



Dave Yost • Auditor of State



**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

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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, 2015, 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, 2015, 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.

**Emphasis of Matter**

As discussed in Note 17 to the financial statements, during the year ended June 30, 2015, the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

**Other Matters**

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

The Schedule of Federal Award 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 derives from and relates 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 January 29, 2016, 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

January 29, 2016

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**Bexley City School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
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, 2015. 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 (\$1,302,373) as of June 30, 2015 according to the Statement of Net Position. This represents an increase of \$3,071,310 over last year's restated net position of (\$4,373,683).

During 2015, the District adopted Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities, thus resulting in the restatement of beginning net position from the previously reported \$43,414,770 to the (\$4,373,683) listed above. This liability is a present value estimate of the District's future net cash flows needed to fund future pension cost associated with the employment of current and past employees, whom participate in Ohio statewide pension systems. See page 5 for further discussion of this statement.

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 \$6,735,920, \$6,392,360 and \$7,211,761 in 2015, 2014 and 2013, 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 2011. The District committed to staying off the ballot for three years. The District has already stretched the levy to six years and may stay off the ballot for eight or more years.

The General Fund reported a positive fund balance of \$29,508,595.

### **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.

**Bexley City School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
Unaudited (continued)

**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 (including deferred outflows) were less than liabilities (including deferred inflows) by (\$1,302,373) according to the Statement of Net Position at the close of the most recent fiscal year. The negative net position is solely attributed to the implementation of GASB 68 as the District recorded a net pension liability (including related deferred inflows and outflows of resources) in the amount of \$46,958,470.

Approximately \$14.4 million 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.

**Bexley City School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
Unaudited (continued)

A comparative analysis of fiscal year 2015 to 2014 follows from the Statements of Net Position:

<b>Bexley City School District</b>	
<b>Net Position</b>	
	<u>Governmental Activities</u>
	<u>2015</u> <u>Restated 2014</u>
Assets:	
Current assets	\$ 52,273,635    \$ 50,748,969
Capital assets	<u>32,002,449</u> <u>32,953,806</u>
Total assets	<u>84,276,084</u> <u>83,702,775</u>
Deferred outflows of resources	<u>3,148,187</u> <u>2,695,365</u>
Liabilities:	
Current liabilities	4,648,704                      4,325,824
Long-term liabilities	<u>62,782,429</u> <u>23,065,020</u>
Total liabilities	<u>67,431,133</u> <u>27,390,844</u>
Deferred inflows of resources	<u>21,295,511</u> <u>13,126,617</u>
Net Position:	
Net investment in capital assets	14,395,170                      13,362,074
Restricted	3,515,463                      3,393,267
Unrestricted	<u>(19,213,006)</u> <u>(21,129,024)</u>
Total net position	<u>\$ (1,302,373)</u> <u>\$ (4,373,683)</u>

The adoption of GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

GASB standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the District's proportionate share of each plan's collective:

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

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and

**Bexley City School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
Unaudited (continued)

the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the District, part of a bargained-for benefit to the employee, and should accordingly be reported by the District as a liability since they received the benefit of the exchange. However, the District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

In accordance with GASB 68, the District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$43,414,770 to (\$4,373,683). A portion of the District's net position of \$3.5 million, 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**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
Unaudited (continued)

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

	<u>2015</u>	<u>2014</u>
<b>Program revenues:</b>		
Charges for services	\$ 742,205	\$ 674,846
Operating grants and contributions	1,840,280	1,680,303
<b>General revenues:</b>		
Property taxes	22,460,776	23,011,100
Income taxes	6,735,920	6,392,360
State entitlements	7,282,149	7,290,040
Investment income	196,097	95,431
Other	<u>425,134</u>	<u>650,245</u>
Total revenues	<u>39,682,561</u>	<u>39,794,325</u>
<b>Program expenses:</b>		
Instructional	19,830,027	20,508,211
Support services	12,563,773	12,089,119
Co-curricular student activities	1,267,504	1,202,650
Community services	866,625	828,984
Interest on long-term debt	834,168	1,006,382
Depreciation - unallocated	<u>1,249,154</u>	<u>1,209,804</u>
Total expenses	<u>36,611,251</u>	<u>36,845,150</u>
Change in net position	<u>\$ 3,071,310</u>	<u>\$ 2,949,175</u>

*Governmental Activities*

Net position of the District's governmental activities increased by \$3,071,310 for the year ended June 30, 2015. The increase was primarily due to the decrease in net pension obligation, while the District was also able to maintain other operating costs.

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts, for the effects of the initial implementation of GASB 68 is not available. Therefore the 2014 functional expenses still include pension expense of \$2,465,909 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows of resources. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of (\$1,763,189).

**Bexley City School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
Unaudited (continued)

Consequently, in order to compare 2015 total program expense to 2014, the following adjustments are needed:

Total 2015 program expense under GASB 68	\$36,611,251
Pension expense under GASB 68	(1,763,189)
2015 required contributions	<u>2,593,172</u>
Adjusted 2015 program expense	37,441,234
Total 2014 program expense	<u>36,845,150</u>
Increase in program expense not related to pension	<u>\$596,084</u>

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 2015 cost of program services and the 2015 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	
	2015	2014	2015	2014
Instructional services	\$ 19,830,027	\$ 20,508,211	\$ 19,285,093	\$ 19,896,188
Support services	12,563,773	12,089,119	11,681,076	11,440,688
Co-curricular student activities	1,267,504	1,202,650	1,004,672	935,479
Community services	866,625	828,984	(25,397)	1,460
Interest on long-term debt	834,168	1,006,382	834,168	1,006,382
Depreciation - unallocated	<u>1,249,154</u>	<u>1,209,804</u>	<u>1,249,154</u>	<u>1,209,804</u>
Total	<u>\$ 36,611,251</u>	<u>\$ 36,845,150</u>	<u>\$ 34,028,766</u>	<u>\$ 34,490,001</u>

Local property and income taxes make up 73.6% of total revenues for governmental activities. The net services column reflecting the need for \$34,028,766 of support indicates the reliance on general revenues to support governmental activities.

