

BEXLEY CITY SCHOOL DISTRICT

GENERAL PURPOSE FINANCIAL STATEMENTS

For Fiscal Year Ended June 30, 2000

**Issued By:
Office of the Treasurer**

Christopher A Essman, Treasurer

Columbus Ohio 43209

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Board of Education
Bexley City School District
348 S. Cassingham Rd.
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We have reviewed the independent auditor's report of the Bexley City School District, Franklin County, prepared by KPMG, for the audit period July 1, 1999 through June 30, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Bexley City School District is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

December 13, 2000

BEXLEY CITY SCHOOL DISTRICT
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR FISCAL YEAR ENDED JUNE 30, 2000

**BEXLEY CITY SCHOOL DISTRICT
GENERAL PURPOSE FINANCIAL STATEMENTS**

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Independent Auditors' Report

Board of Education
Bexley City School District
Bexley, Ohio

We have audited the accompanying general purpose financial statements of Bexley City School District (the District) as of and for the year ended June 30, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2000, and the results of its operations and the cash flows of its proprietary funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2000 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

KPMG LLP

October 27, 2000

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**Bexley City School District
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2000**

	Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
ASSETS AND OTHER DEBITS				
Cash and investments	\$2,996,009	\$647,225	\$537,898	\$187,456
Restricted cash and investments	284,379	0	0	0
Receivable:				
Property Taxes	19,043,085	0	1,651,978	0
Other	64,343	469	0	0
Due from other:				
Governments	2,650	9,934	0	0
Funds	90,011	0	0	0
Inventory	28,970	0	0	0
Prepaid Assets	26,189	0	0	0
Property and plant and equipment	0	0	0	0
Amount available in debt service fund	0	0	0	0
Amount to be provided for retirement general long term debt	0	0	0	0
TOTAL ASSETS AND OTHER DEBITS	\$22,535,636	\$657,628	\$2,189,876	\$187,456
LIABILITIES:				
Accounts Payable	\$178,579	\$31,371	\$6,337	\$7,809
Due to other:				
Funds	0	10,011	0	80,000
Other	0	0	0	0
Deferred revenue	16,134,715	66,483	1,397,260	0
Accrued liabilities	2,240,801	84,151	0	0
Obligations under capital lease	0	0	0	0
General obligations bonds payable	0	0	0	0
Total Liabilities	18,554,095	192,016	1,403,597	87,809
FUND EQUITY AND OTHER CREDITS:				
Investment in general fixed assets	0	0	0	0
Contributed capital	0	0	0	0
Retained deficit	0	0	0	0
Fund balance:				
Reserved for future year's appropriations	4,165,392	0	364,608	0
Reserved for encumbrances	405,156	60,312	0	14,540
Reserved for inventory and prepaid assets	55,159	0	0	0
Reserved for budgetary stabilization	284,379	0	0	0
Unreserved	(928,545)	405,300	421,671	85,107
TOTAL FUND EQUITY AND OTHER CREDITS	3,981,541	465,612	786,279	99,647
TOTAL LIABILITIES AND FUND EQUITY	\$22,535,636	\$657,628	\$2,189,876	\$187,456

See accompanying notes to the general purpose financial statements

Bexley City School District

EXHIBIT I

Proprietary Fund Types	Fiduciary Fund Types	Account Groups	Totals Memorandum
Enterprise	Expendable Trust and Agency	General Fixed Assets	General Long Term Obligation
\$24,449	\$168,760	\$0	\$0
0	0	0	0
0	0	0	0
992	0	0	0
4,498	0	0	0
0	0	0	0
3,669	0	0	0
0	15,750	0	0
34,255	0	22,362,600	0
0	0	0	786,279
0	0	0	11,639,718
\$67,863	\$184,510	\$22,362,600	\$12,425,997
			\$60,611,566
\$1,391	\$5,071	\$0	\$0
0	0	0	0
0	130,704	0	0
545	0	0	0
55,707	455	0	1,736,549
0	0	0	45,113
0	0	0	10,644,335
57,643	136,230	0	12,425,997
			32,857,387
0	0	22,362,600	0
181,637	0	0	0
(171,417)	0	0	0
0	0	0	0
0	1,664	0	0
0	0	0	0
0	0	0	0
0	46,616	0	0
10,220	48,280	22,362,600	0
			27,754,179
\$67,863	\$184,510	\$22,362,600	\$12,425,997
			\$60,611,566

