Restricted cash and investments	105,906	0	0	0
Receivable:				
Property Taxes	16,610,060	0	1,445,250	0
Other	44,273	198	0	0
Due from other:				
Governments	1,400	0	0	0
Funds	35,000	0	0	0
Inventory	24,502	0	0	0
Prepaid Assets	26,777	0	0	0
Property and plant and equipment	0	0	0	0
Amount available in debt service fund	0	0	0	0
Amount to be provided for retirement general long term debt	0	0	0	0
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>21,543,487</b>	<b>694,031</b>	<b>2,067,569</b>	<b>223,731</b>
<b>LIABILITIES:</b>				
Accounts Payable	434,717	48,164	0	13,094
Due to other:				
Funds	0	0	0	35,000
Other	0	0	6,483	0
Deferred revenue	16,628,920	64,901	1,445,250	36,129
Accrued liabilities	2,174,183	81,020	0	0
Obligations under capital lease	0	0	0	0
General obligations bonds payable	0	0	0	0
<b>Total Liabilities</b>	<b>19,237,820</b>	<b>194,085</b>	<b>1,451,733</b>	<b>84,223</b>
<b>FUND EQUITY AND OTHER CREDITS:</b>				
Investment in general fixed assets	0	0	0	0
Contributed capital	0	0	0	0
Retained deficit	0	0	0	0
Fund balance:				
Reserved for encumbrances	294,600	52,310	0	74,131
Reserved for inventory and prepaid assets	51,279	0	0	0
Reserved for budgetary stabilization	105,906	0	0	0
Unreserved	1,853,882	447,636	615,836	65,377
<b>TOTAL FUND EQUITY AND OTHER CREDITS</b>	<b>2,305,667</b>	<b>499,946</b>	<b>615,836</b>	<b>139,508</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$21,543,487</b>	<b>\$694,031</b>	<b>\$2,067,569</b>	<b>\$223,731</b>

See accompanying notes to the general purpose financial statements

Bexley City School District

EXHIBIT I

Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Totals Memorandum Only
<u>Enterprise</u>	<u>Expendable Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long Term Obligation</u>	<u>1999</u>
\$24,811	\$153,103	\$0	\$0	\$6,413,366
0	0	0	0	105,906
0	0	0	0	18,055,310
5,005	0	0	0	49,476
0	0	0	0	1,400
0	0	0	0	35,000
5,813	0	0	0	30,315
0	0	0	0	26,777
36,390	0	21,894,604	0	21,930,994
0	0	0	615,836	615,836
0	0	0	12,420,458	12,420,458
<u>72,019</u>	<u>153,103</u>	<u>21,894,604</u>	<u>13,036,294</u>	<u>59,684,838</u>
3,718	7,610	0	0	507,303
0	0	0	0	35,000
0	99,361	0	0	105,844
2,189	0	0	0	18,177,389
49,606	0	0	1,612,757	3,917,566
0	0	0	99,202	99,202
0	0	0	11,324,335	11,324,335
55,513	106,971	0	13,036,294	34,166,639
0	0	21,894,604	0	21,894,604
181,637	0	0	0	181,637
(165,131)	0	0	0	(165,131)
0	0	0	0	421,041
0	0	0	0	51,279
0	0	0	0	105,906
0	46,132	0	0	3,028,863
<u>16,506</u>	<u>46,132</u>	<u>21,894,604</u>	<u>0</u>	<u>25,518,199</u>
<u>\$72,019</u>	<u>\$153,103</u>	<u>\$21,894,604</u>	<u>\$13,036,294</u>	<u>\$59,684,838</u>

**Bexley City School District**  
**Combined Statement of Revenues, Expenditures and Change in Fund Balance**  
**All Governmental Fund Types and Similar Trust Funds**  
**For the Fiscal Year Ended June 30, 1999**

	<u>Governmental Fund Type</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
<b>REVENUES:</b>			
Property Taxes	\$14,779,386	\$0	\$1,263,362
Intergovernmental			
Federal Restricted Grants - in - Aid	0	317,206	0
State:			
Unrestricted Grants - in - Aid	4,879,371	0	160,709
Restricted Grants - in - Aid	0	577,512	0
Investment Income	213,753	31,221	0
Co-Curricular Activities	0	238,162	0
Tuition and Fees	47,072	0	0
Other	<u>50,372</u>	<u>226,907</u>	<u>0</u>
<b>Total Revenues</b>	<b>19,969,954</b>	<b>1,391,008</b>	<b>1,424,071</b>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
<b>Instruction Services:</b>			
Regular	10,003,513	160,426	0
Special	1,678,049	84,057	0
Vocational	<u>267,193</u>	<u>0</u>	<u>0</u>
<b>Total Instructional Services</b>	<b>11,948,755</b>	<b>244,483</b>	<b>0</b>
<b>Support Services:</b>			
Operation and maintenance of plant	1,665,252	0	0
School administration	1,188,982	0	0
Instructional staff	778,231	62,755	0
Pupils	738,057	3,533	0
Business operations	1,032,919	288,261	15,230
Student transportation	177,340	0	0
Central services	52,257	1,000	0
General administration	<u>21,312</u>	<u>0</u>	<u>0</u>
<b>Total Support Services</b>	<b>5,654,350</b>	<b>355,549</b>	<b>15,230</b>
Extracurricular activities	437,622	168,767	0
Community services	0	510,700	0
Capital outlay	103,738	7,414	0
Debt service:			
Principal retirement	73,667	0	650,000
Interest and fiscal charges	<u>10,372</u>	<u>0</u>	<u>624,728</u>
<b>Total Expenditures</b>	<b>18,228,504</b>	<b>1,286,913</b>	<b>1,289,958</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,741,450</b>	<b>104,095</b>	<b>134,113</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from sale of equipment	1,720	0	0
Transfers out	<u>(40,000)</u>	<u>0</u>	<u>0</u>
<b>Total Other Financing Sources (Uses)</b>	<b>(38,280)</b>	<b>0</b>	<b>0</b>
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	1,703,170	104,095	134,113
<b>Fund balances at beginning of year</b>	<b>602,497</b>	<b>395,851</b>	<b>481,723</b>
<b>Fund balances at end of year</b>	<b>\$2,305,667</b>	<b>\$499,946</b>	<b>\$615,836</b>

See accompanying notes to the general purpose financial statements  
(3)