**Bexley City School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
Unaudited (continued)

**The District's Funds**

The District's governmental funds reported a combined fund balance of \$32,848,579, which represents an increase of \$742,631 as compared to last year's total of \$32,108,109 according to the Governmental Funds Balance Sheet. The schedule below shows the fund balance and the total change in fund balance from June 30, 2015 to 2014.

	Fund Balance at June 30, 2015	Fund Balance at June 30, 2014	Increase (Decrease)
General fund	\$ 29,508,595	\$ 28,803,466	\$ 705,129
Bond retirement fund	2,554,208	2,513,143	41,065
Other governmental funds	785,776	791,500	(5,724)
Total	<u>\$ 32,848,579</u>	<u>\$ 32,108,109</u>	<u>\$ 740,470</u>

*General Fund*

The District's General Fund balance increased \$705,129 or 2.4%. The tables that follow assist in illustrating the financial activities and balance of the General Fund.

<b>Revenues</b>	%		
	<u>2015</u>	<u>2014</u>	<u>Change</u>
Property taxes	\$ 20,177,836	\$ 20,756,418	-2.79%
Income taxes	6,742,289	6,413,225	5.13%
Intergovernmental	6,936,660	6,949,234	-0.18%
Investment income	195,617	95,241	105.39%
Other revenue	<u>329,309</u>	<u>391,284</u>	-15.84%
Total	<u>\$ 34,381,711</u>	<u>\$ 34,605,402</u>	-0.65%

Total property tax revenue for all funds remained consistent with 2014. In November 2004, the taxpayers in the District passed a .75% income tax operating levy.

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

**Expenditures by Function**

	<u>2015</u>	<u>2014</u>	<u>% Change</u>
Instructional services	\$ 20,331,150	\$ 19,772,183	2.83%
Support services	11,301,539	10,660,570	6.01%
Co-curricular student activities	883,669	852,956	3.60%
Capital outlay	<u>727,903</u>	<u>725,528</u>	0.33%
Total	<u>\$ 33,244,261</u>	<u>\$ 32,011,237</u>	3.85%

Expenditures increased 3.85% over the prior year mostly due salary and benefit increases. Revenues exceeded expenditures and other financing uses in the general fund during the fiscal year resulting in an increase in fund balance of \$705,129.

**Bexley City School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
Unaudited (continued)

*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 \$41,065 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 decreased by (\$5,724).

**Capital Assets**

The District has \$32,002,449 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, 2015, the District had \$17,774,989 in outstanding principal on its general obligation bonds. The District paid \$1,825,000 in principal on bonds outstanding and \$733,375 in interest payments during the 2015 fiscal year.

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, 2015, 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 \$31.7 million. This original estimate did not include an amount for June 2015 property tax revenue advances; actual property tax revenue advances in June 2015 were \$4.5 million. The revised budget for revenue was approximately \$36.6 million.



**Bexley City School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
Unaudited (continued)

**Current Financial and Economic Conditions**

The latest five-year forecast as prepared in October 2015 shows a positive cash balance through fiscal year 2020. 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 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 FY14 and FY15 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 2015 show cash position as being positive at the end of fiscal year ending June 30, 2020. 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 2011. The District committed to staying off the ballot for three years. The District has already stretched the levy to six years and may stay off the ballot for eight or more 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, 2015**

	GOVERNMENTAL ACTIVITIES
<b>ASSETS:</b>	
Cash and investments	\$ 29,791,545
Receivables	22,243,071
Due from other- Governments	114,224
Inventory	8,119
Prepaid assets	116,676
Capital assets:	
Land	154,150
Other capital assets, net	31,848,299
<b>TOTAL ASSETS</b>	<b>84,276,084</b>
<b>DEFERRED OUTFLOWS OF RESOURCES - Pension</b>	<b>3,148,187</b>
<b>LIABILITIES:</b>	
Accounts payable	724,752
Accrued liabilities	3,923,952
Long-term liabilities:	
Due within one year	1,431,277
Net pension liability	42,273,881
Due in more than one year	19,077,271
<b>TOTAL LIABILITIES</b>	<b>67,431,133</b>
<b>DEFERRED INFLOWS OF RESOURCES:</b>	
Property taxes	13,613,291
Pension	7,677,702
Tuition	4,518
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>21,295,511</b>
<b>NET POSITION</b>	
Net investment in capital assets	14,395,170
Restricted for:	
Capital Projects	422,478
Debt Service	2,576,398
Other purposes	516,587
Unrestricted	(19,213,006)
<b>TOTAL NET POSITION</b>	<b>\$ (1,302,373)</b>

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

**Bexley City School District**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Instructional services:				
Regular	\$ 15,565,859	83,059	-	(15,482,800)
Special	3,939,151	-	461,875	(3,477,276)
Vocational	325,017	-	-	(325,017)
Support services:				
Operation and maintenance of plant	3,798,547	-	-	(3,798,547)
School administration	2,195,228	-	-	(2,195,228)
Pupils	1,789,612	-	235,595	(1,554,017)
Business operations	1,325,632	-	29,787	(1,295,845)
Instructional staff	1,605,627	-	-	(1,605,627)
Student transportation	539,538	-	-	(539,538)
Food service	822,922	396,314	221,001	(205,607)
Central services	454,006	-	-	(454,006)
General administration	32,661	-	-	(32,661)
Co-curricular student activities	1,267,504	262,832	-	(1,004,672)
Community services	866,625	-	892,022	25,397
Interest on long-term debt	834,168	-	-	(834,168)
Depreciation - unallocated*	1,249,154	-	-	(1,249,154)
<b>Total Governmental Activities</b>	<b>36,611,251</b>	<b>742,205</b>	<b>1,840,280</b>	<b>(34,028,766)</b>