Bexley City School District

Combined Statement of Revenues, Expenditures and Change in Fund Balance

All Governmental Fund Types and Similar Trust Funds

For the Fiscal Year Ended June 30, 2000

	Governmental Fund Type		
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>
REVENUES:			
Property Taxes	\$14,941,362	\$0	\$1,294,758
Intergovernmental			
Federal Restricted Grants - in - Aid	0	240,913	0
State:			
Unrestricted Grants - in - Aid	5,318,503	0	161,916
Restricted Grants - in - Aid	0	548,829	0
Investment Income	252,070	31,459	0
Co-Curricular Activities	0	209,255	0
Tuition and Fees	48,928	0	0
Other	<u>54,812</u>	<u>151,435</u>	<u>0</u>
Total Revenues	20,615,675	1,181,891	1,456,674
EXPENDITURES:			
Current:			
Instruction Services:			
Regular	10,434,196	23,174	0
Special	1,897,153	102,218	0
Vocational	<u>222,659</u>	<u>0</u>	<u>0</u>
Total Instructional Services	12,554,008	125,392	0
Support Services:			
Operation and maintenance of plant	1,598,658	8,311	0
School administration	1,190,792	0	0
Instructional staff	1,036,716	145,295	0
Pupils	879,723	65,397	0
Business operations	684,715	2,552	15,792
Student transportation	183,974	0	0
Central services	53,363	18,745	0
General administration	<u>19,883</u>	<u>0</u>	<u>0</u>
Total Support Services	5,647,824	240,300	15,792
Extracurricular activities	432,958	153,025	0
Community services	0	697,508	0
Capital outlay	207,600	0	0
Debt service:			
Principal retirement	54,089	0	680,000
Interest and fiscal charges	<u>5,197</u>	<u>0</u>	<u>590,439</u>
Total Expenditures	18,901,676	1,216,225	1,286,231
Excess (deficiency) of revenues over expenditures	1,713,999	(34,334)	170,443
OTHER FINANCING SOURCES (USES):			
Proceeds from sale of equipment	1,875	0	0
Transfer in	0	3,743	0
Transfers out	<u>(40,000)</u>	<u>(3,743)</u>	<u>0</u>
Total Other Financing Sources (Uses)	(38,125)	0	0
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses	1,675,874	(34,334)	170,443
Fund balances at beginning of year	2,305,667	499,946	615,836
Fund balances at end of year	\$3,981,541	\$465,612	\$786,279

See accompanying notes to the general purpose financial statements

EXHIBIT II
Total
Governmental **Fiduciary** **(Memorandum**
Fund Type **Fund Type** **Only)**
Capital **Expendable**
Projects **Trust** **2000**

\$0	\$0	16,236,120
0	0	240,913
0	0	5,480,419
36,129	0	584,958
4,538	2,766	290,833
0	0	209,255
0	0	48,928
0	<u>13,927</u>	<u>220,174</u>
40,667	16,693	23,311,600
36,129	0	10,493,499
0	8,352	2,007,723
0	0	<u>222,659</u>
36,129	8,352	12,723,881
0	0	1,606,969
9,520	0	1,200,312
13,881	0	1,195,892
0	0	945,120
0	5,593	708,652
0	0	183,974
0	0	72,108
0	0	<u>19,883</u>
23,401	5,593	5,932,910
0	600	586,583
0	0	697,508
20,998	0	228,598
0	0	734,089
0	0	<u>595,636</u>
80,528	14,545	21,499,205
(39,861)	2,148	1,812,395
0	0	1,875
0	0	3,743
0	0	<u>(43,743)</u>
0	0	(38,125)
(39,861)	2,148	1,774,270
139,508	46,132	3,607,089
<u>\$99,647</u>	<u>\$48,280</u>	<u>\$5,381,359</u>

Bexley City School District

Combined Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual (Budget Basis)-All Governmental Fund Types