EXHIBIT II

Governmental Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
Capital Projects	Expendable Trust	1999
\$70,000	\$0	16,112,748
0	0	317,206
0	0	5,040,080
39,589	0	617,101
4,050	2,613	251,637
0	0	238,162
0	0	47,072
<u>36,233</u>	<u>15,204</u>	<u>328,716</u>
<b>149,872</b>	<b>17,817</b>	<b>22,952,722</b>
89,186	0	10,253,125
0	0	1,762,106
<u>0</u>	<u>0</u>	<u>267,193</u>
<b>89,186</b>	<b>0</b>	<b>12,282,424</b>
0	0	1,665,252
9,361	0	1,198,343
0	0	840,986
0	6,161	747,751
26,210	14,175	1,376,795
0	0	177,340
0	0	53,257
<u>0</u>	<u>0</u>	<u>21,312</u>
<b>35,571</b>	<b>20,336</b>	<b>6,081,036</b>
0	650	607,039
0	0	510,700
0	0	111,152
0	0	723,667
<u>0</u>	<u>0</u>	<u>635,100</u>
<b>124,757</b>	<b>20,986</b>	<b>20,951,118</b>
<b>25,115</b>	<b>(3,169)</b>	<b>2,001,604</b>
0	0	1,720
<u>0</u>	<u>0</u>	<u>(40,000)</u>
<b>0</b>	<b>0</b>	<b>(38,280)</b>
25,115	(3,169)	1,963,324
<b>114,393</b>	<b>49,301</b>	<b>1,643,765</b>
<b><u>\$139,508</u></b>	<b><u>\$46,132</u></b>	<b><u>\$3,607,089</u></b>

**Bexley City School District**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual (Budget Basis)-All Governmental Fund Types**  
**For the Fiscal Year Ended June 30, 1999**

	----- General Fund -----		
	Revised Budget	Actual	Favorable (Unfavorable)
<b>REVENUE:</b>			
Property Taxes	12,667,066	14,779,386	2,112,320
Investment Income	225,000	219,650	(5,350)
Tuition Fees	44,000	45,078	1,078
Extracurricular	0	0	0
Fees	1,150	3,481	2,331
Miscellaneous	45,500	43,643	(1,857)
State Sources	4,880,113	4,878,721	(1,392)
Federal Sources	0	0	0
<b>Total Revenues</b>	<b>17,862,829</b>	<b>19,969,959</b>	<b>2,107,130</b>
<b>EXPENDITURES:</b>			
<b>Instruction Services:</b>			
Regular	9,975,505	9,907,551	67,954
Special	1,891,247	1,775,709	115,538
Vocational	286,390	286,259	131
<b>Total Instruction</b>	<b>12,153,142</b>	<b>11,969,519</b>	<b>183,623</b>
<b>Support Services:</b>			
Operation and maintenance of plant	1,824,780	1,782,652	42,128
Executive and school administration	1,184,520	1,168,761	15,759
Instructional staff	1,039,670	1,032,220	7,450
Pupils	814,992	795,474	19,518
Business operations	775,956	727,610	48,346
Student transportation	239,499	215,513	23,986
Central services	66,099	63,351	2,748
General administrations	34,395	27,864	6,531
<b>Total Support Services</b>	<b>5,979,911</b>	<b>5,813,445</b>	<b>166,466</b>
Facilities acquisition and construction services	294,600	294,040	560
Extracurricular Activities	432,201	431,192	1,009
Community services	0	0	0
Repayment of debt	0	0	0
<b>Total Expenditures</b>	<b>18,859,854</b>	<b>18,508,196</b>	<b>351,658</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(997,025)</b>	<b>1,461,763</b>	<b>2,458,788</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from Sale of Fixed Assets	9,350	1,720	(7,630)
Refund of Prior Year Expenditures	7,000	7,154	154
Refund of Prior Year Receipts	(1,000)	(545)	455
Operating Transfers Out	(40,000)	(40,000)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(24,650)</b>	<b>(31,671)</b>	<b>(7,021)</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(1,021,675)</b>	<b>1,430,092</b>	<b>2,451,767</b>
<b>Prior year Encumbrances Appropriated</b>	<b>468,843</b>	<b>468,843</b>	<b>0</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>2,268,029</b>	<b>2,268,029</b>	<b>0</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>1,715,197</b>	<b>4,166,964</b>	<b>2,451,767</b>

See accompanying notes to the general purpose financial statements.

EXHIBIT III

----- Special Revenue Funds -----			----- Debt Service Fund -----		
Revised Budget	Actual	Favorable (Unfavorable)	Revised Budget	Actual	Favorable (Unfavorable)
0	0	0	1,145,682	1,333,362	187,680
29,352	31,221	1,869	0	0	0
0	0	0	0	0	0
237,845	238,636	791	0	0	0
0	0	0	0	0	0
227,000	227,127	127	0	0	0
527,452	880,102	352,650	160,709	160,709	0
352,650	0	(352,650)	0	0	0
<u>1,374,299</u>	<u>1,377,086</u>	<u>2,787</u>	<u>1,306,391</u>	<u>1,494,071</u>	<u>187,680</u>
215,577	198,149	17,428	0	0	0
88,083	87,030	1,053	0	0	0
0	0	0	0	0	0
<u>303,660</u>	<u>285,179</u>	<u>18,481</u>	<u>0</u>	<u>0</u>	<u>0</u>
0	0	0	0	0	0
0	0	0	0	0	0
324,372	290,009	34,363	0	0	0
72,089	64,046	8,043	0	0	0
3,881	3,532	349	17,950	16,419	1,531
0	0	0	0	0	0
15,083	1,000	14,083	0	0	0
0	0	0	0	0	0
<u>415,425</u>	<u>358,587</u>	<u>56,838</u>	<u>17,950</u>	<u>16,419</u>	<u>1,531</u>
118,289	7,414	110,875	0	0	0
187,548	169,921	17,627	0	0	0
581,398	530,532	50,866	0	0	0
0	0	0	1,344,736	1,344,728	8
<u>1,606,320</u>	<u>1,351,633</u>	<u>254,687</u>	<u>1,362,686</u>	<u>1,361,147</u>	<u>1,539</u>
(232,021)	25,453	257,474	(56,295)	132,924	189,219
0	0	0	0	0	0
1,200	1,195	(5)	0	0	0
(151,584)	(6,104)	145,480	0	0	0
0	0	0	0	0	0
<u>(150,384)</u>	<u>(4,909)</u>	<u>145,475</u>	<u>0</u>	<u>0</u>	<u>0</u>
(382,405)	20,544	402,949	(56,295)	132,924	189,219
167,659	167,659	0	0	0	0
451,313	451,313	0	489,394	489,394	0
<u>236,567</u>	<u>639,516</u>	<u>402,949</u>	<u>433,099</u>	<u>622,318</u>	<u>189,219</u>

cont

**Bexley City School District**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual (Budget Basis)-All Governmental Fund Types**  
**For the Fiscal Year Ended June 30, 1999 - Continuing**