General revenues:

Property taxes:		
General purpose		20,166,976
Debt service		2,293,800
Income tax		6,735,920
Grants and entitlements not restricted to specific programs		7,282,149
Investment earnings		196,097
Miscellaneous		425,134
<b>Total general revenues</b>		<b>37,100,076</b>
Change in Net Position		3,071,310
Net Position Beginning of Year, as restated		(4,373,683)
Net Position End of Year		<u>\$ (1,302,373)</u>

\* 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, 2015

	GENERAL	BOND RETIREMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS:</b>				
Cash and investments	\$ 26,599,478	2,223,773	968,294	29,791,545
Receivables:				
Property taxes	16,517,078	1,869,645	-	18,386,723
Income taxes	3,811,115	-	-	3,811,115
Other	44,583	-	650	45,233
Due from other:				
Governments	-	-	114,224	114,224
Interfund receivable	31,000	-	-	31,000
Inventory	-	-	8,119	8,119
Prepaid assets	116,676	-	-	116,676
<b>TOTAL ASSETS</b>	<b>\$ 47,119,930</b>	<b>4,093,418</b>	<b>1,091,287</b>	<b>52,304,635</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 668,339	21,065	35,348	724,752
Interfund payables	-	-	31,000	31,000
Accrued liabilities	3,660,134	-	205,532	3,865,666
<b>TOTAL LIABILITIES</b>	<b>4,328,473</b>	<b>21,065</b>	<b>271,880</b>	<b>4,621,418</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>13,282,862</b>	<b>1,518,145</b>	<b>33,631</b>	<b>14,834,638</b>
<b>FUND BALANCES:</b>				
Nonspendable:				
Inventory	-	-	8,119	8,119
Prepays	116,676	-	-	116,676
Restricted for:				
Debt service	-	2,554,208	-	2,554,208
Capital projects	-	-	422,478	422,478
Non-public schools	-	-	82,321	82,321
Special education	-	-	11,876	11,876
Food service operations	-	-	83,990	83,990
Community activities	-	-	110,939	110,939
Extracurricular activities	-	-	69,035	69,035
Assigned to:				
Instructional services	4,249,593	-	-	4,249,593
Other purposes	66,535	-	-	66,535
Unassigned	25,075,791	-	(2,982)	25,072,809
<b>TOTAL FUND BALANCES</b>	<b>29,508,595</b>	<b>2,554,208</b>	<b>785,776</b>	<b>32,848,579</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 47,119,930</b>	<b>4,093,418</b>	<b>1,091,287</b>	<b>52,304,635</b>

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

**Bexley City School District**  
 RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
 NET POSITION OF GOVERNMENTAL ACTIVITIES  
 JUNE 30, 2015

**Total Governmental Fund Balances** \$ 32,848,579

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. 32,002,449

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

Property taxes receivable	791,432	
Income taxes receivable	391,766	
Due from other governments	33,631	
		1,216,829

The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:

Deferred outflows - Pension	2,993,113
Deferred inflows - Pension	(7,677,702)
Net pension liability	(42,273,881)

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	(58,286)
Compensated absences	(1,169,119)
Bonds Payable, net:	
Bonds payable principal amount	(17,774,989)
Accumulated accretion on discount debt	(1,512,631)
Unamortized deferred amount on refunding	155,074
Unamortized bond discount	12,636
Unamortized bond premium	(64,445)
	(19,184,355)

**Net Position of Governmental Activities** \$ (1,302,373)

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, 2015

	GENERAL	BOND RETIREMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES:</b>				
Property taxes	\$ 20,177,836	2,296,146	-	22,473,982
Income tax	6,742,289	-	-	6,742,289
Intergovernmental:				
Federal Restricted Grants-in-aid	-	-	962,097	962,097
State:				
Unrestricted Grants-in-aid	6,936,660	345,489	-	7,282,149
Restricted Grants-in-aid	-	-	894,139	894,139
Investment income	195,617	-	480	196,097
Co-curricular activities	62,468	-	200,364	262,832
Charges for services	-	-	396,314	396,314
Tuition fees	83,059	-	-	83,059
Other	183,782	-	241,352	425,134
<b>TOTAL REVENUES</b>	<b>34,381,711</b>	<b>2,641,635</b>	<b>2,694,746</b>	<b>39,718,092</b>
<b>EXPENDITURES:</b>				
Current:				
Instructional services:				
Regular	16,278,983	-	48,277	16,327,260
Special	3,723,776	-	405,488	4,129,264
Vocational	328,391	-	-	328,391
<b>TOTAL INSTRUCTIONAL SERVICES</b>	<b>20,331,150</b>	<b>-</b>	<b>453,765</b>	<b>20,784,915</b>
Support services:				
Operation and maintenance of plant	3,609,250	-	-	3,609,250
School administration	2,204,800	-	33,662	2,238,462
Instructional staff	1,626,534	-	37,037	1,663,571
Pupils	1,628,221	-	223,428	1,851,649
Business operations	1,239,269	42,195	550	1,282,014
Student transportation	495,294	-	-	495,294
Food services	-	-	800,722	800,722
Central services	465,293	-	-	465,293
General administration	32,878	-	-	32,878
<b>TOTAL SUPPORT SERVICES</b>	<b>11,301,539</b>	<b>42,195</b>	<b>1,095,399</b>	<b>12,439,133</b>
Co-curricular student activities	883,669	-	320,975	1,204,644
Community services	-	-	900,474	900,474
Capital outlay	727,903	-	362,178	1,090,081
Debt service:				
Principal retirement	-	1,825,000	-	1,825,000
Interest	-	733,375	-	733,375
<b>TOTAL EXPENDITURES</b>	<b>33,244,261</b>	<b>2,600,570</b>	<b>3,132,791</b>	<b>38,977,622</b>
Excess (deficiency) of revenues over expenditures	1,137,450	41,065	(438,045)	740,470
<b>OTHER FINANCING SOURCES (USES):</b>				
Transfers in	-	-	432,321	432,321
Transfers out	(432,321)	-	-	(432,321)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(432,321)</b>	<b>-</b>	<b>432,321</b>	<b>-</b>
Net Change in Fund Balances	705,129	41,065	(5,724)	740,470
FUND BALANCES AT BEGINNING OF YEAR	28,803,466	2,513,143	791,500	32,108,109
FUND BALANCE AT END OF YEAR	<b>\$ 29,508,595</b>	<b>2,554,208</b>	<b>785,776</b>	<b>32,848,579</b>