For the Fiscal Year Ended June 30, 2000

	General Fund		
	Revised Budget	Actual	Favorable (Unfavorable)
REVENUE:			
Property Taxes	\$12,016,080	12,016,080	0
Investment Income	235,000	235,060	60
Tuition Fees	41,000	49,835	8,835
Extracurricular	0	0	0
Fees	1,250	1,614	364
Miscellaneous	41,100	41,875	775
State Sources	5,310,486	5,317,253	6,767
Federal Sources	0	0	0
Total Revenues	17,644,916	17,661,717	16,801
EXPENDITURES:			
Instruction Services:			
Regular	10,678,011	10,635,906	42,105
Special	2,060,749	1,957,233	103,516
Vocational	366,304	323,924	42,380
Total Instruction	13,105,064	12,917,063	188,001
Support Services:			
Operation and maintenance of plant	1,904,710	1,815,589	89,121
Executive and school administration	1,264,449	1,202,124	62,325
Instructional staff	1,085,069	1,043,035	42,034
Pupils	927,224	899,252	27,972
Business operations	808,433	741,187	67,246
Student transportation	259,966	214,825	45,141
Central services	72,418	66,242	6,176
General administrations	33,050	22,453	10,597
Total Support Services	6,355,319	6,004,707	350,612
Facilities acquisition and construction services	326,501	315,378	11,123
Extracurricular Activities	477,200	438,337	38,863
Community services	0	0	0
Repayment of debt	0	0	0
Total Expenditures	20,264,084	19,675,485	588,599
Excess of Revenues Over (Under) Expenditures	(2,619,168)	(2,013,768)	605,400
OTHER FINANCING SOURCES (USES):			
Proceeds from Sale of Fixed Assets	2,000	1,875	(125)
Refund of Prior Year Expenditures	3,000	5,418	2,418
Refund of Prior Year Receipts	(1,000)	(10)	990
Advance in	60,000	60,000	0
Advance out	(115,010)	(115,010)	0
Operating Transfers In	0	0	0
Operating Transfers Out	(40,000)	(40,000)	0
Total Other Financing Sources (Uses)	(91,010)	(87,727)	3,283
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,710,178)	(2,101,495)	608,683
Prior year Encumbrances Appropriated	626,737	626,737	0
FUND BALANCES AT BEGINNING OF YEAR AS RESTATED (NOTE 17)	4,174,736	4,174,736	0
FUND BALANCES AT END OF YEAR	\$2,091,295	2,699,978	608,683

See accompanying notes to the general purpose financial statements.

EXHIBIT III

----- Special Revenue Funds -----			----- Debt Service Fund -----		
Revised Budget	Actual	Favorable (Unfavorable)	Revised Budget	Actual	Favorable (Unfavorable)
0	0	0	1,040,040	1,040,040	0
29,639	31,459	1,820	0	0	0
0	0	0	0	0	0
207,964	209,255	1,291	0	0	0
0	0	0	0	0	0
148,950	146,707	(2,243)	0	0	0
567,960	568,473	513	161,916	161,916	0
213,790	212,918	(872)	0	0	0
1,168,303	1,168,812	509	1,201,956	1,201,956	0
60,823	46,961	13,862	0	0	0
94,837	94,837	0	0	0	0
0	0	0	0	0	0
155,660	141,798	13,862	0	0	0
9,386	8,311	1,075	0	0	0
0	0	0	0	0	0
178,974	162,961	16,013	0	0	0
65,693	65,693	0	0	0	0
2,760	2,552	208	17,650	15,937	1,713
0	0	0	0	0	0
20,500	18,745	1,755	0	0	0
0	0	0	0	0	0
277,313	258,262	19,051	17,650	15,937	1,713
0	0	0	0	0	0
154,391	154,299	92	0	0	0
600,045	521,920	78,125	0	0	0
0	0	0	1,270,440	1,270,440	0
1,187,409	1,076,279	111,130	1,288,090	1,286,377	1,713
(19,106)	92,533	111,639	(86,134)	(84,421)	1,713
0	0	0	0	0	0
3,880	4,301	421	0	0	0
(314,310)	(224,116)	90,194	0	0	0
35,010	35,010	0	35,000	35,000	0
(25,000)	(25,000)	0	(35,000)	(35,000)	0
3,900	3,900	0	0	0	0
(131,398)	(3,743)	127,655	0	0	0
(427,918)	(209,648)	218,270	0	0	0
(447,024)	(117,115)	329,909	(86,134)	(84,421)	1,713
97,104	97,104	0	0	0	0
596,731	596,731	0	622,320	622,320	0
246,811	576,720	329,909	536,186	537,899	1,713