	----- Capital Projects Funds -----		
	Revised Budget	Actual	Favorable (Unfavorable)
<b>REVENUE:</b>			
Property Taxes	0	0	0
Investment Income	3,725	4,050	325
Tuition Fees	0	0	0
Extracurricular	0	0	0
Fees	0	0	0
Miscellaneous	36,233	36,233	0
State Sources	0	0	0
Federal Sources	0	0	0
<b>Total Revenues</b>	<b>39,958</b>	<b>40,283</b>	<b>325</b>
<b>EXPENDITURES:</b>			
<b>Instruction Services:</b>			
Regular	147,798	112,831	34,967
Special	0	0	0
Vocational	0	0	0
<b>Total Instruction</b>	<b>147,798</b>	<b>112,831</b>	<b>34,967</b>
<b>Support Services:</b>			
Operation and maintenance of plant	0	0	0
Executive and school administration	14,650	9,150	5,500
Instructional staff	20,210	20,210	0
Pupils	0	0	0
Business operations	2,000	0	2,000
Student transportation	0	0	0
Central services	0	0	0
General administrations	0	0	0
<b>Total Support Services</b>	<b>36,860</b>	<b>29,360</b>	<b>7,500</b>
Facilities acquisition and construction services	185,894	123,138	62,756
Extracurricular Activities	0	0	0
Community services	0	0	0
Repayment of debt	0	0	0
<b>Total Expenditures</b>	<b>370,552</b>	<b>265,329</b>	<b>105,223</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(330,594)</b>	<b>(225,046)</b>	<b>105,548</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from Sale of Fixed Assets	0	0	0
Refund of Prior Year Expenditures	0	0	0
Refund of Prior Year Receipts	0	0	0
Operating Transfers Out	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(330,594)</b>	<b>(225,046)</b>	<b>105,548</b>
Prior year Encumbrances Appropriated	208,571	208,571	0
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>123,979</b>	<b>123,979</b>	<b>0</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>1,956</b>	<b>107,504</b>	<b>105,548</b>

See accompanying notes to the general purpose financial statements.

EXHIBIT III

Totals		
----- (Memorandum Only) -----		
Revised Budget	Actual	Favorable (Unfavorable)
13,812,748	16,112,748	2,300,000
258,077	254,921	(3,156)
44,000	45,078	1,078
237,845	238,636	791
1,150	3,481	2,331
308,733	307,003	(1,730)
5,568,274	5,919,532	351,258
352,650	0	(352,650)
<u>20,583,477</u>	<u>22,881,399</u>	<u>2,297,922</u>
10,338,880	10,218,531	120,349
1,979,330	1,862,739	116,591
286,390	286,259	131
<u>12,604,600</u>	<u>12,367,529</u>	<u>237,071</u>
1,824,780	1,782,652	42,128
1,199,170	1,177,911	21,259
1,384,252	1,342,439	41,813
887,081	859,520	27,561
799,787	747,561	52,226
239,499	215,513	23,986
81,182	64,351	16,831
34,395	27,864	6,531
<u>6,450,146</u>	<u>6,217,811</u>	<u>232,335</u>
598,783	424,592	174,191
619,749	601,113	18,636
581,398	530,532	50,866
1,344,736	1,344,728	8
<u>22,199,412</u>	<u>21,486,305</u>	<u>713,107</u>
(1,615,935)	1,395,094	3,011,029
9,350	1,720	(7,630)
8,200	8,349	149
(152,584)	(6,649)	145,935
<u>(40,000)</u>	<u>(40,000)</u>	<u>0</u>
(175,034)	(36,580)	138,454
(1,790,969)	1,358,514	3,149,483
845,073	845,073	0
3,332,715	3,332,715	0
<u>2,386,819</u>	<u>5,536,302</u>	<u>3,149,483</u>

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**Bexley City School District**

**Statement of Revenues, Expenses and Changes  
in Retained Deficit -- All Proprietary Fund Types**

**For the Fiscal Year Ended June 30, 1999**

EXHIBIT IV

	<u>ENTERPRISE FUND TOTAL</u>
	<u>1999</u>
<b>OPERATING REVENUES - Food Service Sales</b>	<u>\$219,506</u>
<b>OPERATING EXPENSES:</b>	
Personal services	144,399
Employee benefits	46,867
Purchased services	759
Supplies and materials	98,849
Depreciation	<u>2,135</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>293,009</u>
<b>OPERATING LOSS</b>	(73,503)
<b>NON- OPERATING REVENUES:</b>	
Interest	780
State sources	1,589
Federal sources - restricted grants - in - aid	<u>26,258</u>
<b>TOTAL NON- OPERATING REVENUES</b>	<u>28,627</u>
<b>LOSS BEFORE OPERATING TRANSFER</b>	(44,876)
Operating transfer in	<u>40,000</u>
<b>NET LOSS</b>	(4,876)
<b>BEGINNING RETAINED DEFICIT</b>	<u>(160,255)</u>
<b>ENDING RETAINED DEFICIT</b>	<u>(\$165,131)</u>

See accompanying notes to the general purpose financial statements.

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**Bexley City School District**

**Statement of Cash Flows  
All Proprietary Fund Types  
For the Fiscal Year Ended June 30, 1999**

EXHIBIT V  
PROPRIETARY  
FUND TYPE  
ENTERPRISE  
FUND

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Operating loss (\$73,503)

**ADJUSTMENTS TO RECONCILE OPERATING  
LOSS TO NET CASH PROVIDED BY  
(USED IN) OPERATING ACTIVITIES:**

Depreciation 2,135  
Increase in receivable (3,645)  
Increase in inventory (1,299)  
Decrease in accounts payable (751)  
Increase in deferred revenue 16  
Decrease in accrued liabilities (4,533)

**NET ADJUSTMENTS**

(8,077)

**Net cash used in operating activities**

(81,580)

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

State sources 1,589  
Federal sources 26,258  
Operating transfers 40,000

**NET CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

67,847

**CASH FLOWS FROM INVESTING ACTIVITIES**

Interest 780

**DECREASE IN CASH AND CASH EQUIVALENTS**

(12,953)

**CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR**

37,764

**CASH AND CASH EQUIVALENTS AT END OF YEAR**

\$24,811

See accompanying notes to the general purpose financial statements.

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## BEXLEY CITY SCHOOL DISTRICT

### Notes to General Purpose Financial Statements

June 30, 1999

#### (1) Reporting Entity

The Bexley City School District (the District) was organized May 1, 1917 and is a fiscally independent political subdivision of the State of Ohio. The District is governed by a five-member board of education (the Board) elected by the citizens of Bexley.

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities and functions for which the District is financially accountable. Financial accountability is defined as the appointment of a voting majority of a component unit's board and either (i) the District's ability to impose its will over a component unit, or (ii) the possibility that the component unit will provide a financial benefit or impose financial burden on the District.