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

## Bexley City School District

### RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE FISCAL YEAR ENDED JUNE 30, 2015

<b>Net Changes in Fund Balances - Total Governmental Funds</b>		<b>\$ 740,470</b>
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	596,074	
Depreciation expense	<u>(1,547,431)</u>	(951,357)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.		(35,531)
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.		
General obligation debt principal payments	<u>1,825,000</u>	1,825,000
Contractually required pension contributions are reported as expenditures in governmental funds; however, the Statement of Activities reports these amounts as deferred outflows.		2,593,172
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the Statement of Activities		(1,763,189)
Premium and discounts on bond issuance are reflected in the balance of the long-term liability and amortized against interest expense over the life of the new debt.		
Amortization of bond premium (discount)	50,893	
Accretion of capital appreciation bonds	<u>(82,959)</u>	(32,066)
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>(74,382)</u>	(74,382)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is recorded when due.		5,655
The expense related to compensated absences reported in the statement of activities does not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		763,538
<b>Change in Net Position of Governmental Activities</b>		<b><u><u>\$ 3,071,310</u></u></b>

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, 2015

	<u>AGENCY FUNDS</u>
ASSETS	
Cash and investments	\$ <u>160,312</u>
Total assets	\$ <u><u>160,312</u></u>
LIABILITIES	
Accounts Payable	\$ 10,155
Due to others	<u>150,157</u>
Total liabilities	\$ <u><u>160,312</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, 2015

**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.

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, continued  
June 30, 2015

**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 activities 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.

(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 District 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 District.

BEXLEY CITY SCHOOL DISTRICT  
Notes to the Basic Financial Statements, continued  
June 30, 2015

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, 2015

(g) *Prepaid Assets*

Payments made to vendors for services that will benefit periods beyond June 30, 2015 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, 2015

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 has two items that qualify for reporting in this category, deferred charges on refundings and certain pension charges, which both are 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. The deferred outflows related to pensions are explained in Note 9.

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. The deferred inflows of resources related to pension are reported on the government-wide Statement of Net Position. See Note 9 for further information.

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 District 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

BEXLEY CITY SCHOOL DISTRICT  
Notes to the Basic Financial Statements, continued  
June 30, 2015

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.

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.

(o) *Extraordinary and Special Items*

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. At June 30, 2015, the District had no events which qualified as an extraordinary or special item.

(p) *Unamortized Bond Premium and Deferred Amounts on Refunding*

In the government-wide financial statements bond premiums and deferred amounts on refunding are deferred and amortized over the term of the bonds using the bonds-outstanding method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium. Deferred amounts on refunding are recorded as deferred outflows and amortized over the term of the related debt.

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period. The face amount of the debt issue is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

(q) *Restricted Assets*

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The District has no restricted assets.

(r) *Pensions*

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



BEXLEY CITY SCHOOL DISTRICT  
Notes to the Basic Financial Statements, continued  
June 30, 2015

**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 2015, investments were limited to STAROhio 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 2015, the District reported total interest income of \$196,097 (\$195,617) in the General Fund, which includes \$15,258 assigned from other funds; and \$480 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, 2015.

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 2015, 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, 2015, the carrying amount of all District deposits was \$16,430,099. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of June 30, 2015, the District had a bank balance of \$16,412,549. Of this bank balance \$11,759,285 was covered by Federal Deposit Insurance Corporation and the remaining \$4,653,264 was exposed to custodial risk.

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Notes to the Basic Financial Statements, continued  
June 30, 2015

As of June 30, 2015, the District had the following investments and maturities.

Investment type	Fair Value	Investment Maturities PAR				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	than 24 months
STAROhio	\$ 970,510	970,510	-	-	-	-
FHLMC	7,750,940	-	-	-	1,750,000	6,000,000
FFCB	499,905	-	-	-	-	500,000
FNMA	1,497,970	-	-	-	-	1,500,000
FHLB	2,802,433	-	2,000,000	-	800,000	-
	<u>\$ 13,521,758</u>	<u>970,510</u>	<u>2,000,000</u>	<u>-</u>	<u>2,550,000</u>	<u>8,000,000</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 FHLMC, FFCB FNMA, 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, 2015:

Investment type	Fair Value	% to total
STAROhio	\$ 970,510	7.18%
FHLMC	7,750,940	57.32%
FFCB	499,905	3.70%
FNMA	1,497,970	11.08%
FHLB	2,802,433	20.72%
Total	<u>\$ 13,521,758</u>	<u>100.00%</u>

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

BEXLEY CITY SCHOOL DISTRICT  
Notes to the Basic Financial Statements, continued  
June 30, 2015

**4. Receivables**

Receivables at June 30, 2015, consist of the following:

	Property Taxes	Income Taxes	Interest	Other	Totals
Governmental activities:					
General	\$ 16,517,078	3,811,115	39,994	4,589	\$ 20,372,776
Bond retirement fund	1,869,645	-	-	-	1,869,645
Other governmental funds	-	-	-	650	650
<b>Total</b>	<u>\$ 18,386,723</u>	<u>3,811,115</u>	<u>39,994</u>	<u>5,239</u>	<u>\$ 22,243,071</u>

**5. Accrued Liabilities**

Accrued Liabilities at June 30, 2015, consist of the following:

	Accrued Wages & Benefits	Compensated Absences	Totals
Governmental activities:			
General	\$ 3,026,332	633,802	3,660,134
Other governmental funds	180,225	25,307	205,532
<b>Total governmental fund accrued liabilities</b>	<u>\$ 3,206,557</u>	<u>659,109</u>	3,865,666
Accrued interest payable			58,286
<b>Total government-wide accrued liabilities</b>			<u>\$ 3,923,952</u>

**6. Deferred Outflows / Inflows of Resources**

Deferred outflows of resources on the Statement of Net Position represents the unamortized portion of deferred charges on refundings, as well of deferred outflows for Pensions. See note 9.

Deferred inflows of resources on the Statement of Net Position represents the property taxes receivable which were levied for next year's budget, as well as deferred inflows for Pensions. See Note 9.

Deferred inflows of resources on the Governmental Balance Sheet at June 30, 2015, consist of the following:

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total
Property tax - for future period	\$ 12,175,622	\$ 1,437,669	-	\$ 13,613,291
Property tax - unavailable delinquent amount	710,956	80,476	-	791,432
Income tax - not received in the available period	391,766	-	-	391,766
Other-Tuition	4,518	-	33,631	38,149
<b>Total deferred inflows of resources</b>	<u>\$ 13,282,862</u>	<u>\$ 1,518,145</u>	<u>\$ 33,631</u>	<u>\$ 14,834,638</u>

BEXLEY CITY SCHOOL DISTRICT  
Notes to the Basic Financial Statements, continued  
June 30, 2015

**7. Capital Assets**

A summary of changes in capital assets for the year ended June 30, 2015, follows:

	<u>Balance</u> <u>June 30, 2014</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2015</u>
<b>Governmental activities:</b>				
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	52,795,669	445,477	-	53,241,146
Furniture, fixtures and equipment	2,670,823	133,228	-	2,804,051
Buses, autos and trucks	997,219	17,369	-	1,014,588
Total capital assets, being depreciated	<u>56,463,711</u>	<u>596,074</u>	<u>-</u>	<u>57,059,785</u>
Less accumulated depreciation for:				
Building and improvements	21,116,487	1,280,409	-	22,396,896
Furniture, fixtures and equipment	1,864,808	191,735	-	2,056,543
Buses, autos and trucks	682,760	75,287	-	758,047
Total accumulated depreciation	<u>23,664,055</u>	<u>1,547,431</u>	<u>-</u>	<u>25,211,486</u>
Total capital assets, being depreciated, net	<u>32,799,656</u>	<u>(951,357)</u>	<u>-</u>	<u>31,848,299</u>
Capital assets, net	<u>\$ 32,953,806</u>	<u>(951,357)</u>	<u>-</u>	<u>32,002,449</u>

Depreciation expense was charged to governmental functions as follows:

<b>Instructional services:</b>	
Regular	\$ 80,609
Special	1,701
<b>Support services:</b>	
Operation and maintenance of plant	51,603
School administration	1,789
Pupils	451
Business operations	41,464
Instructional staff	2,354
Student transportation	66,303
Food services	5,723
Central services	562
Co-curricular student activities	45,718
Unallocated	1,249,154
Total depreciation	<u>\$ 1,547,431</u>

BEXLEY CITY SCHOOL DISTRICT  
Notes to the Basic Financial Statements, continued  
June 30, 2015

**8. Long-Term Obligations**

A summary for changes in long-term obligations for the year ended June 30, 2015, follows:

	Balance June 30, 2014	Additions	Payments/ Reductions	Balance June 30, 2015	Due in One Year
Compensated absences					
(accrued vacation and sick leave)	\$ 1,932,657	164,800	928,338	1,169,119	176,279
General obligation bonds payable	19,599,989	-	1,825,000	17,774,989	1,254,998
	<u>\$ 21,532,646</u>	<u>164,800</u>	<u>2,753,338</u>	<u>18,944,108</u>	<u>1,431,277</u>

Compensated absences are paid from the fund in which employees are paid. In fiscal 2015, the payments were made from the general fund, and the food services and auxiliary services, special revenue funds.

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. Payments of principal and interest related to these liabilities are recorded as expenditures in the Debt Service Fund

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

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.

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, 2015

**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, 2015:

<b>Long-term Liabilities (summarized above)</b>	18,944,108
Accumulated Accretion on Discount Debt	1,512,631
Unamortized Bond Discount	(12,636)
Unamortized Bond Premium	64,445
Net Pension Obligation (see note 9)	<u>42,273,881</u>
<b>Total</b>	<u><u>62,782,429</u></u>
<b>Governmental Activities</b>	
Long-term Liabilities:	
Due within one year	1,431,277
Due in more than one year	<u>61,351,152</u>
<b>Total Long-term Liabilities - Governmental Activities</b>	<u><u>62,782,429</u></u>

The annual maturities of the general obligation bonds as of June 30, 2015, and related interest payments are as follows:

<u>Year ending June 30,</u>	<u>Interest rate (%)</u>	<u>Principal</u>	<u>Interest</u>
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	3.80 - 4.75	1,235,000	529,556
2021-2025	4.00 - 4.25	7,045,000	1,821,105
2026-2028	4.10 - 4.30	5,045,000	329,573
Total		<u><u>\$ 17,774,989</u></u>	<u><u>\$ 6,856,167</u></u>

The Ohio Revised Code (ORC) provides that the net debt of a school district, whether or not approved by the people, shall not exceed 9.0% of the total value of all property in the school district as listed and assessed for taxation. In addition, the unvoted net debt of a school district cannot exceed 0.1% of the total assessed value of property. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At June 30, 2015, the District's total net debt was approximately 3.59% (4.21% at June 30, 2014) 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 \$1,512,631 in accretion of deep discount debt in accordance with State Law. As of June 30, 2015, 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

BEXLEY CITY SCHOOL DISTRICT  
Notes to the Basic Financial Statements, continued  
June 30, 2015

the District's financial statements. As of June 30, 2015, \$2,290,000 bonds that the District defeased in previous years are still outstanding with the escrow agent.

## **9. Defined Benefit Pension Plans**

### Net Pension Liability

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

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

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

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

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

### **A. School Employee Retirement System**

The 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](http://www.ohsers.org) under Employers/Audit Resources.

BEXLEY CITY SCHOOL DISTRICT  
Notes to the Basic Financial Statements, continued  
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Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

\* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The District's contributions to SERS for the years ended June 30, 2015, was \$492,648, which equaled 100 percent of the required contributions.

**B. State Teachers Retirement System**

Plan Description – District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements



BEXLEY CITY SCHOOL DISTRICT  
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for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability 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 – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal year ended June 30, 2015 was \$2,100,524, which was equal to 100% of the required contributions.

### **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, 2015, four of the five member(s) of the Board of Education has elected Social Security. The contribution rate is 6.2 percent of wages.

### **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

BEXLEY CITY SCHOOL DISTRICT  
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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$6,304,822	\$35,969,059	\$42,273,881
Proportion of the Net Pension Liability	<u>0.124578%</u>	<u>0.147878%</u>	
Pension Expense	<u>\$367,929</u>	<u>\$1,395,260</u>	\$1,763,189

At June 30, 2015, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$53,661	\$346,280	\$399,941
School District contributions subsequent to the measurement date	<u>492,648</u>	<u>2,100,524</u>	<u>2,593,172</u>
Total Deferred Outflows of Resources	<u>\$546,309</u>	<u>\$2,446,804</u>	<u>\$2,993,113</u>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	<u>\$1,023,290</u>	<u>\$6,654,412</u>	<u>\$7,677,702</u>
Total Deferred Inflows of Resources	<u>\$1,023,290</u>	<u>\$6,654,412</u>	<u>\$7,677,702</u>

\$2,593,172 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2016	\$242,408	\$1,577,033	\$1,819,441
2017	242,408	1,577,033	1,819,441
2018	242,408	1,577,033	1,819,441
2019	<u>242,405</u>	<u>1,577,033</u>	<u>1,819,438</u>
Total	<u>\$969,629</u>	<u>\$6,308,132</u>	<u>\$7,277,761</u>

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of

BEXLEY CITY SCHOOL DISTRICT  
Notes to the Basic Financial Statements, continued  
June 30, 2015

each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

**Discount Rate** The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
District's proportionate share of the net pension liability	\$8,995,107	\$6,304,822	\$4,402,059

BEXLEY CITY SCHOOL DISTRICT  
Notes to the Basic Financial Statements, continued  
June 30, 2015

Actuarial Assumptions – STRS

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	<u>1.00</u>	3.00
Total	<u>100.00 %</u>	

**Discount Rate** The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

BEXLEY CITY SCHOOL DISTRICT  
Notes to the Basic Financial Statements, continued  
June 30, 2015

	1% Decrease ▀ (6.75%)	Current Discount Rate ▀ (7.75%)	1% Increase ▀ (8.75%)
District's proportionate share of the net pension liability	\$51,493,630	\$35,969,059	\$22,840,497

**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 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 2015, the actuarially required allocation is .74%. The District's contributions for the years ended June 30, 2015, 2014 and 2013 were \$27,660, \$31,764, and \$29,922, 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, 2015, the health care allocation is .82%. 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 provide 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 2015, the minimum compensation level was established at \$20,450. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District contributions assigned to health care for the years ended June 30, 2015, 2014, and 2013 were \$28,855, \$26,101, and \$35,906, respectively, and 100% has been contributed for all years.

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](http://www.ohsers.org) under Employers/Audit Resources.

BEXLEY CITY SCHOOL DISTRICT  
Notes to the Basic Financial Statements, continued  
June 30, 2015

**B. State Teachers Retirement System**

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

Funding Policy –Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2015, STRS Ohio did not allocated employer contributions to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$162,160, and \$164,156 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 2015 represent the collection of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed values as of January 1, 2014, 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 2015 represent the collection of calendar year 2014 taxes. Public utility real and tangible personal property taxes received in calendar year 2015 became a lien on December 31, 2013, were levied after April 1, 2014, and are collected in 2015 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, 2015, are available to finance fiscal year 2015 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes personal property and public utility taxes, and the late June personal property settlement which are measurable as of June 30, 2015 and for which there is an enforceable legal claim.

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.

BEXLEY CITY SCHOOL DISTRICT  
Notes to the Basic Financial Statements, continued  
June 30, 2015

The assessed values for collection in 2015 were as follows:

Real Estate	\$490,038,580
Public Utility	4,723,260
Total	\$494,761,840

**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.

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula of the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 Foundation funding for the District; therefore, the financials statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or a liability of the District

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. However, the effects of any such disallowed claims on the overall financial position of the District at June 30, 2015, 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, 2014	\$ -
Current year set-aside requirement	369,887
Qualifying expenditures	(718,610)
Total	\$ (348,723)
Set-aside balance, June 30, 2015	\$ -

BEXLEY CITY SCHOOL DISTRICT  
Notes to the Basic Financial Statements, continued  
June 30, 2015

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**

**META Solutions (formerly Tri-Rivers Educational Computer Association (TRECA))**

The District participates in the Metropolitan Educational Technology Association (META), a jointly governed organization created as a regional council of governments pursuant to Chapter 167 of the Ohio Revised Code. META operates as, and has all the powers of, a data acquisition site/information technology center pursuant to applicable provisions of the Ohio Revised Code. The organization was formed for the purpose of identifying, developing, and providing to members and non-members innovative educational and technological services and products, as well as expanded opportunities for cooperative purchasing. The General Assembly of META consists of one delegate from every member school district. The delegate is the superintendent of school district or the superintendent's designee. The degree of control exercised by any participating school district is limited to its representation on the General Assembly. The General Assembly exercises total control over the operation of META including budgeting, appropriating, contracting, and designating management. Financial information can be obtained from Scott Armstrong, CFO, 100 Executive Drive, Marion, Ohio 43302.

**15. Interfund Activity**

Interfund balances at June 30, 2015, consist of the following individual fund receivables and payables on the fund basis:

	Receivable	Payable
Interfund Receivables/Payables		
General Fund	\$ 31,000	-
Other Governmental Funds	-	31,000
Total governmental activities	\$ 31,000	31,000

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, 2015, transfers consisted of the following:

	Total	Transfers In
	Transfers	Other
	Out	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	167,321	167,321
Nonreciprocal interfund transfer to fund District managed student activities	35,000	35,000
Total General Fund	432,321	432,321
Total Governmental Activities	\$ 432,321	432,321



BEXLEY CITY SCHOOL DISTRICT  
Notes to the Basic Financial Statements, continued  
June 30, 2015

**16. Subsequent Event**

On September 9, 2015 the District sold \$8,105,000 of refunding bonds with final maturity on December 1, 2027. These bonds refunded \$8,380,000 of the District's 2005 Refunding Bonds, dated December 7, 2005. The final maturity of the 2003 Bonds had been December 1, 2027. The refunding resulted in a premium of \$466,562. The transaction resulted in an economic gain of \$1,190,182 (present value) and a reduction of \$1,390,571 in future debt service payments.

**17. Change in Accounting Principles and Restatement of Net Position**

For fiscal year 2015, the District implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported at June 30, 2014:

Net position June 30, 2014	\$43,414,770
Adjustments:	
Net Pension Liability	(50,254,362)
Deferred Outflow - Payments Subsequent to Measurement Date	<u>2,465,909</u>
Restated Net Position June 30, 2014	<u><u>(\$4,373,683)</u></u>

Other than employer contributions subsequent to the measurement date, the District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

## **Required Supplementary Information**

**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, 2015*

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES:</b>				
Property and Other Local Taxes	\$ 18,235,485	\$ 22,832,993	\$ 22,832,993	\$ -
Income Tax	6,350,000	6,411,559	6,411,559	-
Intergovernmental	3,959,000	4,005,280	4,005,279	(1)
Interest	90,000	174,980	172,636	(2,344)
Tuition and Fees	56,000	81,915	81,915	-
Rent	26,000	24,875	24,875	-
Miscellaneous	3,035,500	3,038,509	3,038,621	112
<b>Total Revenues</b>	<b>31,751,985</b>	<b>36,570,111</b>	<b>36,567,878</b>	<b>(2,233)</b>
<b>EXPENDITURES:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	16,738,092	16,608,054	16,315,100	292,954
Special	4,029,751	3,913,417	3,803,636	109,781
Vocational	328,700	294,894	293,855	1,039
Other	23,950	31,250	28,449	2,801
<b>Support Services:</b>				
Pupils	1,702,009	1,751,357	1,718,232	33,125
Instructional Staff	1,646,613	1,687,145	1,599,299	87,846
Board of Education	102,836	70,595	57,392	13,203
Administration	2,267,521	2,246,526	2,196,243	50,283
Fiscal	949,389	893,945	874,866	19,079
Business	382,085	410,392	399,265	11,127
Operation and Maintenance of Plant	3,951,611	3,912,638	3,802,533	110,105
Pupil Transportation	599,077	539,294	504,640	34,654
Central	513,721	504,981	474,332	30,649
<b>Extracurricular Activities:</b>				
Academic Oriented Activities	141,770	132,185	121,270	10,915
Sport Oriented Activities	698,960	772,226	696,257	75,969
School and Public Service Co-Curricular Activities	44,350	44,650	38,688	5,962
<b>Capital Outlay:</b>				
Site Improvement Services	169,200	215,889	213,320	2,569
Architecture and Engineering Services	5,000	11,265	11,265	-
Building Acquisition and Construction Services	3,000	3,000	2,970	30
Building Improvement Services	680,830	933,810	907,759	26,051
<b>Total Expenditures</b>	<b>34,978,465</b>	<b>34,977,513</b>	<b>34,059,371</b>	<b>918,142</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(3,226,480)</b>	<b>1,592,598</b>	<b>2,508,507</b>	<b>915,909</b>
<b>OTHER FINANCING SOURCES AND USES:</b>				
Advances In	58,000	58,000	58,000	-
Refund of Prior Year Expenditures	120,000	160,870	160,870	-
Transfers Out	(430,000)	(457,325)	(457,321)	4
Advances Out	(75,000)	(47,675)	(31,000)	16,675
Refund of Prior Year Receipts	(1,500)	(2,450)	(2,445)	5
<b>Total Other Financing Sources and Uses</b>	<b>(328,500)</b>	<b>(288,580)</b>	<b>(271,896)</b>	<b>16,684</b>
<b>Net Change in Fund Balances</b>	<b>(3,554,980)</b>	<b>1,304,018</b>	<b>2,236,611</b>	<b>932,593</b>
Prior Year Encumbrances Appropriated	989,841	989,841	989,841	-
Fund Balance (Deficit) at Beginning of Year	22,021,460	22,021,460	22,021,460	-
<b>Fund Balance (Deficit) at End of Year</b>	<b>\$ 19,456,321</b>	<b>\$ 24,315,319</b>	<b>\$ 25,247,912</b>	<b>\$ 932,593</b>

**Bexley City School District**  
*Required Supplementary Information*  
*Schedule of the District's Proportionate Share of the Net Pension Liability*  
*School Employees Retirement System of Ohio*  
*Last Two Fiscal Years (1)*

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	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability	0.1245780%	0.1245780%
District's Proportionate Share of the Net Pension Liability	\$ 6,304,822	\$ 7,408,254
District's Covered-Employee payroll	\$ 3,620,000	\$ 3,529,140
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	174.17%	209.92%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.70%	65.52%

(1) Information prior to 2013 is not available.

**Bexley City School District**  
*Required Supplementary Information*  
*Schedule of the District's Proportionate Share of the Net Pension Liability*  
*State Teachers Retirement System of Ohio*  
*Last Two Fiscal Years (1)*

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	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability	0.147878%	0.147878%
District's Proportionate Share of the Net Pension Liability	\$ 35,969,059	\$ 42,846,108
District's Covered-Employee payroll	\$ 15,109,054	\$ 17,678,292
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	238.06%	242.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	69.30%

(1) Information prior to 2013 is not available.

**Bexley City School District**  
*Required Supplementary Information*  
*Schedule of District's Contributions*  
*School Employees Retirement System of Ohio*  
*Last Ten Fiscal Years*

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	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contributions	\$ 492,648	\$ 501,732	\$ 488,433	\$ 488,417
Contributions in Relation to the Contractually Required Contributions	(492,648)	(501,732)	(488,433)	(488,417)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District Covered-Employee Payroll	\$ 3,737,845	\$ 3,620,000	\$ 3,529,140	\$ 3,631,353
Contributions as a percentage of Covered-Employee Payroll	13.18%	13.86%	13.84%	13.45%

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 484,298	\$ 472,219	\$ 465,920	\$ 428,625	\$ 429,000	\$ 425,000
(484,298)	(472,219)	(465,920)	(428,625)	(429,000)	(425,000)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,852,808	\$ 3,487,585	\$ 4,734,959	\$ 4,364,817	\$ 4,016,854	\$ 4,017,073
12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

**Bexley City School District**  
*Required Supplementary Information*  
*Schedule of District's Contributions*  
*State Teachers Retirement System of Ohio*  
*Last Ten Fiscal Years*

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	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually Required Contributions	\$ 2,100,524	\$ 1,964,177	\$ 2,298,178	\$ 2,243,642
Contributions in Relation to the Contractually Required Contributions	(2,100,524)	(1,964,177)	(2,298,178)	(2,243,642)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District Covered-Employee Payroll	\$ 15,003,743	\$ 15,109,054	\$ 17,678,292	\$ 17,258,785
Contributions as a percentage of Covered-Employee Payroll	14.00%	13.00%	13.00%	13.00%



<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 2,299,552	\$ 2,286,237	\$ 2,232,647	\$ 2,154,605	\$ 19,638,000	\$ 1,877,000
(2,299,552)	(2,286,237)	(2,232,647)	(2,154,605)	(19,638,000)	(1,877,000)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 17,688,862	\$ 17,586,438	\$ 17,174,208	\$ 16,573,885	\$ 14,907,692	\$ 14,438,462
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**BEXLEY CITY SCHOOL DISTRICT**  
Notes to the Required Supplementary Information  
June 30, 2015

**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 2015 appropriation measure in September 2014. The Board of Education adopted a temporary appropriation measure in June 2014 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, 2015

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)	\$ 705,129
<b>Adjustments, net</b>	
Revenue Accruals	2,421,785
Expenditure Accruals	387,543
Encumbrances	(1,284,476)
Other financing sources/(uses)	(445)
Funds budgeted as Special Revenue Funds	7,075
Net Change in Fund Balance (Budget Basis)	<u><u>\$ 2,236,611</u></u>

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**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2015**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE Passed Through Ohio Department of Education</b>			
Nutrition Cluster			
Non-Cash Assistance (Food Distribution)			
School Breakfast Program	10.553	\$ 6,033	\$ 6,033
National School Lunch Program	10.555	27,690	27,690
Cash Assistance:			
School Breakfast Program	10.553	21,516	21,516
National School Lunch Program	10.555	98,717	98,717
Total Nutrition Cluster		<u>153,956</u>	<u>153,956</u>
Total U.S. Department of Agriculture		<u>153,956</u>	<u>153,956</u>
<b>U.S. DEPARTMENT OF EDUCATION Passed Through Ohio Department of Education</b>			
Title I Grants to Local Educational Agencies	84.010	165,956	175,768
Special Education - Grants to States	84.027	524,762	523,805
Improving Teacher Quality State Grants	84.367	48,877	48,277
English Language Acquisition State Grants	84.365	240	240
Total U.S. Department of Education		<u>739,835</u>	<u>748,090</u>
<b>Total</b>		<u><u>\$ 893,791</u></u>	<u><u>\$ 902,046</u></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, 2015**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Bexley City School District's (the 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 District 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 the Bexley City School District, Franklin County, Ohio, (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 29, 2016, wherein we noted the District adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

### ***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 opinions 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*.

***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

January 29, 2016





# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE 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, Franklin County, Ohio (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, 2015. The *Summary of Auditor's 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 programs.

### ***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, 2015.

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[www.ohioauditor.gov](http://www.ohioauditor.gov)

***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

January 29, 2016

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2015**

**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):	Special Education Grants to States, CFDA #84.027
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	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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# Dave Yost • Auditor of State

**BEXLEY CITY SCHOOL DISTRICT**

**FRANKLIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 17, 2016**