Bexley City School District

Combined Statement of Revenues, Expenditures and Changes in Fund Balances

Budget and Actual (Budget Basis)-All Governmental Fund Types

For the Fiscal Year Ended June 30, 2000 - Continuing

	- - - - Capital Projects Funds - - - -		
	Revised Budget	Actual	Favorable (Unfavorable)
REVENUE:			
Property Taxes	\$0	0	0
Investment Income	4,103	4,538	435
Tuition Fees	0	0	0
Extracurricular	0	0	0
Fees	0	0	0
Miscellaneous	0	0	0
State Sources	0	0	0
Federal Sources	0	0	0
Total Revenues	4,103	4,538	435
EXPENDITURES:			
Instruction Services:			
Regular	43,012	43,012	0
Special	0	0	0
Vocational	0	0	0
Total Instruction	43,012	43,012	0
Support Services:			
Operation and maintenance of plant	0	0	0
Executive and school administration	9,271	9,271	0
Instructional staff	19,881	19,881	0
Pupils	0	0	0
Business operations	0	0	0
Student transportation	0	0	0
Central services	0	0	0
General administrations	0	0	0
Total Support Services	29,152	29,152	0
Facilities acquisition and construction services	98,288	28,649	69,639
Extracurricular Activities	0	0	0
Community services	0	0	0
Repayment of debt	0	0	0
Total Expenditures	170,452	100,813	69,639
Excess of Revenues Over (Under) Expenditures	(166,349)	(96,275)	70,074
OTHER FINANCING SOURCES (USES):			
Proceeds from Sale of Fixed Assets	0	0	0
Refund of Prior Year Expenditures	0	0	0
Refund of Prior Year Receipts	0	0	0
Advance in	45,000	45,000	0
Advance out	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
Total Other Financing Sources (Uses)	45,000	45,000	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(121,349)	(51,275)	70,074
Prior year Encumbrances Appropriated	81,225	81,225	0
FUND BALANCES AT BEGINNING OF YEAR AS RESTATED (NOTE 17)	142,505	142,505	0
FUND BALANCES AT END OF YEAR	\$102,381	172,455	70,074

See accompanying notes to the general purpose financial statements.

EXHIBIT III

Totals ----- (Memorandum Only) -----		
Revised Budget	Actual	Favorable (Unfavorable)
13,056,120	13,056,120	0
268,742	271,057	2,315
41,000	49,835	8,835
207,964	209,255	1,291
1,250	1,614	364
190,050	188,582	(1,468)
6,040,362	6,047,642	7,280
213,790	212,918	(872)
<u>20,019,278</u>	<u>20,037,023</u>	<u>17,745</u>
10,781,846	10,725,879	55,967
2,155,586	2,052,070	103,516
366,304	323,924	42,380
<u>13,303,736</u>	<u>13,101,873</u>	<u>201,863</u>
1,914,096	1,823,900	90,196
1,273,720	1,211,395	62,325
1,283,924	1,225,877	58,047
992,917	964,945	27,972
828,843	759,676	69,167
259,966	214,825	45,141
92,918	84,987	7,931
33,050	22,453	10,597
<u>6,679,434</u>	<u>6,308,058</u>	<u>371,376</u>
424,789	344,027	80,762
631,591	592,636	38,955
600,045	521,920	78,125
<u>1,270,440</u>	<u>1,270,440</u>	<u>0</u>
<u>22,910,035</u>	<u>22,138,954</u>	<u>771,081</u>
(2,890,757)	(2,101,931)	788,826
2,000	1,875	(125)
6,880	9,719	2,839
(315,310)	(224,126)	91,184
175,010	175,010	0
(175,010)	(175,010)	0
3,900	3,900	0
<u>(171,398)</u>	<u>(43,743)</u>	<u>127,655</u>
(473,928)	(252,375)	221,553
(3,364,685)	(2,354,306)	1,010,379
805,066	805,066	0
5,536,292	5,536,292	0
<u>2,976,673</u>	<u>3,987,052</u>	<u>1,010,379</u>

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Bexley City School District

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

For the Fiscal Year Ended June 30, 2000

EXHIBIT IV

ENTERPRISE FUND TOTAL

2000

OPERATING REVENUES

Food Service Sales	\$249,877
Personal services	<u>207</u>
TOTAL OPERATING REVENUES	250,084

OPERATING EXPENSES:

Personal services	160,407
Employee benefits	50,341
Purchased services	2,608
Supplies and materials	113,829
Depreciation	<u>2,135</u>
TOTAL OPERATING EXPENSES	329,320

OPERATING LOSS (79,236)

NON- OPERATING REVENUES:

Interest	449
State sources	1,151
Federal sources - restricted grants - in - aid	<u>31,350</u>
TOTAL NON- OPERATING REVENUES	32,950

LOSS BEFORE OPERATING TRANSFER (46,286)

Operating transfer in 40,000

NET LOSS (6,286)

BEGINNING RETAINED DEFICIT (165,131)

ENDING RETAINED DEFICIT (\$171,417)

See accompanying notes to the general purpose financial statements.

