



Dave Yost • Auditor of State



**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bexley City School District, Franklin County, Ohio (the District), as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bexley City School District, Franklin County, Ohio, as of June 30, 2012, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 18, 2013, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and the required budgetary comparison schedule as 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditures schedule provides additional information required by the 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 basic financial statements. The Federal Awards Receipts and Expenditures Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject 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.



**Dave Yost**  
Auditor of State

January 18, 2013

**Bexley City School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2012  
Unaudited

As management of the Bexley City School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which follow this section.

### **Financial Highlights**

The District's net assets are \$37,164,843 as of June 30, 2012 according to the Statement of Net Assets. This represents an increase of \$1,495,589 or 4.19% over last year. Revenues for 2012 decreased about \$121 thousand or .32%, while expenses increased \$1.16 million or 3.3% over 2011. In 2012, property tax revenues decreased by \$171 thousand. In Ohio, the portion of property taxes legally available as an advance, on the future August real estate settlement, by June 30 is reported as revenue on both the full accrual and modified accrual basis of accounting. The Franklin County certified that the amount of taxes available for advance were approximately \$9.8 million, \$9.8 million, and \$8 million at June 30, 2012, 2011, and 2010 respectively. This timing resulted in a decrease in property tax revenues in 2012 compared to 2011. Income tax revenue increased \$658 thousand as a result of improving economic conditions for Bexley residents. State entitlements decreased by \$237 thousand due to state budget reductions. The District continued to contain operating expense within revenues generated for the fiscal year.

In November 2004, the taxpayers in the District passed a .75% income tax operating levy. Upon passage of this new tax, the District rolled back the 3.5 mill property tax operating levy that was passed by the voters in November 2003. Fiscal year 2006 was the first full year of the income tax collection which was anticipated to generate approximately \$6.3 million per year. However, the actual income tax revenue was \$5,923,617, \$5,265,882 and \$4,484,689 in 2012, 2011 and 2010, respectively.

The General Fund reported a positive fund balance of \$23,872,091.

### **Reporting the District as a Whole**

#### *The Statement of Net Assets and Statement of Activities*

A question typically asked about the District's finances is, "Is the District better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a manner that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the District's net assets and changes in them. The change in net assets provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other non-financial factors such as

property tax base, current property tax laws, student enrollment growth, and facility conditions in arriving at their conclusion regarding the overall health of the District.

## **Reporting the District's Most Significant Funds**

### *Fund Financial Statements*

Our analysis of the District's major funds appears on the fund financial statements beginning with the Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances. These statements provide detailed information about the most significant funds—not the District as a whole. Some funds are required to be established by State statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions. The District's two types of funds, governmental and fiduciary, use different accounting approaches as further described in the notes to the basic financial statements.

### *Governmental Funds*

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the basic financial statements.

### *Fiduciary Funds*

The District's fiduciary fund includes assets held for Student Managed activities and a portion of the assets of the Bexley Education Foundation. The District's fiduciary activities are reported in the Statement of Fiduciary Assets and Liabilities. We exclude these activities from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

## **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$37,164,843 according to the Statement of Net Assets at the close of the most recent fiscal year.

Approximately 31.9% of the District's net assets reflect its investment in capital assets less depreciation and any related debt used to acquire those assets that is still outstanding. The District uses capital assets to provide services; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves will not be used to liquidate these liabilities.



A comparative analysis of fiscal year 2012 to 2011 follows from the Statements of Net Assets:

**Bexley City School District  
Net Assets**

	Governmental Activities	
	2012	2011
Current assets	\$ 46,134,795	\$ 44,962,961
Capital assets	34,517,198	35,409,534
Total assets	80,651,993	80,372,495
Current liabilities	17,547,351	16,883,600
Long-term liabilities	25,939,799	27,819,641
Total liabilities	43,487,150	44,703,241
Net Assets:		
Invested in capital, net of debt	11,834,292	11,165,323
Restricted	3,539,632	3,514,954
Unrestricted	21,790,919	20,988,977
Total net assets	\$ 37,164,843	\$ 35,669,254

A portion of the District's net assets (9.52%) represents resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the District's ongoing activities.

**Bexley City School District  
Changes in Net Assets**

	2012	2011
<b>Program revenues:</b>		
Charges for services	\$ 658,542	\$ 683,188
Operating grants and contributions	1,976,292	2,239,392
<b>General revenues:</b>		
Property taxes	21,958,207	22,129,476
Income taxes	5,923,617	5,265,882
State entitlements	6,964,622	7,202,103
Investment income	86,060	141,745
Other	308,413	335,422
Total revenues	37,875,753	37,997,208
<b>Program expenses:</b>		
Instructional	19,946,986	19,522,319
Support services	12,279,139	11,412,799
Co-curricular student activities	1,132,163	1,081,794
Community services	753,433	888,558
Interest on long-term debt	1,101,514	1,150,492
Depreciation - unallocated	1,166,929	1,160,569
Total expenses	36,380,164	35,216,531
Change in net assets	\$ 1,495,589	\$ 2,780,677

### Governmental Activities

Net assets of the District's governmental activities increased by \$1,495,589 for the year ended June 30, 2012. In addition, the District continued to contain operating expenses within the revenues generated for the fiscal year.

The property tax laws in Ohio create the need periodically to seek voter approval for additional operating funds. Tax revenues generated from voted tax levies do not increase as a result of inflation. An operating levy is approved for a fixed millage rate, but the rate is reduced for inflation with the effect of providing the District the same amount of tax dollars as originally approved. Therefore, school districts such as ours that are dependent upon property taxes as the primary source of revenue must periodically return to the ballot and ask voters for additional resources to maintain current programs. Since the District must rely on voter approval of operating tax issues, management of the resources is of paramount concern to the District's administration and the voting public.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The table below reflects the 2012 cost of program services and the 2012 net cost of those services after taking into account the program revenues for the governmental activities. General revenues including tax revenue, investment earnings and unrestricted State entitlements must support the net cost of program services.

Programs	Total Cost of Services		Net Cost of Service	
	2012	2011	2012	2011
Instructional services	\$ 19,946,986	\$ 19,522,319	\$ 19,076,952	\$ 18,663,620
Support services	12,279,139	11,412,799	11,556,269	10,447,130
Co-curricular student activities	1,132,163	1,081,794	857,309	826,960
Community services	753,433	888,558	(13,643)	45,180
Interest on long-term debt	1,101,514	1,150,492	1,101,514	1,150,492
Depreciation - unallocated	1,166,929	1,160,569	1,166,929	1,160,569
Total	<u>\$ 36,380,164</u>	<u>\$ 35,216,531</u>	<u>\$ 33,745,330</u>	<u>\$ 32,293,951</u>

Local property and income taxes make up 73.6% of total revenues for governmental activities. The net services column reflecting the need for \$33,745,330 of support indicates the reliance on general revenues to support governmental activities.

### The District's Funds

The District's governmental funds reported a combined fund balance of \$27,331,343, which represents an increase of \$698,951 as compared to last year's total of \$26,632,392 according to the Governmental Funds Balance Sheet. The schedule below shows the fund balance and the total change in fund balance from June 30, 2011 to 2012.

	Fund Balance at June 30, 2012	Fund Balance at June 30, 2011	Increase (Decrease)
General fund	\$ 23,872,091	\$ 22,784,023	\$ 1,088,068
Bond retirement fund	2,468,485	2,696,209	(227,724)
Other governmental funds	990,767	1,152,160	(161,393)
Total	<u>\$ 27,331,343</u>	<u>\$ 26,632,392</u>	<u>\$ 698,951</u>

### *General Fund*

The District's General Fund balance increased \$1,088,068 or 4.8%. The tables that follow assist in illustrating the financial activities and balance of the General Fund.

<b>Revenues</b>			<b>%</b>
	<u>2012</u>	<u>2011</u>	<u>Change</u>
Property taxes	\$ 19,863,852	\$ 19,322,550	2.80%
Income taxes	5,868,617	5,201,882	12.82%
Intergovernmental	6,599,651	6,808,019	-3.06%
Investment income	85,849	137,801	-37.70%
Other revenue	<u>236,027</u>	<u>319,677</u>	-26.17%
Total	<u>\$ 32,653,996</u>	<u>\$ 31,789,929</u>	2.72%

Total property tax revenue for all funds remained consistent with 2011. The allocation of property tax revenue increased in the General Fund due to a decrease in the allocation to the Bond Retirement Fund resulting from decreased debt service requirements after the refunding in 2011. In November 2004, the taxpayers in the District passed a .75% income tax operating levy. Revenue from the income tax levy increased in 2012 as a result of improving economic conditions for Bexley residents. A significant portion of the district's income tax revenue is generated by capital gains.

As the table below indicates, the largest portion of General Fund expenditures is for instructional cost.

### **Expenditures by Function**

	<u>2012</u>	<u>2011</u>	<u>% Change</u>
Instructional services	\$ 19,099,366	\$ 18,469,386	3.41%
Support services	11,021,542	10,212,738	7.92%
Co-curricular student activities	824,943	792,624	4.08%
Community service	768	-	100.00%
Capital outlay	<u>418,867</u>	<u>314,398</u>	33.23%
Total	<u>\$ 31,365,486</u>	<u>\$ 29,789,146</u>	5.29%

Expenditures increased 5.29% over the prior year mostly due to increases in personnel costs in 2012. Revenues and other financing sources exceeded expenditures and other financing uses in the general fund during the fiscal year resulting in an increase in fund balance of \$1,088,068.

### *Bond Retirement Fund*

The Bond Retirement Fund, a debt service fund, is funded primarily with property tax revenue and state property tax allocation at the level necessary to meet debt service requirements. The \$227,724 decrease in fund balance is due to a decrease in the property taxes allocated to this fund to meet future debt service requirements.

### *Other Governmental Funds*

Other governmental funds consist of Special Revenue and Capital Projects funds. Fund balance in these funds decreased by \$161,393.

## **General Fund Budget Information**

The District's budget is prepared in accordance with Ohio law and is based on the cash basis of accounting, utilizing cash receipts, disbursements and encumbrances. Changes are made to the District's budget as changes in revenues and spending patterns are experienced.

The District uses the five-year forecast as the original document from which to form the operating budget. After updating the forecast for changes in revenue and expenditure assumptions, the operating budget begins at the school level. Each school in the District receives a per pupil allocation augmented with resources for special education students in the specific buildings. Budgets are reviewed periodically to ensure management becomes aware of any variations during the year.

Revenue was estimated in the original budget at approximately \$25.5 million. This original estimate did not include an amount for June 2012 property tax revenue advances; actual property tax revenue advances in June 2012 were \$1.7 million. The revised budget for revenue was approximately \$28.5 million.

## **Capital Assets**

The District has \$34,517,198 invested in governmental activity capital assets net of depreciation. Detailed information regarding capital asset activity is included in Note 5 of the Notes to the Basic Financial Statements.

## **Debt**

On June 30, 2012, the District had \$23,019,996 in outstanding principal on its general obligation bonds. The District paid \$1,990,000 in principal on bonds outstanding and \$936,843 in interest payments during the 2012 fiscal year.

Detailed information regarding long-term debt is included in Note 6 of the Notes to the Basic Financial Statements.

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 9% of the total taxable valuation of real and personal property. As of June 30, 2012, the District's general obligation debt was below the legal limit.

## **Current Financial and Economic Conditions**

The latest five-year forecast as prepared in October 2012 shows a positive cash balance through fiscal year 2017. However, the future financial stability of the District is not without challenges. The first challenge is for management to ensure resources can be preserved as long as possible by continuing to maintain careful financial planning and prudent fiscal management. The second challenge is based in the local economy and the state funding of education in Ohio.

The District's school income tax revenue had experienced a sharp decline due to the economy and several residents that moved out of state for tax purposes in calendar years 2010 and 2011. The school income tax showed a increase in calendar year 2012 from calendar year 2011 and the District expects the revenue from income taxes to continue to make a recovery.

The State new funding formula started in fiscal year 2012 is the Bridge formula. The Bridge formula replaces the Pathway to Student Success (PASS) that provided funding for fiscal years 2011. The Bridge formula reduced state revenue by 5.2% in FY12 and current estimates for FY13 is that State funding will remain at the FY12 amounts. The state aid reduction in 2011 and 2012 was offset with federal stimulus funds (Education Job Fund) that equaled \$177,404 in 2012 and will not be replaced in the future. The State formula still has a transitional guarantee that provides the District with state aid based on the amount received in the previous year minus any across the board reductions. The District is forecasting small reductions in State Funding in future years. The governor has announced that a new funding formula for schools but details have not been released at this time. The State of Ohio still has budget issues to deal with in the coming years. The five-year forecast reduces state funding each year of the forecast. At this time, the amounts listed are the District's best estimate.

Management continues to look at the long term financial stability of the District. Projections prepared in October 2012 show cash position as being negative at the end of fiscal year ending June 30, 2017. The District will continue to look at ways to reduce cost. The District placed a 6.5 mill levy on the November 2010 ballot. It was approved and the District started receiving \$2.99 million per calendar year in 2012.

### **Request for Information**

This financial report is designed to provide the citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to show accountability for the money it receives. Questions concerning any information provided in this report or request for additional financial information should be addressed to the Treasurer of the Bexley City School District, Christopher Essman at 348 S. Cassingham Road, Bexley, Ohio 43209.

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**Bexley City School District**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2012**

	GOVERNMENTAL ACTIVITIES
<b>ASSETS:</b>	
Cash and investments	\$ 22,081,935
Receivables	23,623,991
Due from other- Governments	219,320
Inventory	7,783
Prepaid assets and deferred charges	201,766
Capital assets:	
Land	154,150
Other capital assets, net	34,363,048
<b>TOTAL ASSETS</b>	<b>80,651,993</b>
<b>LIABILITIES:</b>	
Accounts payable	1,072,385
Unearned revenue	12,753,969
Accrued liabilities	3,720,997
Long-term liabilities:	
Due within one year	1,970,000
Due in more than one year	23,969,799
<b>TOTAL LIABILITIES</b>	<b>43,487,150</b>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	11,834,292
Restricted for:	
Capital Projects	613,969
Debt Service	2,478,711
Other purposes	446,952
Unrestricted	21,790,919
<b>TOTAL NET ASSETS</b>	<b>\$ 37,164,843</b>

The notes to the basic financial statements are an integral part of this statement.

**Bexley City School District**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2012**

		Program Revenues		Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instructional services:				
Regular	\$ 15,577,836	68,120	156,142	(15,353,574)
Special	4,026,997	-	645,772	(3,381,225)
Vocational	342,153	-	-	(342,153)
Support services:				
Operation and maintenance of plant	3,632,387	-	-	(3,632,387)
School administration	1,848,788	-	-	(1,848,788)
Pupils	1,602,478	-	201,239	(1,401,239)
Business operations	1,311,270	-	4,746	(1,306,524)
Instructional staff	2,276,088	-	101,275	(2,174,813)
Student transportation	814,607	-	-	(814,607)
Food service	607,132	315,568	92,843	(198,721)
Central services	131,283	-	7,199	(124,084)
General administration	55,106	-	-	(55,106)
Co-curricular student activities	1,132,163	274,854	-	(857,309)
Community services	753,433	-	767,076	13,643
Interest on long-term debt	1,101,514	-	-	(1,101,514)
Depreciation - unallocated*	1,166,929	-	-	(1,166,929)
<b>Total Governmental Activities</b>	<b>36,380,164</b>	<b>658,542</b>	<b>1,976,292</b>	<b>(33,745,330)</b>

General revenues:	
Property taxes	21,958,207
Income tax	5,923,617
Grants and entitlements not restricted to specific programs	6,964,622
Investment earnings	86,060
Miscellaneous	308,413
<b>Total general revenues</b>	<b>35,240,919</b>
 Change in Net Assets	 1,495,589
 Net Assets Beginning of Year	 35,669,254
<b>Net Assets End of Year</b>	<b>\$ 37,164,843</b>

\* This amount excludes the depreciation that is included in the direct expenses of various programs.

The notes to the basic financial statements are an integral part of this statement.



**Bexley City School District**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2012

	GENERAL	BOND RETIREMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS:</b>				
Cash and investments	\$ 19,234,854	1,689,973	1,157,108	22,081,935
Receivables:				
Property taxes	18,038,707	2,335,139	-	20,373,846
Income taxes	3,201,410	-	-	3,201,410
Other	47,242	-	1,493	48,735
Due from other:				
Governments	-	-	219,320	219,320
Interfund receivable	72,500	-	-	72,500
Inventory	-	-	7,783	7,783
Prepaid assets	39,441	-	-	39,441
<b>TOTAL ASSETS</b>	<b>\$ 40,634,154</b>	<b>4,025,112</b>	<b>1,385,704</b>	<b>46,044,970</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 1,006,316	15,222	50,847	1,072,385
Interfund payables	-	-	72,500	72,500
Deferred revenue	12,302,196	1,541,405	79,369	13,922,970
Accrued liabilities	3,453,551	-	192,221	3,645,772
<b>TOTAL LIABILITIES</b>	<b>16,762,063</b>	<b>1,556,627</b>	<b>394,937</b>	<b>18,713,627</b>
<b>FUND BALANCES:</b>				
Nonspendable:				
Inventory	-	-	7,783	7,783
Prepays	39,441	-	-	39,441
Restricted for:				
Debt service	-	2,468,485	-	2,468,485
Capital projects	-	-	613,969	613,969
Non-public schools	-	-	212,771	212,771
Special education	-	-	3,438	3,438
Targeted academic assistance	-	-	4,054	4,054
Community activities	-	-	52,315	52,315
Extracurricular activities	-	-	97,438	97,438
Assigned to:				
Instructional services	376,720	-	-	376,720
Unassigned	23,455,930	-	(1,001)	23,454,929
<b>TOTAL FUND BALANCES</b>	<b>23,872,091</b>	<b>2,468,485</b>	<b>990,767</b>	<b>27,331,343</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 40,634,154</b>	<b>4,025,112</b>	<b>1,385,704</b>	<b>46,044,970</b>

The notes to the basic financial statements are an integral part of this statement.

**Bexley City School District**  
 RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
 NET ASSETS OF GOVERNMENTAL ACTIVITIES  
 JUNE 30, 2012

**Total Governmental Fund Balances** \$ 27,331,343

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and therefore are not reported in the funds. 34,517,198

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.

Deferred charges	162,325	
Property taxes receivable	694,631	
Income taxes receivable	395,000	
Due from other governments	79,370	
		1,331,326

Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds:

Interest payable		(75,225)
Compensated absences		(1,954,099)
Bonds Payable, net:		
Bonds payable principal amount	(23,019,996)	
Accumulated accretion on discount debt	(1,273,590)	
Unamortized deferred amount on refunding	428,461	
Unamortized bond discount	29,365	
Unamortized bond premium	(149,940)	
		(23,985,700)

**Net Assets of Governmental Activities** \$ 37,164,843

The notes to the basic financial statements are an integral part of this statement.

**Bexley City School District**  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

	GENERAL	BOND RETIREMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>				
Property taxes	\$ 19,863,852	2,360,553	-	22,224,405
Income tax	5,868,617	-	-	5,868,617
Intergovernmental:				
Federal Restricted Grants-in-aid	-	-	1,087,013	1,087,013
State:				
Unrestricted Grants-in-aid	6,599,651	364,971	-	6,964,622
Restricted Grants-in-aid	-	-	832,674	832,674
Investment income	85,849	-	211	86,060
Co-curricular activities	58,213	-	216,641	274,854
Charges for services	-	-	315,568	315,568
Tuition fees	68,120	-	-	68,120
Other	109,694	-	198,719	308,413
<b>TOTAL REVENUES</b>	<b>32,653,996</b>	<b>2,725,524</b>	<b>2,650,826</b>	<b>38,030,346</b>
<b>EXPENDITURES:</b>				
Current:				
Instructional services:				
Regular	15,358,698	-	152,944	15,511,642
Special	3,398,515	-	577,102	3,975,617
Vocational	342,153	-	-	342,153
<b>TOTAL INSTRUCTIONAL SERVICES</b>	<b>19,099,366</b>	<b>-</b>	<b>730,046</b>	<b>19,829,412</b>
Support services:				
Operation and maintenance of plant	3,544,964	-	-	3,544,964
School administration	1,832,818	-	-	1,832,818
Instructional staff	2,166,014	-	99,201	2,265,215
Pupils	1,419,285	-	197,118	1,616,403
Business operations	1,280,163	26,405	4,649	1,311,217
Student transportation	599,494	-	-	599,494
Food services	-	-	600,331	600,331
Central services	123,698	-	7,052	130,750
General administration	55,106	-	-	55,106
<b>TOTAL SUPPORT SERVICES</b>	<b>11,021,542</b>	<b>26,405</b>	<b>908,351</b>	<b>11,956,298</b>
Co-curricular student activities	824,943	-	244,329	1,069,272
Community services	768	-	751,367	752,135
Capital outlay	418,867	-	378,568	797,435
Debt service:				
Principal retirement	-	1,990,000	-	1,990,000
Interest	-	936,843	-	936,843
<b>TOTAL EXPENDITURES</b>	<b>31,365,486</b>	<b>2,953,248</b>	<b>3,012,661</b>	<b>37,331,395</b>
Excess (deficiency) of revenues over expenditures	1,288,510	(227,724)	(361,835)	698,951
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	200,442	200,442
Transfers out	(200,442)	-	-	(200,442)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(200,442)</b>	<b>-</b>	<b>200,442</b>	<b>-</b>
Net Change in Fund Balances	1,088,068	(227,724)	(161,393)	698,951
FUND BALANCES AT BEGINNING OF YEAR	22,784,023	2,696,209	1,152,160	26,632,392
FUND BALANCE AT END OF YEAR	<b>\$ 23,872,091</b>	<b>2,468,485</b>	<b>990,767</b>	<b>27,331,343</b>

The notes to the basic financial statements are an integral part of this statement.

**Bexley City School District**  
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
 IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2012

**Net Changes in Fund Balances - Total Governmental Funds** \$ 698,951

Amounts reported for governmental activities in the statement of activities are different because:

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

Capital outlay expenditures capitalized	581,582	
Depreciation expense	(1,473,918)	
		(892,336)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. (154,593)

Repayment of principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and does not result in an expense in the statement of activities.

General obligation debt principal payments	1,990,000	
		1,990,000

Premium and discounts on bond issuance are reflected in the balance of the long-term liability and amortized against interest expense over the life of the new debt.

Amortization of bond premium (discount)	45,125	
Accretion of capital appreciation bonds	(73,385)	
		(28,260)

Issuance costs and the deferred amount resulting from the refunding bonds are reported as expenditures in the governmental fund, but these costs are capitalized and amortized to interest expense over the life of the new debt in the statement of activities.

Bond issuance costs	-	
Amortization of bond issuance costs	(41,963)	
Amortization of deferred amount on refunding	(100,136)	
		(142,099)

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is recorded when due. 5,688

The expense related to compensated absences reported in the statement of activities does require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 18,238

**Change in Net Assets of Governmental Activities** \$ 1,495,589

The notes to the basic financial statements are an integral part of this statement.

**Bexley City School District**  
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES  
FIDUCIARY FUNDS  
JUNE 30, 2012

	<u>AGENCY FUNDS</u>
ASSETS	
Cash and investments	\$ <u>156,466</u>
Total assets	\$ <u><u>156,466</u></u>
LIABILITIES	
Accounts Payable	\$ 17,960
Due to others	<u>138,506</u>
Total liabilities	\$ <u><u>156,466</u></u>

The notes to the basic financial statements are an integral part of this statement.

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BEXLEY CITY SCHOOL DISTRICT  
Notes to the Basic Financial Statements  
June 30, 2012

**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 basic financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, and Statement No. 39, *Determining Whether Certain Organizations are Component Units*, 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 District has no component units.

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. The last payment on these bonds was made on December 1, 2011.

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. These moneys are accounted for in the agency fund in 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 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 District, as directed by the nonpublic school. This financial activity is reflected in a special revenue fund for reporting purposes.

**2. Summary of Significant Accounting Policies**

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing

BEXLEY CITY SCHOOL DISTRICT  
Notes to the Basic Financial Statements, continued  
June 30, 2012

governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

(a) *Government-wide and fund financial statements*

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from legally separate *component units* for which the primary government is financially accountable. The District (primary government) has no business-type activities or component units.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to those who benefit from the goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting this definition of program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The District has no proprietary funds.

(b) *Measurement focus, basis of accounting, and financial statement presentation*

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year in which they are levied, provided they are collected and advanced or available for advance by the county auditor by the fiscal year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Government fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes are recognized as revenue in the fund financial statements in the fiscal year in which taxes have been levied, provided they are collected and advanced or available for advance by the county auditor by the fiscal year-end. Tuition, income taxes, grants, fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The District reports the following *major* governmental funds:

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



BEXLEY CITY SCHOOL DISTRICT  
Notes to the Basic Financial Statements, continued  
June 30, 2012

Bond Retirement Fund – The Bond Retirement Fund, a debt service fund, is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The District's *nonmajor* governmental funds include the following fund types:

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources, other than major capital projects, that are legally restricted to expenditures for specified purposes.

Capital Project Funds – The nonmajor capital projects funds are used to account for financial resources to be used for building and permanent improvements and receipt and expenditures of SchoolNet monies.

Additionally, the District reports the following fund type:

Fiduciary Funds – Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. This includes Agency Funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District reports two agency funds, the Student Activities Agency Fund and the Bexley Educational Foundation Agency Fund.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to those who benefit from the goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

(c) *Cash*

Monies received by the District are pooled in a central bank account with individual fund balance integrity retained throughout.

(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..

(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.

Commodities are valued at fair market value at the time of Donation.

(g) *Prepaid Assets*

Payments made to vendors for services that will benefit periods beyond June 30, 2010 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is recorded in the year in which services are consumed.

BEXLEY CITY SCHOOL DISTRICT  
Notes to the Basic Financial Statements, continued  
June 30, 2012

(h) *Capital Assets and Depreciation*

General capital assets are those assets specifically related to activities reported in the governmental funds. These assets are reported in the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District follows the policy of not capitalizing assets with a cost of less than \$1,000 and a useful life of less than one year. The District does not possess any infrastructure.

All reported capital assets, with the exception of land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Buildings & Improvements	10-40
Furniture and Equipment	5-20
Vehicles	5-20

(i) *Interfund Activity*

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.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net assets.

(j) *Compensated Absence*

The District has implemented the provisions of GASB Statement No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at June 30 by those employees who are currently eligible to receive termination payments and those employees for whom it is probable they will become eligible to receive termination benefits in the future. The criteria for determining the vacation and sick leave liability is derived from Board policy, negotiated agreements, and state laws.

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.

District employees earn sick leave at fifteen days per year which, if not taken, accumulates on an unlimited basis until retirement. All employees may be paid upon retirement: 1.) one-fourth of the accumulated sick leave up to a maximum of 54 days; and 2.) one-tenth of the days over an accumulated balance of 250 days. All staff members who resign after ten years of Bexley service may be paid one-fourth of accumulated sick leave up to a maximum of 25 days.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the accrued liabilities account in the fund or funds from which the employees who have accumulated the leave are paid.

BEXLEY CITY SCHOOL DISTRICT  
Notes to the Basic Financial Statements, continued  
June 30, 2012

(k) *Accrued Liabilities and Long-term Debt*

All accrued liabilities and long-term debt is reported in the government-wide financial statements. Compensated absences are recognized as fund liabilities to the extent payments come due each period upon occurrence of resignation and retirement.

(l) *Unearned/Deferred Revenue*

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes, other than delinquent property taxes, for which there is an enforceable legal claim as of June 30, 2012, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue unless the revenue recognition criteria discussed in note 2(b) have been met. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

(m) *Fund Balance Reserves / Restrictions*

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, the District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

*Nonspendable* – resources that are not in spendable form (inventory) or have legal or contractual requirements to maintain the balance intact.

*Restricted* – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

*Committed* – resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, the Board of Education.

*Assigned* – resources that are intended to be used for specific purposes as approved through the District's formal purchasing procedure by the Treasurer.

*Unassigned* – residual fund balance within the General Fund that is not restricted, committed, or assigned

The District applies restricted resources first when an expense is incurred for purposes which both restricted and unrestricted net assets are available. The District considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

The District does not have a formal minimum fund balance policy.

(n) *Management Estimates*

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Actual results could differ from those estimates.

BEXLEY CITY SCHOOL DISTRICT  
Notes to the Basic Financial Statements, continued  
June 30, 2012

**3. Cash and Investments**

The investment and deposit of the District's monies is governed by the provisions of the ORC. In accordance with these statutes, the District is authorized 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; money market funds secured by United States obligations; and STAROhio. During fiscal year 2012, investments were limited to STAROhio, CDs, and federal agency securities. Earnings on investments are credited to the General Fund except earnings specifically related to the Capital Projects Fund, Food Service Fund, and the Scholarship Fund in compliance with ORC Section 3315.01 and board policy. In fiscal 2012, the District reported total interest income of \$86,060 (\$85,849 in the General Fund, which includes \$6,680 assigned from other funds; and \$211 in Other Governmental Funds).

The District records all investment at fair value with the exception of repurchase agreements and nonnegotiable certificates of deposits which are recorded at cost. 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 similar to 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, 2012.

According to state law, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the District's name. During 2012, the District and public depositories complied with the provisions of these statutes.

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

At June 30, 2012, the carrying amount of all District deposits was \$8,762,816. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of June 30, 2012, the District had a bank balance of \$8,798,217, and the entire balance was covered by Federal Deposit Insurance Corporation.

BEXLEY CITY SCHOOL DISTRICT  
Notes to the Basic Financial Statements, continued  
June 30, 2012

As of June 30, 2012, the District had the following investments and maturities.

Investment type	Fair Value	Investment Maturities			
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months
STAROhio	\$ 1,020,586	1,020,586	-	-	-
Commercial Paper	1,998,717	1,998,717	-	-	-
FFCB	6,443,612	1,000,714	1,003,500	1,000,490	3,438,908
FHLB	4,012,670	2,007,390	1,004,950	1,000,330	-
	<u>\$ 13,475,585</u>	<u>6,027,407</u>	<u>2,008,450</u>	<u>2,000,820</u>	<u>3,438,908</u>

*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 District's investment policy limits investment portfolio maturities to two years or less.

*Credit Risk.* The District does not have a formal policy limiting credit risk. The District's investments in FFCB and FHLB were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Commercial paper was rated A1+ and P1. Standard & Poor's has assigned StarOhio an AAAM money market rating.

*Concentration of Credit Risk.* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage to total of each investment type held by the District at June 30, 2012:

Investment type	Fair Value	% to total
STAROhio	\$ 1,020,586	7.57%
Commercial Paper	1,998,717	14.83%
FFCB	6,443,612	47.82%
FHLB	4,012,670	29.78%
Total	<u>\$ 13,475,585</u>	<u>100.00%</u>

*Custodial Credit Risk for Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the government will not be able recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a policy related to custodial credit risk for investments; however, all of the District's investments are book-entry securities held by a safekeeping agent and are, therefore, not exposed to custodial credit risk.

BEXLEY CITY SCHOOL DISTRICT  
Notes to the Basic Financial Statements, continued  
June 30, 2012

**4. Receivables and Accrued Liabilities**

Receivables at June 30, 2012, consist of the following:

	Property Taxes	Income Taxes	Interest	Other	Totals
Governmental activities:					
General	\$ 18,038,707	3,201,410	33,050	14,192	\$ 21,287,359
Bond retirement fund	2,335,139	-	-	-	2,335,139
Other governmental funds	-	-	-	1,493	1,493
<b>Total</b>	<u>\$ 20,373,846</u>	<u>3,201,410</u>	<u>33,050</u>	<u>15,685</u>	<u>\$ 23,623,991</u>

Accrued Liabilities at June 30, 2012, consist of the following:

	Accrued Wages & Benefits	Compensated Absences	Totals
Governmental activities:			
General	\$ 3,139,844	313,707	3,453,551
Other governmental funds	192,221	-	192,221
<b>Total governmental fund accrued liabilities</b>	<u>\$ 3,332,065</u>	<u>313,707</u>	3,645,772
Accrued interest payable			<u>75,225</u>
<b>Total government-wide accrued liabilities</b>			<u>\$ 3,720,997</u>

BEXLEY CITY SCHOOL DISTRICT  
Notes to the Basic Financial Statements, continued  
June 30, 2012

**5. Capital Assets**

A summary of changes in capital assets for the year ended June 30, 2012, follows:

	Balance June 30, 2011	Additions	Disposals	Balance June 30, 2012
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	\$ 154,150	-	-	154,150
Total capital assets, not being depreciated	<u>154,150</u>	-	-	<u>154,150</u>
Capital assets, being depreciated:				
Building and improvements	51,725,768	365,827	-	52,091,595
Furniture, fixtures and equipment	2,064,014	93,149	-	2,157,163
Buses, autos and trucks	<u>911,851</u>	<u>122,606</u>	<u>42,014</u>	<u>992,443</u>
Total capital assets, being depreciated	<u>54,701,633</u>	<u>581,582</u>	<u>42,014</u>	<u>55,241,201</u>
Less accumulated depreciation for:				
Building and improvements	17,421,940	1,213,780	-	18,635,720
Furniture, fixtures and equipment	1,370,076	180,552	-	1,550,628
Buses, autos and trucks	<u>654,233</u>	<u>79,586</u>	<u>42,014</u>	<u>691,805</u>
Total accumulated depreciation	<u>19,446,249</u>	<u>1,473,918</u>	<u>42,014</u>	<u>20,878,153</u>
Total capital assets, being depreciated, net	<u>35,255,384</u>	<u>(892,336)</u>	-	<u>34,363,048</u>
Capital assets, net	<u>\$ 35,409,534</u>	<u>(892,336)</u>	-	<u>34,517,198</u>

Depreciation expense was charged to governmental functions as follows:

Instructional services:	
Regular	\$ 125,810
Special	3,707
Support services:	
Operation and maintenance of plant	28,398
School administration	2,454
Pupils	540
Instructional staff	17,032
Student transportation	78,807
Food services	6,801
Co-curricular student activities	43,440
Unallocated	1,166,929
Total depreciation	<u>\$ 1,473,918</u>

BEXLEY CITY SCHOOL DISTRICT  
Notes to the Basic Financial Statements, continued  
June 30, 2012

**6. Long-Term Obligations**

A summary for changes in long-term obligations for the year ended June 30, 2012, follows:

	Balance June 30, 2011	Additions	Payments/ Reductions	Balance June 30, 2012	Due in One Year
Compensated absences (accrued vacation and sick leave)	\$ 1,972,337	230,853	249,091	1,954,099	300,000
General obligation bonds payable	<u>25,009,996</u>	<u>-</u>	<u>1,990,000</u>	<u>23,019,996</u>	<u>1,670,000</u>
	<u>\$ 26,982,333</u>	<u>230,853</u>	<u>2,239,091</u>	<u>24,974,095</u>	<u>1,970,000</u>

The general obligation bonds 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 District.

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

The voters of the Bexley City School District approved a 5.6 mill bond levy in November 2000. The bond levy funded debt in the amount of \$27,050,000. The bonds were sold on February 16, 2001 and closed on February 20, 2001. The interest rates assigned to the debt vary from 3.25% to 5.23%. The funds were deposited in the building fund to provide funds for a building program which started in the 2001-2002 fiscal year. Moody's Investors Service assigned an Aa2 rating to the bonds.

On September 18, 2003, the District sold \$5,709,992 of general obligation bonds dated October 2, 2003 with final maturities on December 1, 2016. These bonds refunded \$5,710,000 of the District's Refunding Bonds dated August 12, 1993. The refunding resulted in a premium of \$ 192,762, issuance costs of \$40,977 and underwriter's discount of \$45,680. The transaction resulted in an economic gain of \$620,800 (present value) and a reduction of \$779,952 in future debt service payments. The new issue included \$5,395,000 in current interest serial bonds and \$314,992 in capital appreciation bonds. These capital appreciation bonds were purchased at a discount at the time of issuance and, at maturity all compound interest is paid and the bond holder collects the face value. However, since interest is technically earned and compounded semiannually, the value of the bond increases. Therefore, as the value increases, the accretion is booked as principal.

On December 7, 2005, the District sold \$9,189,991 of general obligation bonds dated December 21, 2005 with final maturity on December 1, 2027. These bonds refunded \$9,190,000 of the District's School Facilities Construction and Improvement Bonds, Series 2001 dated February 20, 2001. The final maturity of the 2001 Bonds had been December 1, 2027. The refunding resulted in a premium of \$533,627 issuance costs of \$91,101 and underwriter's discount of \$65,933. The transaction resulted in an economic gain of \$549,043 (present value) and a reduction of \$833,995 in future debt service payments.

The District sold \$9,354,998 of general obligation bonds dated March 9, 2006 with final maturity on December 1, 2022. These bonds refunded \$9,355,000 of the District's School Facilities Construction and Improvement Bonds, Series 2001 dated February 20, 2001. The final maturity of the 2001 Bonds refunded by the Series 2006 Bonds had been December 1, 2027. The refunding resulted in a premium of \$643,546 issuance costs of \$65,848 and underwriter's discount of \$55,386. The transaction resulted in an economic gain of \$429,062 (present value) and a reduction of \$596,085 in future debt service payments.

The District sold \$2,420,000 of general obligation bonds dated October 7, 2010 with a final maturity on December 1, 2013. These bonds advance refunded \$2,420,000 of the District's School Facilities Construction and Improvement Bonds, Series 2001. The refunding resulted in a premium of \$50,456 and issuance costs of \$39,178. The transaction resulted in an economic gain of \$117,226 (present value) and a reduction of \$116,713 in future debt service payments.

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 District 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



BEXLEY CITY SCHOOL DISTRICT  
Notes to the Basic Financial Statements, continued  
June 30, 2012

obligation bonds in the amount of \$4,130,000, which had been approved by the electors on May 8, 1990. The bonds were 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. During 2012, the District made the final principal payment on this debt of \$365,000.

**Reconciliation of Long-term Liabilities to the Statement of Net Assets**

The following is a reconciliation of long-term liabilities to the Statement of Net Assets as of June 30, 2012:

Long-term Liabilities (summarized above)	\$ 24,974,095
Accumulated Accretion on Discount Debt	1,273,590
Unamortized Deferred Amount on Refunding	(428,461)
Unamortized Bond Discount	(29,365)
Unamortized Bond Premium	149,940
Total	\$ 25,939,799

**Governmental Activities**

Long-term Liabilities:	
Due within one year	\$ 1,970,000
Due in more than one year	23,969,799
Total Long-term Liabilities - <b>governmental activities</b>	\$ 25,939,799

The annual maturities of the general obligation bonds as of June 30, 2012, and related interest payments are as follows:

Year ending June 30,	Interest rate (%)	Principal	Interest
2013	2.00 - 3.40	1,670,000	880,255
2014	2.00 - 3.65	1,715,000	832,960
2015	3.65 - 5.00	1,815,000	768,195
2016	3.75 - 4.00	1,269,998	1,322,496
2017	3.85 - 5.00	1,915,000	653,873
2018 - 2022	3.80 - 4.75	5,164,998	3,656,845
2023 - 2027	4.00 - 4.25	7,715,000	1,214,841
2028	4.30	1,755,000	37,733
Total		\$ 23,019,996	\$ 9,367,198

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, 2012, the District's total net debt was approximately 4.94% (5.50% at June 30, 2011) 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

BEXLEY CITY SCHOOL DISTRICT  
Notes to the Basic Financial Statements, continued  
June 30, 2012

the City of Bexley. These debt limitation calculations exclude \$1,273,590 in accretion of deep discount debt in accordance with State Law. As of June 30, 2012, 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.

**Advance Refunding**

As discussed above, the District defeased certain School Construction and Improvement Bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. As of June 30, 2012, \$1,570,000 bonds outstanding are considered defeased.

**7. Defined Benefit Pension Plans**

**A. School Employee Retirement System**

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2012, 13.45 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2012, 2011, and 2010 were \$559,487, \$550,322, and \$544,472 respectively; equal to 100 percent of the required contribution for each year. The 2010 contribution amount is exclusive of the one-time catch up amount of \$267,168 paid to SERS in June 2010

**B. State Teachers Retirement System**

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org)

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan.

BEXLEY CITY SCHOOL DISTRICT  
Notes to the Basic Financial Statements, continued  
June 30, 2012

The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code. A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For the fiscal year ended June 30, 2012, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 12.7 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2012, 2011, and 2010 were \$2,243,642, \$2,299,552, and \$2,286,237, respectively; equal to 100% of the required contribution each year. Contributions to the DC and Combined Plans for fiscal year 2012 are available from the Treasurer's office upon request.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2012, four of the five member(s) of the Board of Education has elected Social Security. The contribution rate is 6.2 percent of wages.

**8. Postemployment Benefits**

**A. School Employee Retirement System**

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2012, .55 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2012, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2012, 2011, and 2010 were \$21,980, \$56,211, and \$70,382 respectively; with 100 percent being contributed.

BEXLEY CITY SCHOOL DISTRICT  
Notes to the Basic Financial Statements, continued  
June 30, 2012

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2012, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2012, 2011, and 2010 were \$30,372, \$29,875, and \$29,557 respectively; with 100 percent being contributed.

**B. State Teachers Retirement System**

Plan Description – The School District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2012, STRS Ohio allocated employer contributions equal to 1.3 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2012, 2011, and 2010 were \$208,338, \$164,253, and \$163,303 respectively; with 100 percent being contributed.

**9. 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, 2011 and June 20, 2011, for those taxes due during 2011.

Real property taxes collected during calendar year 2011 had a lien and levy date of January 1, 2010. Tangible personal property taxes collected during calendar year 2011 had a lien and levy date of January 1, 2010.

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 2011 for collection in tax year 2012. Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at true value (normally 88% of cost).

In prior years, tangible personal property was assessed at twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. The tangible personal property tax was phased out in 2009.

The assessed values for collection in 2012 were as follows:

Real Estate	\$ 462,518,100
Public Utility	3,583,470
Total	<u>\$ 466,101,570</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 114.40 mills in 2012.

BEXLEY CITY SCHOOL DISTRICT  
Notes to the Basic Financial Statements, continued  
June 30, 2012

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.

**10. Risk Management and Contingent Liabilities**

The District is exposed to various risks of loss from personnel actions, injuries to employees, theft or destruction of assets, and legal challenges to fiduciary decisions. To cover these risks, the District maintains property and casualty insurance of approximately \$108.8 million and personal liability insurance in the amount of \$1 million per occurrence and \$6 million in the aggregate. There was no reduction in coverage and no claims exceeded insurance coverage for the past three years. The District is registered and insured through the Ohio Bureau of Workers' Compensation for injuries to employees.

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effects of any such disallowed claims on the overall financial position of the District at June 30, 2012, if applicable, cannot be determined at this time.

Bexley City School District is a party to legal proceedings. The District management is of the opinion that ultimate disposition of these claims will not have a material effect on the financial condition of the District.

**11. Set-Aside Calculations**

The District is required by State statute to annually set aside in the general fund an amount based on a statutory formula 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. State law has set the amount for the set-aside at the number of students times 3% of the average cost per pupil.

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

	Capital Maintenance Reserve
Set-aside balance, July 1, 2011	\$ -
Current year set-aside requirement	362,316
Qualifying expenditures	(703,458)
Total	<u>\$ (341,142)</u>
Set-aside balance, June 30, 2012	<u>\$ -</u>

Amounts listed as qualifying disbursements in this table are the total amounts for the year. The District had qualifying disbursements and off-sets during the year that reduced the set-aside amounts below zero for the capital maintenance reserve. However, these amounts may not be used to reduce the set-aside requirement for future fiscal years.

BEXLEY CITY SCHOOL DISTRICT  
Notes to the Basic Financial Statements, continued  
June 30, 2012

**12. Jointly Governed Organization**

The Metropolitan Educational Council is a regional council of government whose primary purpose and objective is to contribute to the educational services available to school districts in Franklin County and surrounding areas by cooperative action membership. The governing council consists of representatives from each of the Franklin County districts. School districts outside of Franklin County are associate members and each county selects a single district to represent them on the governing board.

**13. Interfund Activity**

Interfund balances at June 30, 2012, consist of the following individual fund receivables and payables on the fund basis:

	Receivable	Payable
Interfund Receivables/Payables		
General Fund	\$ 72,500	-
Other Governmental Funds	-	72,500
Total governmental activities	\$ 72,500	72,500

Interfund advances are made to provide funds for federal projects and several activity funds until funding is received and are reported as Interfund Receivables/Payables. In general, interfund advances are made at the end of the fiscal year and then returned the next fiscal year when funding is received.

For the year ended June 30, 2012, transfers consisted of the following:

	Total Transfers Out	Transfers In Other Governmental Funds
<i>General Fund:</i>		
Nonreciprocal interfund transfer to fund food service operations	\$ 135,000	135,000
Nonreciprocal interfund transfer to fund Permanent Improvements	25,000	25,000
Nonreciprocal interfund transfer to fund EMIS	5,000	5,000
Nonreciprocal interfund transfer to fund District managed student activities	35,000	35,000
Nonreciprocal interfund transfer to fund Title I	442	442
Total General Fund	200,442	200,442
Total Governmental Activities	\$ 200,442	200,442

# **REQUIRED SUPPLEMENTARY INFORMATION**

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**Bexley City School District**  
 BUDGETARY COMPARISON SCHEDULE  
 GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2012

	GENERAL FUND			VARIANCE POSITIVE (NEGATIVE)
	ORIGINAL BUDGET	REVISED BUDGET	ACTUAL	
REVENUES:				
Property taxes	\$ 14,157,500	16,250,429	16,250,429	-
Income tax	4,466,000	5,465,395	5,465,395	-
Investment income	120,000	104,865	104,865	-
Tuition fees	71,000	69,320	69,320	-
Miscellaneous	81,100	90,453	90,336	(117)
State sources	6,552,835	6,599,651	6,599,651	-
TOTAL REVENUES	<u>25,448,435</u>	<u>28,580,113</u>	<u>28,579,996</u>	<u>(117)</u>
EXPENDITURES:				
Instructional services:				
Regular	15,740,860	15,758,787	15,391,102	367,685
Special	3,457,008	3,538,835	3,403,107	135,728
Vocational	359,680	342,466	341,264	1,202
TOTAL INSTRUCTIONAL SERVICES	<u>19,557,548</u>	<u>19,640,088</u>	<u>19,135,473</u>	<u>504,615</u>
Support services:				
Operation and maintenance of plant	4,027,001	3,945,332	3,671,399	273,933
School administration	2,100,415	2,090,099	1,965,879	124,220
Instructional staff	2,338,960	2,370,115	2,227,748	142,367
Pupils	1,398,339	1,389,648	1,362,460	27,188
Business operations	1,486,982	1,448,198	1,335,137	113,061
Student transportation	691,606	689,928	606,122	83,806
Central services	153,690	154,036	125,316	28,720
General administration	73,475	73,475	57,418	16,057
TOTAL SUPPORT SERVICES	<u>12,270,468</u>	<u>12,160,831</u>	<u>11,351,479</u>	<u>809,352</u>
Facilities acquisition and construction	721,788	721,712	656,415	65,297
Extracurricular activities	831,080	832,812	800,231	32,581
TOTAL EXPENDITURES	<u>33,380,884</u>	<u>33,355,443</u>	<u>31,943,598</u>	<u>1,411,845</u>
Excess (deficiency) of revenues over expenditures	<u>(7,932,449)</u>	<u>(4,775,330)</u>	<u>(3,363,602)</u>	<u>1,411,728</u>
OTHER FINANCING SOURCES (USES):				
Transfers out	(200,000)	(225,442)	(225,442)	-
Advances in	101,449	101,450	101,450	-
Advances out	(100,000)	(100,000)	(72,500)	27,500
Proceeds from sale of capital assets	2,000	10,746	10,746	-
Refund of prior year expenditures (receipts)	20,000	(2,457)	2,253	4,710
TOTAL OTHER FINANCING SOURCES (USES)	<u>(176,551)</u>	<u>(215,703)</u>	<u>(183,493)</u>	<u>32,210</u>
Net Change in Fund Balance	(8,109,000)	(4,991,033)	(3,547,095)	1,443,938
Prior year encumbrances appropriated	1,010,879	1,010,879	1,010,879	-
FUND BALANCES AT BEGINNING OF YEAR	<u>20,327,927</u>	<u>20,327,927</u>	<u>20,327,927</u>	<u>-</u>
FUND BALANCES AT END OF YEAR	<u>\$ 13,229,806</u>	<u>16,347,773</u>	<u>17,791,711</u>	<u>1,443,938</u>

See notes to required supplementary information.

**BEXLEY CITY SCHOOL DISTRICT**  
Notes to the Required Supplementary Information  
June 30, 2012

**A. Budgetary Information**

All governmental fund types are subject to annual expenditures budgets. The Board follows the procedures outlined below in establishing the expenditures budget data reported in the budgetary comparison schedule:

(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.

(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 2012 appropriation measure in September 2011. The Board of Education adopted a temporary appropriation measure in June 2011 to allow the District to operate until its annual appropriations were 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. At year-end 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.

**B. Reconciling Budgetary Basis and GAAP**

The District prepares its budget on a basis of accounting that differs from generally accepted accounting principles (GAAP). The actual column presented on the Budgetary Comparison Schedule – General Fund is prepared 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);
- C. Encumbrances are recorded as the equivalent of expenditures (budget basis) as opposed to a reservation of fund balance (GAAP basis); and
- D. Investments are recorded at cost (budget basis) as opposed to fair value (GAAP basis).

**BEXLEY CITY SCHOOL DISTRICT**  
Notes to the Required Supplementary Information, Continued  
June 30, 2012

A reconciliation of the General Fund results of operations at the end of the year on the GAAP basis to the budget basis follows:

Net Change in Fund Balance (GAAP Basis)	\$ 1,029,885
<b>Adjustments, net</b>	
Revenue Accruals	(3,904,113)
Expenditure Accruals	717,788
Encumbrances	(1,379,061)
Funds budgeted as Special Revenue Funds	(11,594)
Net Change in Fund Balance (Budget Basis)	<u><u>\$ (3,547,095)</u></u>

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**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2012**

<b>FEDERAL GRANTOR <i>Pass Through Grantor</i></b> Program Title	Federal CFDA Number	Receipts	Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b> <i>Passed Through Ohio Department of Education</i>			
Nutrition Cluster			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	\$ 31,054	\$ 31,054
Cash Assistance:			
School Breakfast Program	10.553	13,518	13,518
National School Lunch Program	10.555	<u>68,234</u>	<u>68,234</u>
Total Nutrition Cluster		<u>112,806</u>	<u>112,806</u>
Total U.S. Department of Agriculture		<u><b>112,806</b></u>	<u><b>112,806</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b> <i>Passed Through Ohio Department of Education</i>			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	151,869	151,878
ARRA - Title I Grants to Local Education Agencies	84.389	<u>21,687</u>	<u>25,394</u>
Total Title I Cluster		<u>173,556</u>	<u>177,272</u>
Special Education Cluster:			
Special Education - Grants to States	84.027	531,895	526,211
ARRA - Special Education - Grants to States	84.391	<u>74,198</u>	<u>36,857</u>
Total Special Education Cluster		<u>606,093</u>	<u>563,068</u>
Title II-D - Technology Fund	84.318	40	89
Title II-A - Improving Teacher Quality	84.367	61,073	61,128
ARRA - Race to the Top Incentive Grants	83.395	34,154	34,212
Education Jobs Fund	84.410	<u>172,405</u>	<u>177,006</u>
Total U.S. Department of Education		<u><b>1,047,321</b></u>	<u><b>1,012,775</b></u>
<b>Total</b>		<u><b>\$ 1,160,127</b></u>	<u><b>\$ 1,125,581</b></u>

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

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**NOTES TO FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2012**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the entitlement amount of the commodities received.

**NOTE C – FOOD DONATION PROGRAM**

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bexley City School District, Franklin County, Ohio (the District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 18, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.


### Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion 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*.

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

We did note a certain matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated January 18, 2013.

We intend this report solely for the information and use of management, Board of Education, federal awarding agencies and pass-through entities, and others within the District. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

January 18, 2013





# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM, AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY 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 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 could directly and materially affect each of the District's major federal programs for the year ended June 30, 2012. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with these requirements.

In our opinion, Bexley City School District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major programs for the year ended June 30, 2012.

### Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the 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 directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District'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 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of management, the Board of Education, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

January 18, 2013

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2012**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Special Education Cluster (CFDA # 84.027 and 84.391)  Education Jobs (CFDA #84.410)
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

**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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# Dave Yost • Auditor of State

**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.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 19, 2013**