The Bexley Public Library is a school district library created under Chapter 3375 of the Ohio Revised Code and is located in the Bexley City School District. The Board of Trustees of the Library controls and manages the Library and issues its own financial statements. Although the Bexley Board of Education is required to approve appointments to the Board of Trustees and to approve the annual budget, the Board has no authority to reject the Library's recommendations.

The Board also acts as the Library's agent on any debt issues required. On September 1, 1990, as required by State law, the District issued, on behalf of the Library, general obligation bonds in the amount of \$4,130,000, which had been approved by the electors on May 8, 1990. The bonds are issued for the purpose of enlarging, rehabilitating, improving, adding to, furnishing and equipping the Library. Although the bonds are issued on behalf of the Library, and the proceeds of the bonds were transferred to the Board of Trustees of the Library, the bonds constitute indebtedness of the District and are considered in determining the District's debt limitations. Property tax revenues collected to retire the debt are paid directly to the District, and the District pays the interest and retires the debt.

However, the District has no ability to influence the library's operations significantly, no accountability over the fiscal matters of the Library, nor any responsibility for the Library's deficits. Accordingly, other than the debt and related property tax revenue referred to in the preceding paragraph, the Library's financial statements are not included herein.

Education support services are provided by the Bexley Education Foundation (the Foundation). The Foundation has a separate nineteen member Board of Governor's. The Board is not appointed by the Bexley Board of Education. The Foundation is a separate entity from the District with no financial interdependency. The Foundation makes cash donations to the District which are approved by the Board of Education. For the 1998-99 fiscal year, expenses and donations of the Foundation for the Bexley Schools are accounted for in Special Revenue Fund 029, the Education Foundation, which is a part of these financial statements. All other monies of the Bexley Education Foundation are held by the Bexley Foundation at Fifth Third Bank and the Columbus Foundation in the name of the Bexley Education Foundation. The money is invested by the Columbus Foundation. Accordingly, the District has no oversight responsibilities. The Foundation's separate financial statements are not included herein. In addition, the District has no ability to significantly influence operations and no accountability over the fiscal matters of the Foundation.

Within the School District boundaries, St. Charles Preparatory School is operated by the Columbus Diocese and Columbus School for Girls is a privately operated school. The State provides funding for these nonpublic schools. These monies are received and disbursed on behalf of the nonpublic school by the Treasurer of the School District, as directed by the nonpublic school. This financial activity is reflected in a special revenue fund for reporting purposes.

## BEXLEY CITY SCHOOL DISTRICT

### Notes to General Purpose Financial Statements, Continued

#### (2) Summary of Significant Accounting Policies

The accounting policies of the Bexley City School District conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of the more significant policies:

(a) Basis of Presentation-Fund Accounting

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The various funds are summarized by type in the general purpose financial statements. The following fund types and account groups are used by the District.

#### GOVERNMENTAL FUNDS

General Fund--The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds--Special Revenue Funds are used to account for the proceeds of specific revenue sources other than expendable trusts or major capital projects requiring separate accounting because of legal or regulatory provisions or administrative action.

Debt Service Fund--The Debt Service Fund is used to account for the accumulation of resources for the annual payment of principal, interest and related costs on long-term general obligation debt.

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

#### PROPRIETARY FUND

Enterprise Fund--The Enterprise Fund is used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis is financed or recovered primarily through user charges.

#### FIDUCIARY FUNDS

Trust Funds--Trust Funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Expendable trust funds are accounted for and reported as governmental funds.

Agency Funds--Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

#### ACCOUNT GROUPS

General Fixed Assets Account Group--This account group is established to account for fixed assets of the District other than those accounted for in proprietary or non-expendable trust funds.

General Long-Term Obligation Account Group--This account group is established to account for all unmatured long-term indebtedness of the District.

(b) Basis of Accounting

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

## BEXLEY CITY SCHOOL DISTRICT

### Notes to General Purpose Financial Statements, Continued

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

The modified accrual basis of accounting is followed by governmental funds, agency funds and expendable trust funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. Measurable means the amount can be determined and available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues not considered available are recorded as deferred revenue. Expenditures are recorded when the liability is incurred except for (1) interest on general long-term obligations, which is recorded when due, and (2) the non-current portion of accrued vacation and sick leave, which is recorded in the general long-term obligation account group.

In applying the susceptible to accrual concept to intergovernmental revenues, there are essentially two types. In one, monies must be expended on the specific purpose or project before any amounts will be paid to the District; therefore, revenues are recognized based upon when the expenditures are incurred. In the other, monies are virtually unrestricted and are usually revocable only for failure to comply with prescribed compliance requirements. These resources are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

Property taxes are recognized as revenue in the fiscal year for which taxes have been levied, provided they are collected by June 30. Property taxes measurable as of June 30, 1999 and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue. Miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until received. Investment earnings are recorded as earned.

The accrual basis of accounting is utilized by the proprietary funds. Revenues are recorded when earned and expenses are recorded when incurred.

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

The preparation of the general purpose financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the general purpose financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

(c) Budgetary Data

All governmental and proprietary funds types are subject to annual expenditures budgets. The Board follows the procedures outlined below in establishing the expenditures budget data reported in the general purpose financial statements:

- (1) A Tax Budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by January 20 of each year, for the fiscal year commencing the following July 1. The Bexley Board of Education normally adopts the Tax Budget at its December regular meeting or the Organization meeting in early January.

## BEXLEY CITY SCHOOL DISTRICT

### Notes to General Purpose Financial Statements, Continued

(2) The County Budget Commission certifies its actions to the District by March 1. As part of this certification, the District receives the official certificate of estimated resources which states the projected receipts of each fund. *On or about July 1, this certificate is amended to include any unencumbered balances from the preceding year.*

(3) An annual appropriation measure must be passed by October 1 of each year for the period July 1 to June 30. Unencumbered appropriations lapse at year-end and encumbered appropriations are reported as expenditures in the current year. The Board adopted its 1999 appropriation measure at a regular meeting on September 15, 1998. The Board of Education adopted a temporary appropriation measure at the June 23, 1998 special meeting to allow the District to operate until its annual appropriations are adopted. The appropriation measure may be amended or supplemented during the year as new information becomes available. Individual buildings and/or departments may transfer funds within their budgets. Supplemental appropriations are presented during the year and include the transfers requested by staff and any amendments to fund unanticipated expenditures. Appropriations may not exceed estimated resources and expenditures may not exceed appropriations in any fund at the object level. Appropriations did not exceed estimated resources and expenditures did not exceed appropriations in any fund at the object level. Appropriations for advances-in/advances-out by law are not required and are not budgeted.