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Bexley City School District

Statement of Cash Flows
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2000

EXHIBIT V

PROPRIETARY
FUND TYPE

ENTERPRISE
FUND

CASH FLOWS FROM OPERATING ACTIVITIES:

Operating loss	\$	(79,236)
----------------	----	----------

ADJUSTMENTS TO RECONCILE OPERATING

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

Depreciation	2,135
Increase in receivable	(129)
Decrease in inventory	2,144
Decrease in accounts payable	(2,327)
Decrease in deferred revenue	(1,644)
Increase in accrued liabilities	6,101
NET ADJUSTMENTS	<u>6,280</u>

Net cash used in operating activities	(72,956)
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CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State sources	1,240
Federal sources	30,905
Operating transfers	<u>40,000</u>
NET CASH FLOWS PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>72,145</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest	449
----------	-----

DECREASE IN CASH AND CASH EQUIVALENTS	(362)
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CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>24,811</u>
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CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ <u>24,449</u>
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See accompanying notes to the general purpose financial statements.

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BEXLEY CITY SCHOOL DISTRICT

Notes to General Purpose Financial Statements

June 30, 2000

(1) Reporting Entity

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

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

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

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

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

Education support services are provided by the Bexley Education Foundation (the Foundation). The Foundation has a separate nineteen member Board of Governor's. The Board is not appointed by the Bexley Board of Education. The Foundation is a separate entity from the District with no financial interdependency. The Foundation makes cash donations to the District which are approved by the Board of Education. For the 1999-2000 fiscal year, expenses and donations of the Foundation for the Bexley Schools are accounted for in Special Revenue Fund 029, the Education Foundation, which is a part of these financial statements. All other monies of the Bexley Education Foundation are held by the Bexley Foundation at Fifth Third Bank and the Columbus Foundation in the name of the Bexley Education Foundation. The money is invested by the Columbus Foundation. Accordingly, the District has no oversight responsibilities. The Foundation's separate financial statements are not included herein. In addition, the District has no ability to significantly influence operations and no accountability over the fiscal matters of the Foundation.

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

BEXLEY CITY SCHOOL DISTRICT

Notes to General Purpose Financial Statements, Continued

(2) Summary of Significant Accounting Policies

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

(a) Basis of Presentation-Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

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

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

PROPRIETARY FUND

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

FIDUCIARY FUNDS

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

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

ACCOUNT GROUPS

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

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

(b) Basis of Accounting

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

BEXLEY CITY SCHOOL DISTRICT

Notes to General Purpose Financial Statements, Continued

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

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

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

Property taxes are recognized as revenue in the fiscal year for which taxes have been levied, provided they are collected by June 30. Property taxes measurable as of June 30, 2000 and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue. Miscellaneous revenues are recorded as revenues when received in cash because they are generally not measurable until received. Investment earnings are recorded as earned.

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

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

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

(c) Budgetary Data

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

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

BEXLEY CITY SCHOOL DISTRICT

Notes to General Purpose Financial Statements, Continued

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

(3) An annual appropriation measure must be passed by October 1 of each year for the period July 1 to June 30. Unencumbered appropriations lapse at year-end and encumbered appropriations are reported as expenditures in the current year. The Board adopted its 2000 appropriation measure at a regular meeting on September 27, 1999. The Board of Education adopted a temporary appropriation measure at the June 28, 1999 special meeting to allow the District to operate until its annual appropriations are adopted. The appropriation measure may be amended or supplemented during the year as new information becomes available. Individual buildings and/or departments may transfer funds within their budgets. Supplemental appropriations are presented during the year and include the transfers requested by staff and any amendments to fund unanticipated expenditures. Appropriations may not exceed estimated resources and expenditures may not exceed appropriations in any fund at the object level. Appropriations did not exceed estimated resources and expenditures did not exceed appropriations in any fund at the object level. Appropriations for advances-in/advances-out by law are not required and are not budgeted.

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

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

- A. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- B. Expenditures are recorded when encumbered (budget basis) as opposed to when the liability is incurred (GAAP basis); and
- C. Encumbrances are recorded as the equivalent of expenditures (budget basis) as opposed to a reservation of fund balance (GAAP basis).

(d) Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in governmental funds. Encumbrances are reported as reservations of fund balance, since they do not constitute expenditures or liabilities.

(e) Investments

In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investment and for External Investment Pools," the District records all its investments at fair value as defined in this statement.

(f) Inventory

Inventory is valued at cost (first-in, first-out). The cost of inventory is recorded as an expenditure at the time individual inventory items are consumed.

(g) Fixed Assets--Governmental Funds

Fixed Assets purchased for general governmental purposes are recorded as expenditures in the governmental funds and capitalized at cost (or estimated historical cost for assets for which cost is not available) in the General Fixed Assets Account Group. Contributed fixed assets are recorded at their estimated fair market value at the date received.

BEXLEY CITY SCHOOL DISTRICT

Notes to General Purpose Financial Statements, