



Dave Yost • Auditor of State

**BEXLEY CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bexley City School District, Franklin County, Ohio, as of June 30, 2014, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The Schedule of Federal Awards Receipts and Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedule is management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule 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, the schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2015, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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
Columbus, Ohio

March 3, 2015

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Bexley City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
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, 2014. 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 position is \$43,414,770 as of June 30, 2014 according to the Statement of Net Position. This represents an increase of \$2,949,175 or 7.3% over last year. Revenues for 2014 increased about \$791 thousand or 2.03%, while expenses increased \$1.3 million or 3.7% over 2013. In 2014, income tax revenues decreased by \$819 thousand. This is primarily of a result of record income tax revenues in fiscal 13. 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 \$6,392,360, \$7,211,761 and \$5,923,617 in 2014, 2013 and 2012, respectively. 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. The District committed to staying off the ballot for three years. The District has already stretched the levy to five years and may stay off the ballot for seven years.

The General Fund reported a positive fund balance of \$28,803,466.

Reporting the District as a Whole

The Statement of Net Position 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 Position 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, deferred outflows of resources, liabilities, and deferred inflows of resources 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 position and changes in them. The change in net position 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 Position 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 position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$43,414,770 according to the Statement of Net Position at the close of the most recent fiscal year.

Approximately 30.8% of the District's net position reflect its net investment in capital assets, which represents 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 2014 to 2013 follows from the Statements of Net Position:

**Bexley City School District
Net Position**

	Governmental Activities	
	2014	2013
Assets:		
Current assets	\$ 50,748,969	\$ 48,551,472
Capital assets	32,953,806	33,964,442
Total assets	83,702,775	82,515,914
Deferred outflows of resources	229,456	328,325
Liabilities:		
Current liabilities	4,325,824	4,190,480
Long-term liabilities	23,065,020	24,576,804
Total liabilities	27,390,844	28,767,284
Deferred inflows of resources	13,126,617	13,611,360
Net Position:		
Net investment in capital assets	13,362,074	12,929,811
Restricted	3,393,267	2,998,249
Unrestricted	26,659,429	24,537,535
Total net position	\$ 43,414,770	\$ 40,465,595

A portion of the District's net position (7.8%) represents resources subject to external restrictions on how they may be used. The remaining balance of unrestricted net position may be used to meet the District's ongoing activities.

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

	2014	2013
Program revenues:		
Charges for services	\$ 674,846	\$ 668,037
Operating grants and contributions	1,680,303	1,681,936
General revenues:		
Property taxes	23,011,100	21,940,591
Income taxes	6,392,360	7,211,761
State entitlements	7,290,040	7,024,905
Investment income	95,431	61,799
Other	650,245	414,796
Total revenues	39,794,325	39,003,825
Program expenses:		
Instructional	20,508,211	19,718,151
Support services	12,089,119	11,539,403
Co-curricular student activities	1,202,650	1,144,367
Community services	828,984	951,864
Interest on long-term debt	1,006,382	1,007,960
Depreciation - unallocated	1,209,804	1,179,003
Total expenses	36,845,150	35,540,748
Change in net assets	\$ 2,949,175	\$ 3,463,077

Governmental Activities

Net position of the District’s governmental activities increased by \$2,949,175 for the year ended June 30, 2014. The increase was primarily due to increasing tax revenues, while the District was also able to maintain operating costs.

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 2014 cost of program services and the 2014 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	
	2014	2013	2014	2013
Instructional services	\$ 20,508,211	\$ 19,718,151	\$ 19,896,188	\$ 19,128,244
Support services	12,089,119	11,539,403	11,440,688	10,941,479
Co-curricular student activities	1,202,650	1,144,367	935,479	865,294
Community services	828,984	951,864	1,460	68,795
Interest on long-term debt	1,006,382	1,007,960	1,006,382	1,007,960
Depreciation - unallocated	1,209,804	1,179,003	1,209,804	1,179,003
Total	<u>\$ 36,845,150</u>	<u>\$ 35,540,748</u>	<u>\$ 34,490,001</u>	<u>\$ 33,190,775</u>

Local property and income taxes make up 73.9% of total revenues for governmental activities. The net services column reflecting the need for \$34,490,001 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 \$32,108.109, which represents an increase of \$2,737,753 as compared to last year’s total of \$29,370,356 according to the Governmental Funds Balance Sheet. The schedule below shows the fund balance and the total change in fund balance from June 30, 2014 to 2013.

	Fund Balance at June 30, 2014	Fund Balance at June 30, 2013	Increase (Decrease)
General fund	\$ 28,803,466	\$ 26,542,539	\$ 2,260,927
Bond retirement fund	2,513,143	2,374,353	138,790
Other governmental funds	791,500	453,464	338,036
Total	<u>\$ 32,108,109</u>	<u>\$ 29,370,356</u>	<u>\$ 2,737,753</u>

General Fund

The District's General Fund balance increased \$2,260,927 or 8.5%. The tables that follow assist in illustrating the financial activities and balance of the General Fund.

Revenues			%
	<u>2014</u>	<u>2013</u>	<u>Change</u>
Property taxes	\$ 20,756,418	\$ 19,547,889	6.18%
Income taxes	6,413,225	7,187,761	-10.78%
Intergovernmental	6,949,234	6,686,195	3.93%
Investment income	95,241	61,182	55.67%
Other revenue	<u>391,284</u>	<u>333,693</u>	17.26%
Total	<u>\$ 34,605,402</u>	<u>\$ 33,816,720</u>	2.33%

Total property tax revenue for all funds remained consistent with 2013. In November 2004, the taxpayers in the District passed a .75% income tax operating levy. Revenue from the income tax levy decreased in 2014. This is primarily of a result of record income tax revenues in fiscal 13. 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 services.

Expenditures by Function

	<u>2014</u>	<u>2013</u>	<u>% Change</u>
Instructional services	\$ 19,772,183	\$ 19,016,874	3.97%
Support services	10,660,570	10,520,043	1.34%
Co-curricular student activities	852,956	831,224	2.61%
Community service	-	-	100.00%
Capital outlay	<u>725,528</u>	<u>538,114</u>	34.83%
Total	<u>\$ 32,011,237</u>	<u>\$ 30,906,255</u>	3.58%

Expenditures increased 3.58% over the prior year mostly due salary and benefit increases. 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 \$2,260,927.

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 \$138,790 increase in fund balance is due to an increase 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 increased by \$338,036.

Capital Assets

The District has \$32,953,806 invested in governmental activity capital assets net of depreciation. Detailed information regarding capital asset activity is included in Note 7 of the Notes to the Basic Financial Statements.

Debt

On June 30, 2014, the District had \$19,599,989 in outstanding principal on its general obligation bonds. The District paid \$1,715,000 in principal on bonds outstanding and \$870,484 in interest payments during the 2014 fiscal year.

In March 2014, the District sold \$2,255,000 of general obligation bonds dated March 4, 2010 with final maturity on December 1, 2016. These bonds refunded \$2,290,000 of the District's 2003 Refunding Bonds, dated October 2, 2003. The final maturity of the 2003 Bonds had been December 1, 2016. The refunding resulted in a premium of \$62,320. The transaction resulted in an economic gain of \$87,018 (present value) and a reduction of \$131,506 in future debt service payments.

Detailed information regarding long-term debt is included in Note 8 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, 2014, the District's general obligation debt was below the legal limit.

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 \$31.5 million. This original estimate did not include an amount for June 2014 property tax revenue advances; actual property tax revenue advances in June 2014 were \$1.9 million. The revised budget for revenue was approximately \$34.1 million.

Current Financial and Economic Conditions

The latest five-year forecast as prepared in October 2014 shows a positive cash balance through fiscal year 2019. 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 an increase of 11.2% in calendar year 2012 and 14.6% in 2013,

while showing a decrease 11.36% in 2014. The District expects the income tax revenue to remain at original projected amount of \$6.2 million in the coming years.

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. The state revenue in FY13 and FY14 remains at the FY12 amount. 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.

Management continues to look at the long term financial stability of the District. Projections prepared in October 2014 show cash position as being positive at the end of fiscal year ending June 30, 2019. 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. The District committed to staying off the ballot for three years. The District has already stretched the levy to five years and may stay off the ballot for seven years.

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 POSITION
JUNE 30, 2014

	GOVERNMENTAL ACTIVITIES
ASSETS:	
Cash and investments	\$ 25,960,588
Receivables	24,476,958
Due from other- Governments	240,323
Inventory	12,191
Prepaid assets	58,909
Capital assets:	
Land	154,150
Other capital assets, net	32,799,656
TOTAL ASSETS	83,702,775
DEFERRED OUTFLOWS OF RESOURCES	229,456
LIABILITIES:	
Accounts payable	709,826
Accrued liabilities	3,615,998
Long-term liabilities:	
Due within one year	1,989,800
Due in more than one year	21,075,220
TOTAL LIABILITIES	27,390,844
DEFERRED INFLOWS OF RESOURCES	13,126,617
NET POSITION	
Net investment in capital assets	13,362,074
Restricted for:	
Capital Projects	509,255
Debt Service	2,532,024
Other purposes	351,988
Unrestricted	26,659,429
TOTAL NET POSITION	\$ 43,414,770