(4) The District prepares its budget on a basis of accounting that differs from generally accepted accounting principles (GAAP). The actual results of operations are presented in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--All Governmental Fund Types in accordance with the budget basis of accounting.

The major differences between the budgetary basis of accounting and GAAP are that:

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
  - B. Expenditures are recorded when encumbered (budget basis) as opposed to when the liability is incurred (GAAP basis); and
  - C. Encumbrances are recorded as the equivalent of expenditures (budget basis) as opposed to a reservation of fund balance (GAAP basis).
- (d) Encumbrances  
Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in governmental funds. Encumbrances are reported as reservations of fund balance, since they do not constitute expenditures or liabilities.
- (e) Investments  
In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investment and for External Investment Pools," the District records all its investments at fair value as defined in this statement.
- (f) Inventory  
Inventory is valued at cost (first-in, first-out). The cost of inventory is recorded as an expenditure at the time individual inventory items are consumed.
- (g) Fixed Assets--Governmental Funds  
Fixed Assets purchased for general governmental purposes are recorded as expenditures in the governmental funds and capitalized at cost (or estimated historical cost for assets for which cost is not available) in the General Fixed Assets Account Group. Contributed fixed assets are recorded at their estimated fair market value at the date received.

## BEXLEY CITY SCHOOL DISTRICT

### Notes to General Purpose Financial Statements, Continued

No depreciation is provided on general fixed assets.

(h) Fixed Assets--Proprietary Funds

Fixed Assets used by proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction where applicable. Depreciation is provided using the straight-line method over estimated useful lives ranging from 25 to 50 years for buildings, 10 to 20 years for improvements other than buildings, and 3 to 10 years for equipment.

(l) Compensated Absence

Administrators and classified staff who work twelve month contracts are granted vacation leave. The leave amount is based on length of service and position. The District accrues vacation leave benefits as earned. Accrued vacation may be carried forward to the next fiscal year. The maximum amount to be carried at any one time is 1.5 times the annual number of days. The liability for earned, but unused vacation leave is provided in the General Long Term Obligation Account Group.

District employees earn sick leave at fifteen days per year which, if not taken, accumulates on an unlimited basis until retirement. For all staff an employee may be paid one-fourth of the accumulated sick leave up to a maximum of 50 days upon retirement. All staff who resign after ten years of Bexley service may be paid one-fourth of accumulated sick leave up to a maximum of 25 days. A liability for earned but unused sick leave has been provided in the General Long Term Obligation Account Group. The amount used during the year is similar from year to year.

(j) Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transfers are reported as operating transfers.

(k) Total Columns

Total Columns on the combined statements are captioned "Memorandum Only" to indicate they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Such data is not comparable to a consolidation since interfund eliminations have not been made.

(l) Statement of Cash Flows

For purposes of the Statement of Cash Flows, the Proprietary Funds consider all highly liquid investments held by trustees, with a maturity of three months or less when purchased, to be cash equivalents. In addition, all cash and investments with the treasurer are also considered to be cash equivalents since they are available to the Proprietary Funds on demand.

(m) Proprietary Funds

Pursuant to GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting, the District follows GASB guidance as applicable to proprietary funds, and Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB Pronouncements.

(n) Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the School District to create a reserve for budget stabilization. See Note 13 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

**BEXLEY CITY SCHOOL DISTRICT**

Notes to General Purpose Financial Statements, Continued

(o) Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventories of supplies and materials, prepaid assets, and budget stabilization. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

(3) Cash and Investments

- a) In 1998, the District adopted GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records all its investments at fair value.
- b) The District's bank deposits at June 30, 1999 were \$110,064 with a carrying balance of (\$42,854). Of this balance, \$100,000 was covered by Federal depository insurance and \$10,064 was uninsured and uncollateralized. The \$10,064 was covered by pooled collateral as provided in Ohio Revised Code Chapter 135. All deposits are in institutions who are members of the Federal Reserve System.
- c) The Ohio Revised Code authorizes the District to invest in United States and State of Ohio bonds, notes and other obligations; bank certificates of deposit; banker acceptances; commercial paper notes rated prime and issued by United States corporations; repurchase agreements secured by United States obligations; and State Treasury Asset Reserve of Ohio, which is managed by the Treasurer of the State of Ohio (STAR Ohio). It is management's policy to invest in all of the above type of investments. Earnings on investments are credited to various funds at the discretion of the Board.
- d) STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the Securities Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 1999.
- e) The District's investments are categorized to give an indication of the level of risk assumed by the District at June 30, 1999. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the Counter party's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the Counter party or its trust department or agent, but not in the District's name. The investment with STAR Ohio is not required to be categorized due to its nature.

Investments:	Category			Carrying/ Fair Value
	1	2	3	
Repurchase Agreements	0	0	79,501	79,501
Commercial Paper	0	496,168	0	496,168
Federal Agencies Securities	<u>1,000,000</u>	<u>894,886</u>	<u>0</u>	<u>1,894,886</u>
Sub-Total	<u>\$1,000,000</u>	<u>\$1,391,054</u>	<u>\$79,501</u>	<u>\$2,470,555</u>
Investment in State Treasurers' Investment Pool				<u>\$4,091,571</u>
Total investments				\$6,562,126
Cash deposits				\$ 110,064
Less: Reconciling items				\$ (152,918)
Total cash and investments				<u>\$6,519,272</u>

**BEXLEY CITY SCHOOL DISTRICT**

Notes to General Purpose Financial Statements, Continued

(4) Receivables

Receivables at June 30, 1999, consist of the following:

	<u>Taxes</u>	<u>Interest</u>	<u>Other</u>	<u>Total</u>
General	\$16,610,060	\$20,806	\$23,467	\$16,654,333
Special revenue	0	0	198	198
Debt service	1,445,250	0	0	1,445,250
Enterprise	\$ 0	\$ 0	\$5,005	\$ 5,005
Total	<u>\$18,055,310</u>	<u>\$20,806</u>	<u>\$28,670</u>	<u>\$18,104,786</u>

(5) Due from Other Governments

Intergovernmental receivables at June 30, 1999, consist of the following:

	<u>Due from</u>		
	<u>Federal</u>	<u>State</u>	
	<u>Government</u>	<u>Government</u>	<u>Total</u>
General	\$0	\$1,400	\$1,400
Total	\$0	\$1,400	\$1,400

(6) Property, Plant and Equipment

A summary of changes in general fixed assets for the year ended June 30, 1999, follows:

	<u>Balance</u>			<u>Balance</u>
	<u>July 1, 1998</u>	<u>Additions</u>	<u>Disposals</u>	<u>June 30, 1999</u>
Land	\$ 137,450	\$ 0	\$ 0	\$ 137,450
Buildings and improvements	16,160,637	5,000	0	16,165,637
Furniture and fixtures	5,029,440	203,829	0	5,233,269
Autos and trucks	\$ 341,998	\$ 16,250	\$ 0	\$ 358,248
Total	<u>\$21,669,525</u>	<u>\$ 225,079</u>	<u>\$ 0</u>	<u>\$21,894,604</u>

Proprietary fund type property, plant and equipment at June 30, 1999, consist of the following:

<u>Enterprise</u>	
Furniture and fixtures	\$181,637
Less accumulated depreciation	(145,247)
Total	\$ 36,390

(7) Notes and Long-Term Obligations

The Board of Education issued a \$70,000 note on January 16, 1998 with a maturity period of one year. This note was unvoted debt to provide additional funds for the Building Fund. The note was paid off in full on January 16, 1999.

A summary for changes in long-term obligations for the year ended June 30, 1999, follows:

**BEXLEY CITY SCHOOL DISTRICT**

Notes to General Purpose Financial Statements, Continued

	<u>Balance</u> <u>July 1, 1998</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 1999</u>
General long-term debt account group:				
Accrued vacation and sick leave	\$ 1,534,838	\$ 77,919	\$ 0	\$ 1,612,757
Installment purchase obligation payable	155,011	0	55,809	99,202
General obligation bonds	<u>11,974,335</u>	<u>0</u>	<u>650,000</u>	<u>11,324,335</u>
<b>Total</b>	<u>\$13,664,184</u>	<u>\$ 77,919</u>	<u>\$ 705,809</u>	<u>\$13,036,294</u>

Additions and deletions of accrued sick leave are shown net since it is impracticable for the district to determine these amounts separately.

The general obligation bonds and notes are a direct obligation of the District for which its full faith, credit and resources are pledged and are payable from taxes levied on all taxable property in the school district.

In the opinion of management, the District has complied with all bond covenants.

In 1993, the District issued \$9,994,473 in General Obligation Bonds with an average interest rate of 5.32 percent to advance refund \$10,614,862 of outstanding 1991 Series bonds with an average interest rate of 6.38 percent. The net proceeds \$10,933,788 (including premium of \$939,315 and after payment of \$74,465 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1991 Series bonds. As a result, the 1991 Series bonds are considered to be defeased and the liability for those bonds has been removed from the general long-term debt account group.

The annual maturities of the general obligation bonds as of June 30, 1999, and related interest payments are as follows:

<u>Year ending</u> <u>June 30,</u>	<u>Interest</u> <u>Rate (%)</u>	<u>Principal</u>	<u>Interest</u>
2000	5.32 - 7.125	680,000	590,439
2001	5.32 - 7.125	705,000	556,970
2002	5.32 - 7.125	745,000	520,908
2003	5.32 - 7.125	319,730	955,283
2004	5.32 - 7.125	310,182	955,224
2005-2015	5.32 - 7.125	6,939,423	5,683,846
2016-2017	5.32 - 7.125	\$ <u>1,625,000</u>	\$ <u>88,553</u>
<b>Total</b>		<u>\$11,324,335</u>	<u>\$ 9,351,223</u>

The Ohio Revised Code (ORC) provides that the net debt of a school district, whether or not approved by the people, shall not exceed 9.0% of the total value of all property in the school district as listed and assessed for taxation. In addition, the unvoted net debt of a school district cannot exceed 0.1% of the total assessed value of property. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At June 30, 1999 the District's total net debt and unvoted net debt were approximately 3.99% of the total assessed value of all property within the school district. The aggregate amount of the District's unvoted debt is also subject to overlapping debt restrictions with Franklin County and the City of Bexley. As of June 30, 1999, these entities have complied with the requirement that debt service payments on unvoted overlapping debt must not exceed in the aggregate 1% (10 mills) of the assessed property value.

**BEXLEY CITY SCHOOL DISTRICT**

Notes to General Purpose Financial Statements, Continued

**(8) Installment Purchase Obligations**

The District signed a five year master lease-purchase agreement (installment purchase) dated as of June 1, 1995 with Fifth-Third Bank of Columbus. The lease was for \$86,903 for computer hardware, software, set up and training for a new administrative computer system. The rate of the lease is 5.65% with quarterly payments. The first principal payment was made on June 1, 1995. The last payment is due March 1, 2000.

<u>Year ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2000	14,698	414

The District signed a three year master lease-purchase agreement (installment purchase) dated as of October 14, 1996 with Bank One of Columbus. The lease is for \$53,627 for a telephone system for the District. The rate of the lease is 5.49% with annual payments. The first principal payment is due on October 25, 1997. The last payment is due October 25, 1999.

<u>Year ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2000	18,639	1,034

The District signed a four year master lease-purchase agreement (installment purchase) dated July 16, 1997 with Bank One of Columbus. The lease is for \$110,000 for copy equipment for the District. The rate of the lease is 5.69% with annual payments. The first payment is due on August 1, 1998. The last payment is due August 1, 2001.

<u>Year ending</u> <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2000	\$20,752	\$3,749
2001	21,933	2,568
2002	<u>23,180</u>	<u>1,320</u>
	\$65,865	\$ 7,637

**(9) Defined Benefit Pension Plans**

Certificated District employees are covered by the State Teachers Retirement System of Ohio (STRS). All other District employees are covered by the School Employees Retirement System of Ohio (SERS). STRS and SERS (the Systems) are both cost-sharing, defined benefit, multiple-employer public employee retirement systems. The payrolls for employees covered by STRS, SERS and for all employees covered by these retirement systems were approximately \$10,746,766, \$1,952,453 and \$12,699,219, respectively, for the year ended June 30, 1999.

STRS has provided the following information to the District to comply with required disclosures pursuant to GASB Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers* (Statement No. 27).

- A. STRS is a cost-sharing multiple-employer defined benefit pension plan.
- B. STRS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.
- C. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code.
- D. STRS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to STRS at: 275 E. Broad St., Columbus, Ohio 43215-3371 or by calling (614)227-4090.

## BEXLEY CITY SCHOOL DISTRICT

### Notes to General Purpose Financial Statements, Continued

- E. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the STRS Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The contribution requirements and the contributions actually made for the fiscal year ended June 30, 1999, were 9.3% of covered payroll for members and 14% for employers. Employer contributions for 1999, 1998 and 1997 were \$1,504,547, \$1,458,870 and \$1,376,963, respectively. As of June 30, 1999, 83% has been contributed for 1999 and 100% for 1998 and 1997.

STRS members may retire at any age with 30 years of service, at age 60 with a minimum of 5 years of credited service, and at age 55 with a minimum of 25 years of service. They are entitled to a retirement benefit, payable for life, equal to the greater of a member's lifetime contributions plus interest matched by the employer and adjusted by an actuarially determined factor or 2.1% of final average salary per year and 2.5% per year for earned Ohio service over 30 years up to a maximum of 100% of final average salary. Final average salary is the employee's average salary over the highest 3 years of earnings.

SERS has provided the following information to the District to comply with required disclosures pursuant to GASB Statement No. 27.

- A. SERS is a cost-sharing multiple-employer defined benefit pension plan.
- B. SERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.
- C. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code.
- D. SERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to SERS at: 45 N. Fourth St., Columbus, Ohio 43215 or by calling (614)222-5853.
- E. Contribution rates are established and may be amended up to statutory maximum amounts, by the SERS Retirement Board. The contribution requirements and the contributions actually made for the fiscal year ended June 30, 1999, were 9% of covered payroll for members and 14% for employers. Employer contributions for 1999, 1998 and 1997 were \$273,343, \$251,693 and \$235,721, respectively. As of June 30, 1999, 33.4% has been contributed for 1999 and 100% for 1998 and 1997.

SERS members are eligible for retirement benefits at age 60 with 5 years of service credit, between ages 55 and 60 with at least 25 years of service credit, or at any age with 30 years of service credit. The annual benefit is equal to 2.1% of the member's final average salary, or a minimum of \$86, multiplied by the number of years of credited service. Members under the age of 65 who retire with less than 30 years of service credit receive reduced benefits.

#### (10) Health Care Benefits After Retirement

STRS has provided the following information (the latest information available) pertaining to other postemployment benefits for health care costs in order to assist the District in complying with GASB Statement No. 12, *Disclosure of Information on Postemployment Benefits Other Than Pension Benefits by State and Local Governmental Employers* (Statement No. 12).

- A. STRS provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Ohio Revised Code, the STRS Board has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium.
- B. The Ohio Revised Code grants authority to STRS to provide health care coverage to benefit recipients, spouses and dependents. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll.

## BEXLEY CITY SCHOOL DISTRICT

### Notes to General Purpose Financial Statements, Continued

- C. The STRS Board currently allocates employer contributions equal to 2% of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. The balance in the Health Care Reserve Fund was \$2,156 million at June 30, 1998. The Health Care Reserve Fund allocation for the year ended June 30, 1999, will be 8% of covered payroll. For the District, this amount is approximately \$860,000.
- D. For the year ended June 30, 1998, the net health care costs paid by STRS were \$219,244,000. There were 91,999 eligible benefit recipients.

SERS has provided the following information (the latest information available) pertaining to other postemployment benefits for health care costs in order to assist the District in complying with GASB Statement No. 12.

- A. The Ohio Revised Code gives SERS the discretionary authority to provide post-retirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premiums for health care. The portion is based on years of service up to a maximum of 75% of the premium.
- B. After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. At June 30, 1998, the allocation rate was 4.98%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, prorated for partial service credit. For fiscal year 1999, the minimum pay was established as \$12,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.
- C. Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 125% of annual health care expenses. Expenses for health care at June 30, 1998 were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, the Retirement System's net assets available for payment of health care benefits was \$160.3 million. For the District, the amount to fund health care benefits, including the surcharge, was \$103,093 for fiscal year 1999.
- D. The number of participants currently receiving health care benefits is approximately 50,000.

### (11) Property Taxes

Property Taxes include amounts levied against all real, public utility and tangible (used in business) property located in the school district. All property taxes are collected on behalf of the District by Franklin County. Due and collection dates, as established by Franklin County, were January 20, 1999 and June 21, 1999, for those taxes due during 1999.

Real property taxes collected during calendar year 1999 had a lien and levy date of January 1, 1998. Tangible personal property taxes collected during calendar year 1999 had a lien and levy date of January 1, 1999.

Assessed values are established by State law at 35% of appraised market value for Real Estate and Public Utility and at 25% for Tangible Personal. A revaluation of all property is required to be completed no less than every six years. The last revaluation was completed in December 1996. Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at true value (normally 88% of cost). The assessed values for collection in 1999, upon which the 1998 levies were based, was as follows:

**BEXLEY CITY SCHOOL DISTRICT**

Notes to General Purpose Financial Statements, Continued

Real estate	\$278,645,620
Public utility	7,066,610
Tangible personal	<u>2,738,233</u>
 Total	 <u>\$288,450,463</u>

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the District's share is .57% (5.7 mills) of assessed value. Increases in the property tax rate are restricted only by voter willingness to approve such increases. The total tax rate for the District, including voted increases, was 98.10 mills in 1999.

The Franklin County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Bexley City School District. The Franklin County Auditor periodically remits to the District its portion of the taxes collected. Property taxes may be paid on either an annual or semiannual basis.

(12) Contingent Liabilities

The District maintains property and casualty insurance of approximately \$35,965,900 million. Personal liability insurance is maintained in the amount of \$1 million per occurrence and \$5 million in the aggregate.

The Federal and State Grants remain 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 terms of the grant. Based on prior experience, the District's administration believes such disallowances, if any, would be immaterial.

(13) Set-Aside Calculations and Fund Reserves

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The School District is also required to set aside money for budget stabilization.

The following cash basis information describes the change in the year-end set-aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute.

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Stabilization</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 1998	\$0	\$0	\$105,906	\$105,906
Current Year Set-aside Requirement	277,475	277,475	0	554,950
Current Year Offsets	0	0	0	0
Qualifying Disbursements	<u>277,475</u>	<u>277,475</u>	<u>0</u>	<u>554,950</u>
 Set-aside Cash Balance as of June 30, 1999	 <u>\$0</u>	 <u>\$0</u>	 <u>\$105,906</u>	 <u>\$105,906</u>

Amounts of offsets and qualifying disbursements presented in the table were limited to those necessary to reduce the year-end balance to zero. Although the School District may have had additional offsets and qualifying disbursements during the year, these extra amounts may not be used to reduce the set-aside requirements of future years, and are therefore not presented.

## BEXLEY CITY SCHOOL DISTRICT

### Notes to General Purpose Financial Statements, Continued

#### (14) Year 2000 Issue

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the government's operations as early as fiscal year 1999-2000.

Bexley City Schools has completed an inventory of computer systems and other equipment necessary to conducting the School District's operations. The School District has identified the following systems requiring year 2000 remediation:

●*Financial Reporting, Payroll, Student System, and Personnel System.* The District has software purchased from ACE Software for all the systems. ACE Software has a letter on file certifying their software is year 2000 compliant. The UNIX hardware is under contract with ACE and the hardware operating system was updated in June, 1999. The operating system is now year 2000 compliant.

●*Building Operations.* The District used Johnson Controls to upgrade the computer hardware and software for year 2000 compliance in the following areas:

- Heating and ventilating system
- Security system
- Fire alarm system

The District's telephone system and elevators have had a written response from the companies verifying the systems are year 2000 compliant.

●*Educational Software, Hardware, and Network Software and Hardware.* These areas have been inventoried and are currently being reviewed. Plans are in process to upgrade any area found not to be in compliance

Franklin County collects property taxes for distribution to the District. Franklin County is responsible for remediating its tax collection system.

The State of Ohio distributes a substantial sum of money to the District in the form of "Foundation" and federal and state grant payments. Further, the State processes a significant amount of financial and non-financial information about the District through EMIS. the State is responsible for remediating these systems.

The District, as of November 29, 1999, has \$3,970.39 set aside in Fund 432 to handle any items in the financial reporting area or network area. The District has set appropriation for FY2000 at \$307,000 for educational computer hardware. These funds could be used to take care of any other issued that are found for year 2000 problems.

Because of the unprecedented nature of the year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the School District is or will be year 2000 ready, or that the District's remediation efforts will be successful in whole or in part, or that parties with whom the District does business will be 2000 ready.

**BEXLEY CITY SCHOOL DISTRICT**

Notes to General Purpose Financial Statements, Continued

(15) Budget Basis of Accounting

The adjustments necessary to convert the results of operations and fund balances at the end of year on the GAAP basis to the budget basis are as follows:

	<u>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP basis	\$1,703,170	\$104,095	\$134,113	\$25,115
Increase (decrease):				
Due to revenues	(7,159)	(12,727)	70,000	(109,589)
Due to encumbrances:				
Recognized as expenditures in budget	(626,737)	(97,104)	0	(81,225)
Due to expenditures	<u>360,818</u>	<u>26,280</u>	<u>(71,189)</u>	<u>(59,347)</u>
Budget basis	<u>\$1,430,092</u>	<u>\$20,544</u>	<u>\$132,924</u>	<u>(\$225,046)</u>

(16) Fund Equity

The Food Service Enterprise had a GAAP basis fund negative balance of \$165,131 at June 30, 1999.

(17) State School Funding Decision

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 1999, the School District received \$3,313,029 of school foundation support for its general fund.

Also, the Court declared the spending reserve borrowing program unconstitutional. The spending reserve program allowed the School District to borrow against amounts anticipated to be collected from tangible personal property taxes after the School District's June 30 fiscal year end. During the fiscal year ended June 30, 1999, the School District did not borrow under this program.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. As of this date, The Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program (these programs) and on its financial operations.

**SCHEDULE OF FEDERAL AWARDS RECEIPTS & EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 1999**

<b>FEDERAL GRANTOR Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Disburse- ments</b>	<b>Non-Cash Disburse- ments</b>
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Food Distribution Program	316400629	10.550	\$0	\$20,916	\$0	\$20,722
National School Lunch Program	043620-PU	10.555	<u>22,356</u>	<u>0</u>	<u>22,356</u>	<u>0</u>
Total Department of Agriculture - Child Nutrition Cluster			<u>22,356</u>	<u>20,916</u>	<u>22,356</u>	<u>20,722</u>
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>						
Telecomm E-Rate Program	316400629	84.XXX	<u>5,686</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States	6B-SF-99	84.027	<u>101,808</u>	<u>0</u>	<u>102,268</u>	<u>0</u>
Total Special Education Cluster			<u>101,808</u>	<u>0</u>	<u>102,268</u>	<u>0</u>
Safe and Drug Free Schools & Communities	DR S1 98	84.186	0	0	4,274	0
Title 1 Grants to Local Educational Agencies	C1-S1-99	84.010	89,388	0	87,030	0
Innovative Educational Program Strategies	C2-S1-99,98,97	84.298	12,932	0	10,515	0
Eisenhower Professional Development State Grants	MS-S1-99,97	84.281	0	0	5,965	0
Goals 2000 - State and Local Education Systemic Improvement	G2-A2-99,97	84.276	<u>143,987</u>	<u>0</u>	<u>116,344</u>	<u>0</u>
Total Department of Education			<u>353,801</u>	<u>0</u>	<u>326,396</u>	<u>0</u>
<b>Totals</b>			<u><b>\$376,157</b></u>	<u><b>\$20,916</b></u>	<u><b>\$348,752</b></u>	<u><b>\$20,722</b></u>

*The accompanying notes to this schedule are an integral part of this schedule.*

**NOTES TO SCHEDULE OF FEDERAL AWARD RECEIPTS AND EXPENDITURES**

**FISCAL YEAR ENDED JUNE 30, 1999**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Award Receipts and Expenditures (the Schedule) summarizes the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B - FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. At June 30, 1999, the District had no significant commodities in inventory.

**NOTE C - TELECOMM E-RATE PROGRAM**

The program does not have a CFDA number assigned to it. It is administered by the U.S. Department of Education.



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

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

Bexley City School District  
Franklin County  
348 South Cassingham Road  
Bexley, Ohio 43209

To the Board of Education:

We have audited the general purpose financial statements of Bexley City School District, Franklin County, Ohio, (the District) as of and for the year ended June 30, 1999, and have issued our report thereon dated January 7, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated January 7, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 7, 2000.

Bexley City School District  
Franklin County  
Report on Compliance and on Internal Control Required by  
Government Auditing Standards  
Page 2

This report is intended for the information and use of the Board of Education, management, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



**JM PETRO**  
Auditor of State

January 7, 2000



STATE OF OHIO  
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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO  
EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Bexley City School District  
Franklin County  
348 South Cassingham Road  
Bexley, Ohio 43209

To the Board of Education:

**Compliance**

We have audited the compliance of the Bexley City School District, Franklin County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1999. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

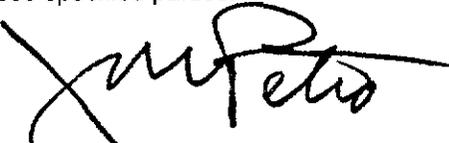
**Internal Control Over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Bexley City School District  
Franklin County  
Report on Compliance with Requirements Applicable to  
Each Major Federal Program and Internal Control Over  
Compliance in Accordance with OMB Circular A-133  
Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the Board of Education, management, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.



**JIM PETRO**  
Auditor of State

January 7, 2000

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505**

JUNE 30, 1999

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under §.510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title 1 Grants to Local Educational Agencies - CFDA # 84.010 Special Education Grants to States -3 CFDA # 84.027
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None



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BEXLEY CITY SCHOOL DISTRICT, FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

By: \_\_\_\_\_

*Susan Babbitt*

Clerk of the Bureau

Date: \_\_\_\_\_

FEB 08 2000