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, 2014

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Instructional services:				
Regular	\$ 15,825,796	85,428	51,999	(15,688,369)
Special	4,388,212	-	474,596	(3,913,616)
Vocational	294,203	-	-	(294,203)
Support services:				
Operation and maintenance of plant	3,568,415	-	-	(3,568,415)
School administration	1,989,764	-	-	(1,989,764)
Pupils	1,748,307	-	209,254	(1,539,053)
Business operations	1,302,053	-	2,953	(1,299,100)
Instructional staff	1,499,555	-	-	(1,499,555)
Student transportation	844,610	-	-	(844,610)
Food service	641,207	322,247	113,977	(204,983)
Central services	422,561	-	-	(422,561)
General administration	72,647	-	-	(72,647)
Co-curricular student activities	1,202,650	267,171	-	(935,479)
Community services	828,984	-	827,524	(1,460)
Interest on long-term debt	1,006,382	-	-	(1,006,382)
Depreciation - unallocated*	1,209,804	-	-	(1,209,804)
Total Governmental Activities	36,845,150	674,846	1,680,303	(34,490,001)

General revenues:

Property taxes:	
General purposes	20,643,007
Debt service	2,368,093
Income tax	6,392,360
Grants and entitlements not restricted to specific programs	7,290,040
Investment earnings	95,431
Miscellaneous	650,245
Total general revenues	37,439,176

Change in Net Position 2,949,175

Net Position Beginning of Year 40,465,595

Net Position End of Year **\$ 43,414,770**

* 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, 2014

	GENERAL	BOND RETIREMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:				
Cash and investments	\$ 23,071,147	1,793,927	1,095,514	25,960,588
Receivables:				
Property taxes	18,799,890	2,157,119	-	20,957,009
Income taxes	3,486,754	-	-	3,486,754
Other	32,542	-	653	33,195
Due from other:				
Governments	102,054	11,708	126,561	240,323
Interfund receivable	58,000	-	-	58,000
Inventory	-	-	12,191	12,191
Prepaid assets	58,909	-	-	58,909
TOTAL ASSETS	\$ 45,609,296	3,962,754	1,234,919	50,806,969
LIABILITIES:				
Accounts payable	\$ 532,343	15,442	162,041	709,826
Interfund payables	-	-	58,000	58,000
Accrued liabilities	3,378,265	-	173,792	3,552,057
TOTAL LIABILITIES	3,910,608	15,442	393,833	4,319,883
DEFERRED INFLOWS OF RESOURCES	12,895,222	1,434,169	49,586	14,378,977
FUND BALANCES:				
Nonspendable:				
Inventory	-	-	12,191	12,191
Prepays	58,909	-	-	58,909
Restricted for:				
Debt service	-	2,513,143	-	2,513,143
Capital projects	-	-	509,255	509,255
Non-public schools	-	-	89,246	89,246
Special education	-	-	229	229
Food service operations	-	-	32,670	32,670
Community activities	-	-	48,750	48,750
Extracurricular activities	-	-	115,192	115,192
Assigned to:				
Instructional services	3,026,322	-	-	3,026,322
Other purposes	62,202	-	-	62,202
Unassigned	25,656,033	-	(16,033)	25,640,000
TOTAL FUND BALANCES	28,803,466	2,513,143	791,500	32,108,109
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 45,609,296	3,962,754	1,234,919	50,806,969

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 POSITION OF GOVERNMENTAL ACTIVITIES
 JUNE 30, 2014

Total Governmental Fund Balances \$ 32,108,109

Amounts reported for governmental activities in the statement of net position 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. 32,953,806

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

Property taxes receivable	804,638	
Income taxes receivable	398,135	
Due from other governments	49,587	
		1,252,360

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		(63,941)
Compensated absences		(1,932,657)
Bonds Payable, net:		
Bonds payable principal amount	(19,599,989)	
Accumulated accretion on discount debt	(1,429,672)	
Unamortized deferred amount on refunding	229,456	
Unamortized bond discount	15,795	
Unamortized bond premium	(118,497)	
		(20,902,907)

Net Position of Governmental Activities \$ 43,414,770

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, 2014

	GENERAL	BOND RETIREMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Property taxes	\$ 20,756,418	2,382,723	-	23,139,141
Income tax	6,413,225	-	-	6,413,225
Intergovernmental:				
Federal Restricted Grants-in-aid	-	-	881,473	881,473
State:				
Unrestricted Grants-in-aid	6,949,234	340,806	-	7,290,040
Restricted Grants-in-aid	-	-	848,322	848,322
Investment income	95,241	-	190	95,431
Co-curricular activities	51,255	-	215,916	267,171
Charges for services	-	-	322,247	322,247
Tuition fees	85,428	-	-	85,428
Other	254,601	11,708	383,936	650,245
TOTAL REVENUES	34,605,402	2,735,237	2,652,084	39,992,723
EXPENDITURES:				
Current:				
Instructional services:				
Regular	15,639,380	-	51,742	15,691,122
Special	3,838,600	-	521,504	4,360,104
Vocational	294,203	-	-	294,203
TOTAL INSTRUCTIONAL SERVICES	19,772,183	-	573,246	20,345,429
Support services:				
Operation and maintenance of plant	3,412,964	-	-	3,412,964
School administration	1,962,035	-	-	1,962,035
Instructional staff	1,473,716	-	-	1,473,716
Pupils	1,524,698	-	208,222	1,732,920
Business operations	1,204,721	38,283	2,938	1,245,942
Student transportation	595,344	-	-	595,344
Food services	-	-	638,212	638,212
Central services	414,445	-	-	414,445
General administration	72,647	-	-	72,647
TOTAL SUPPORT SERVICES	10,660,570	38,283	849,372	11,548,225
Co-curricular student activities	852,956	-	271,575	1,124,531
Community services	-	-	823,443	823,443
Capital outlay	725,528	-	129,650	855,178
Debt service:				
Principal retirement	-	1,715,000	-	1,715,000
Interest	-	870,484	-	870,484
TOTAL EXPENDITURES	32,011,237	2,623,767	2,647,286	37,282,290
Excess (deficiency) of revenues over expenditures	2,594,165	111,470	4,798	2,710,433
OTHER FINANCING SOURCES (USES):				
Proceeds from refunding bonds	-	2,255,000	-	2,255,000
Premium on issuance of refunding bonds	-	62,320	-	62,320
Payment to refunded bond escrow agent	-	(2,290,000)	-	(2,290,000)
Transfers in	-	-	333,238	333,238
Transfers out	(333,238)	-	-	(333,238)
TOTAL OTHER FINANCING SOURCES (USES)	(333,238)	27,320	333,238	27,320
Net Change in Fund Balances	2,260,927	138,790	338,036	2,737,753
FUND BALANCES AT BEGINNING OF YEAR	26,542,539	2,374,353	453,464	29,370,356
FUND BALANCE AT END OF YEAR	\$ 28,803,466	2,513,143	791,500	32,108,109

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, 2014

Net Changes in Fund Balances - Total Governmental Funds **\$ 2,737,753**

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	482,692	
Depreciation expense	<u>(1,493,328)</u>	(1,010,636)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. (198,398)

The issuance of long-term debt provides current financial resources to governmental funds, but the issuance increases long-term liabilities in the statement of net assets and does not result in revenue in the statement of activities. (2,255,000)

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

Payment to escrow agent for refunding	2,290,000	
General obligation debt principal payments	<u>1,715,000</u>	4,005,000

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.

Premium on bonds	(62,320)	
Amortization of bond premium (discount)	35,068	
Accretion of capital appreciation bonds	<u>(79,638)</u>	(106,890)

Deferred amounts 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.

Amortization of deferred amount on refunding	<u>(98,869)</u>	(98,869)
--	-----------------	----------

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is recorded when due. 7,541

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. (131,326)

Change in Net Position of Governmental Activities \$ 2,949,175

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, 2014

	<u>AGENCY FUNDS</u>
ASSETS	
Cash and investments	\$ <u>185,097</u>
Total assets	\$ <u><u>185,097</u></u>
LIABILITIES	
Accounts Payable	\$ 42,439
Due to others	<u>142,658</u>
Total liabilities	\$ <u><u>185,097</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, 2014

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, as amended by GASB Statement No. 39, Determining Whether Certain Organizations are Component Units, and GASB Statement No. 61, The Financial Reporting Entity Omnibus – an amendment to GASB Statement No. 14 and 34, 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 a financial burden on the District. On that basis, the reporting entity of the District includes the services of the District only (i.e., there are 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.

BEXLEY CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2014

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 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 position and the statement of changes in net position) 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.

BEXLEY CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements, continued
June 30, 2014

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.

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.

BEXLEY CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements, continued
June 30, 2014

(g) *Prepaid Assets*

Payments made to vendors for services that will benefit periods beyond June 30, 2014 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.

(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 position 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 \$2,500 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 position.

(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.

BEXLEY CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements, continued
June 30, 2014

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.

(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) Deferred Inflows / Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditures) until then. The District only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The District has nonexchange revenue transactions where a receivable has been recorded because property taxes were levied, but the resources cannot be used until a future period. This item has been reported as deferred inflows on the government-wide statement of net position.

On the modified accrual basis of accounting, the District has recorded certain receivables where the related revenue is unavailable. Unavailable revenues have been reported as deferred inflows of resources on the governmental fund balance sheet.

(m) Fund Balance / 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 position 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.

BEXLEY CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements, continued
June 30, 2014

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, deferred outflows of resources, liabilities and deferred inflows of resources 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.

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 2014, 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 2014, the District reported total interest income of \$95,431 (\$95,242 in the General Fund, which includes \$7,328 assigned from other funds; and \$190 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, 2014.

The District also invests in STAR Plus, a federally insured cash account powered by the Federally Insured Cash Account (FICA) program. STAR Plus enables political subdivisions to generate a competitive yield on cash deposits in a network of carefully selected FDIC-insured banks via a single, convenient account. STAR Plus offers attractive yields with no market or credit risk, weekly liquidity and penalty free withdrawals. All deposits with STAR Plus have full FDIC insurance, with no term commitment on deposits. As of December 31, 2014 the Net Annual Percentage Yield (APY) for STAR Plus was .20%.

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 2014, 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, 2014, the carrying amount of all District deposits was \$10,696,060. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of June 30, 2014, the

BEXLEY CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements, continued
June 30, 2014

District had a bank balance of \$10,765,162. Of this bank balance \$7,843,107 was covered by Federal Deposit Insurance Corporation and the remaining \$2,922,055 was exposed to custodial risk.

As of June 30, 2014, 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	25 to 30 months	31 months or more
STAROhio	\$ 2,585,567	2,585,567	-	-	-	-	-
FHLMC	1,996,550	-	-	-	-	998,240	998,310
FFCB	1,000,496	1,000,496	-	-	-	-	-
FHLB	9,866,940	-	876,544	2,003,616	998,800	5,987,980	-
	<u>\$ 15,449,553</u>	<u>3,586,063</u>	<u>876,544</u>	<u>2,003,616</u>	<u>998,800</u>	<u>6,986,220</u>	<u>998,310</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, FHLMC, and FHLB were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. 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, 2014:

Investment type	Fair Value	% to total
STAROhio	\$ 2,585,567	16.74%
FHLMC	1,996,550	12.92%
FFCB	1,000,496	6.48%
FHLB	9,866,940	63.86%
Total	<u>\$ 15,449,553</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 to 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, 2014

4. Receivables

Receivables at June 30, 2014, consist of the following:

	Property Taxes	Income Taxes	Interest	Other	Totals
Governmental activities:					
General	\$ 18,799,890	3,486,754	31,368	1,174	\$ 22,319,186
Bond retirement fund	2,157,119	-	-	-	2,157,119
Other governmental funds	-	-	-	653	653
Total	<u>\$ 20,957,009</u>	<u>3,486,754</u>	<u>31,368</u>	<u>1,827</u>	<u>\$ 24,476,958</u>

5. Accrued Liabilities

Accrued Liabilities at June 30, 2014, consist of the following:

	Accrued Wages & Benefits	Compensated Absences	Totals
Governmental activities:			
General	\$ 3,005,186	373,079	3,378,265
Other governmental funds	173,792	-	173,792
Total governmental fund accrued liabilities	<u>\$ 3,178,978</u>	<u>373,079</u>	3,552,057
Accrued interest payable			63,941
Total government-wide accrued liabilities			<u>\$ 3,615,998</u>

6. Deferred Outflows / Inflows of Resources

GASB Statement No. 65, *Items Previously Recognized as Assets and Liabilities*, was adopted during 2013. This change in accounting principle and the related restatement is described in Note 16.

Deferred outflows of resources on the Statement of Net Position represents the unamortized portion of deferred charges on refundings.

Deferred inflows of resources on the Statement of Net Position represents the property taxes receivable which were levied for next year's budget.

Deferred inflows of resources on the Governmental Balance Sheet at June 30, 2014, consist of the following:

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total
Property tax - for future period	\$ 11,775,271	\$ 1,351,347	\$ -	\$ 13,126,618
Property tax - unavailable delinquent amount	721,816	82,822	-	804,638
Income tax - not received in the available period	398,135	-	-	398,135
Grant revenue - not received in the available period	-	-	49,586	49,586
Total deferred inflows of resources	<u>\$ 12,895,222</u>	<u>\$ 1,434,169</u>	<u>\$ 49,586</u>	<u>\$ 14,378,977</u>

BEXLEY CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements, continued
June 30, 2014

7. Capital Assets

A summary of changes in capital assets for the year ended June 30, 2014, follows:

	Balance <u>June 30, 2013</u>	<u>Additions</u>	<u>Disposals</u>	Balance <u>June 30, 2014</u>
<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>-</u>	<u>-</u>	<u>154,150</u>
Capital assets, being depreciated:				
Building and improvements	52,609,885	185,784	-	52,795,669
Furniture, fixtures and equipment	2,485,158	185,665	-	2,670,823
Buses, autos and trucks	<u>1,078,354</u>	<u>111,243</u>	<u>192,378</u>	<u>997,219</u>
Total capital assets, being depreciated	<u>56,173,397</u>	<u>482,692</u>	<u>192,378</u>	<u>56,463,711</u>
Less accumulated depreciation for:				
Building and improvements	19,871,310	1,245,177	-	21,116,487
Furniture, fixtures and equipment	1,708,934	155,874	-	1,864,808
Buses, autos and trucks	<u>782,861</u>	<u>92,277</u>	<u>192,378</u>	<u>682,760</u>
Total accumulated depreciation	<u>22,363,105</u>	<u>1,493,328</u>	<u>192,378</u>	<u>23,664,055</u>
Total capital assets, being depreciated, net	<u>33,810,292</u>	<u>(1,010,636)</u>	<u>-</u>	<u>32,799,656</u>
Capital assets, net	<u>\$ 33,964,442</u>	<u>(1,010,636)</u>	<u>-</u>	<u>32,953,806</u>

Depreciation expense was charged to governmental functions as follows:

Instructional services:	
Regular	\$ 72,662
Special	2,117
Support services:	
Operation and maintenance of plant	43,704
School administration	1,789
Pupils	451
Business operations	22,334
Instructional staff	4,557
Student transportation	85,465
Food services	4,594
Central services	562
Co-curricular student activities	45,289
Unallocated	<u>1,209,804</u>
Total depreciation	<u>\$ 1,493,328</u>

BEXLEY CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements, continued
June 30, 2014

8. Long-Term Obligations

A summary for changes in long-term obligations for the year ended June 30, 2014, follows:

	Balance June 30, 2013	Additions	Payments/ Reductions	Balance June 30, 2014	Due in One Year
Compensated absences (accrued vacation and sick leave)	1,801,338	392,817	261,498	1,932,657	164,800
General obligation bonds payable	<u>21,349,989</u>	<u>2,255,000</u>	<u>4,005,000</u>	<u>19,599,989</u>	<u>1,825,000</u>
	<u>23,151,327</u>	<u>2,647,817</u>	<u>4,266,498</u>	<u>21,532,646</u>	<u>1,989,800</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.

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.

In March 2014, the District sold \$2,255,000 of general obligation bonds dated March 4, 2010 with final maturity on December 1, 2016. These bonds refunded \$2,290,000 of the District's 2003 Refunding Bonds, dated October 2, 2003. The final maturity of the 2003 Bonds had been December 1, 2016. The refunding resulted in a premium of \$62,320. The transaction resulted in an economic gain of \$87,018 (present value) and a reduction of \$131,506 in future debt service payments.

BEXLEY CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements, continued
June 30, 2014

Reconciliation of Long-term Liabilities to the Statement of Net Position

The following is a reconciliation of long-term liabilities to the Statement of Net Position as of June 30, 2014:

Long-term Liabilities (summarized above)	\$ 21,532,646
Accumulated Accretion on Discount Debt	1,429,672
Unamortized Bond Discount	(15,795)
Unamortized Bond Premium	118,497
Total	\$ 23,065,020

Governmental Activities

Long-term Liabilities:	
Due within one year	\$ 1,989,800
Due in more than one year	21,075,220
Total Long-term Liabilities - governmental activities	\$ 23,065,020

The annual maturities of the general obligation bonds as of June 30, 2014, and related interest payments are as follows:

Year ending June 30,	Interest rate (%)	Principal	Interest
2015	2.00 - 3.65	1,825,000	733,375
2016	3.65 - 5.00	1,254,998	1,300,482
2017	3.75 - 4.00	1,885,000	646,265
2018	3.85 - 5.00	1,180,000	583,399
2019	3.80 - 4.75	129,991	1,645,787
2020-2024	4.00 - 4.25	6,735,000	2,104,115
2025-2028	4.10 - 4.30	6,590,000	576,117
Total		\$ 19,599,989	\$ 7,589,540

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, 2014, the District's total net debt was approximately 4.21% (4.58% at June 30, 2013) of the total assessed value of all property within the school district. The aggregate amount of the District's unvoted debt is also subject to overlapping debt restrictions with Franklin County and the City of Bexley. These debt limitation calculations exclude \$1,429,672 in accretion of deep discount debt in accordance with State Law. As of June 30, 2014, 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, 2014, \$2,290,000 bonds that the District defeased in previous years are still outstanding with the escrow agent.

BEXLEY CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements, continued
June 30, 2014

9. Defined Benefit Pension Plans

A. School Employee Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per 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 can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources

Funding Policy Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2014, the allocation to pension and death benefits is 13.10%. The remaining .90% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The School District's contributions to SERS for the years ended June 30, 2014, 2013, and 2012 were \$585,134, \$558,540, and \$559,487 respectively; equal to 100 percent of the required contribution for each year.

B. State Teachers Retirement System

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, 2014, plan members were required to contribute 11 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2014, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 11 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, 2014, 2013, and 2012 were \$2,270,236, \$2,298,178, and \$2,243,642, 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, 2014, four of the five member(s) of the Board of Education has elected Social Security. The contribution rate is 6.2 percent of wages.

10. Postemployment Benefits

A. School Employee Retirement System

In addition to a cost-sharing multiple-employer defined benefit pension plan the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

Medicare Part B Plan

The Medicare Part B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2014, the actuarially required allocation is .76%. The School District's contributions for the years ended June 30, 2014, 2013 and 2012 were \$31,764, \$29,922, and \$30,372, respectively, which equaled the required contributions each year.

Health Care Plan

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2014, the health care allocation is .14%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provides that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the minimum compensation level was established at \$20,250. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District contributions assigned to health care for the years ended June 30, 2014, 2013, and 2012 were \$26,101, \$35,906, and \$21,980, respectively.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

BEXLEY CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements, continued
June 30, 2014

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 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 2014, STRS Ohio allocated employer contributions equal to 1 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, 2014, 2013, and 2012 were \$162,160, \$164,156, and \$208,338 respectively; with 100 percent being contributed.

11. Property Taxes

Property taxes include amounts levied against all real, public utility property, and tangible personal property (used in business) located in the District. Real property tax revenues received in calendar year 2014 represent the collection of calendar year 2013 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2013, on the assessed values as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2013 represent the collection of calendar year 2013 taxes. Public utility real taxes received in calendar year 2013 became a lien on December 31, 2012, were levied after April 1, 2013, and are collected in 2014 with real property taxes.

Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Franklin County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 and the late personal property tax settlement were levied to finance current fiscal year operations.

On a full accrual basis, collectible delinquent property taxes and the amount available as an advance have been recorded as a receivable and revenue while the rest of the receivable is deferred. On a modified accrual basis, only the amount available as an advance is recognized as revenue.

The assessed values for collection in 2014 were as follows:

Real Estate	\$ 461,054,120
Public Utility	4,479,670
Total	<u>\$ 465,533,790</u>

BEXLEY CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements, continued
June 30, 2014

12. 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, 2014, 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.

13. 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, 2013	\$ -
Current year set-aside requirement	360,716
Qualifying expenditures	(792,675)
Total	\$ (431,959)
Set-aside balance, June 30, 2014	\$ -

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.

14. 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

BEXLEY CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements, continued
June 30, 2014

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.

15. Interfund Activity

Interfund balances at June 30, 2014, consist of the following individual fund receivables and payables on the fund basis:

	Receivable	Payable
Interfund Receivables/Payables		
General Fund	\$ 58,000	-
Other Governmental Funds	-	58,000
Total governmental activities	\$ 58,000	58,000

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, 2014, 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	\$ 230,000	230,000
Nonreciprocal interfund transfer to fund Permanent Improvements	72,921	72,921
Nonreciprocal interfund transfer to fund District managed student activities	30,000	30,000
Nonreciprocal interfund transfer to fund Title I	317	317
Total General Fund	333,238	333,238
Total Governmental Activities	\$ 333,238	333,238

16. Change in Accounting Principles

In June 2012, the GASB issued Statement No. 68, "Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27." The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement is effective for fiscal years beginning after June 15, 2014. The District has not determined the effects, if any; GASB Statement No. 68 will have on its financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

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Bexley City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
GENERAL FUND
For the Fiscal Year Ended June 30, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Property and Other Local Taxes	\$ 18,241,565	\$ 19,863,755	\$ 19,863,754	\$ (1)
Income Tax	6,300,000	7,036,099	7,036,098	(1)
Intergovernmental	6,707,500	6,949,237	6,949,234	(3)
Interest	85,000	83,119	86,104	2,985
Tuition and Fees	86,500	85,641	85,641	-
Rent	10,000	28,930	28,970	40
Miscellaneous	97,936	105,708	105,704	(4)
Total Revenues	<u>31,528,501</u>	<u>34,152,489</u>	<u>34,155,505</u>	<u>3,016</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	16,548,331	16,424,629	15,800,359	624,270
Special	3,954,900	4,047,545	3,966,423	81,122
Vocational	320,830	272,497	271,247	1,250
Other		28,977	28,655	322
Support Services:				
Pupils	1,598,397	1,632,885	1,594,297	38,588
Instructional Staff	1,552,272	1,562,229	1,525,489	36,740
Board of Education	97,950	97,790	88,633	9,157
Administration	2,026,272	2,041,340	2,002,177	39,163
Fiscal	989,272	964,464	853,735	110,729
Business	368,922	364,451	349,717	14,734
Operation and Maintenance of Plant	3,848,665	3,748,456	3,529,470	218,986
Pupil Transportation	634,234	631,085	615,635	15,450
Central	439,779	470,612	446,926	23,686
Extracurricular Activities:				
Academic Oriented Activities	132,900	135,275	132,049	3,226
Sport Oriented Activities	691,520	682,122	659,788	22,334
School and Public Service Co-Curricular Activities	49,280	49,280	39,051	10,229
Capital Outlay:				
Site Improvement Services	126,373	112,890	112,890	-
Architecture and Engineering Services	4,400	2,575	2,574	1
Building Acquisition and Construction Services	3,000	3,000	-	3,000
Building Improvement Services	740,122	855,319	841,040	14,279
Total Expenditures	<u>34,127,419</u>	<u>34,127,421</u>	<u>32,860,155</u>	<u>1,267,266</u>
Excess of Revenues Over (Under) Expenditures	<u>(2,598,918)</u>	<u>25,068</u>	<u>1,295,350</u>	<u>1,270,282</u>
OTHER FINANCING SOURCES AND USES:				
Advances In	38,455	38,456	38,456	-
Proceeds from Sale of Capital Assets	1,000	9,129	9,129	-
Refund of Prior Year Expenditures	53,000	64,840	64,839	(1)
Transfers Out	(357,921)	(358,421)	(358,238)	183
Advances Out	(70,000)	(69,500)	(58,000)	11,500
Refund of Prior Year Receipts	(2,500)	(2,500)	-	2,500
Total Other Financing Sources and Uses	<u>(337,966)</u>	<u>(317,996)</u>	<u>(303,814)</u>	<u>14,182</u>
Net Change in Fund Balances	<u>(2,936,884)</u>	<u>(292,928)</u>	<u>991,536</u>	<u>1,284,464</u>
Prior Year Encumbrances Appropriated	890,616	890,616	890,616	-
Fund Balance (Deficit) at Beginning of Year	<u>20,139,308</u>	<u>20,139,308</u>	<u>20,139,308</u>	<u>-</u>
Fund Balance (Deficit) at End of Year	<u>\$ 18,093,040</u>	<u>\$ 20,736,996</u>	<u>\$ 22,021,460</u>	<u>\$ 1,284,464</u>

BEXLEY CITY SCHOOL DISTRICT
Notes to the Required Supplementary Information
June 30, 2014

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 2014 appropriation measure in September 2013. The Board of Education adopted a temporary appropriation measure in June 2013 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, 2014

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)	\$ 2,260,927
Adjustments, net	
Revenue Accruals	(380,758)
Expenditure Accruals	77,704
Encumbrances	(989,839)
Other financing sources/(uses)	29,424
Funds budgeted as Special Revenue Funds	(5,922)
Net Change in Fund Balance (Budget Basis)	\$ 991,536

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**BEXLEY CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2014
CASH BASIS**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE <i>Passed Through Ohio Department of Education</i>			
Nutrition Cluster			
Non-Cash Assistance (Food Distribution):			
School Breakfast Program	10.553	\$ 5,099	\$ 5,099
National School Lunch Program	10.555	21,447	21,447
Cash Assistance:			
School Breakfast Program	10.553	19,928	19,928
National School Lunch Program	10.555	<u>83,793</u>	<u>83,793</u>
Total Nutrition Cluster		<u>130,267</u>	<u>130,267</u>
Total U.S. Department of Agriculture		<u>130,267</u>	<u>130,267</u>
U.S. DEPARTMENT OF EDUCATION <i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	211,480	211,403
Special Education - Grants to States	84.027	490,064	489,477
Title II-A - Improving Teacher Quality	84.367	47,099	47,569
Total U.S. Department of Education		<u>748,643</u>	<u>748,449</u>
Total		<u>\$ 878,910</u>	<u>\$ 878,716</u>

The accompanying notes are an integral part of this schedule.

**BEXLEY CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Bexley City School District's federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the Government assumes it expends federal monies first.

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 AUDITOR'S 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, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, 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, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 3, 2015.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the 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, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

88 East Broad Street, Tenth Floor, Columbus, Ohio 43215-3506
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www.ohioauditor.gov

Purpose of this Report

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

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
Columbus, Ohio

March 3, 2015



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S 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:

Report on Compliance for the Major Federal Program

We have audited the Bexley City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Bexley City School District's major federal program for the year ended June 30, 2014. The *Summary of Audit Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, the Bexley City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2014.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the 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's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

March 3, 2015

**BEXLEY CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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BEXLEY CITY SCHOOL DISTRICT

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 31, 2015**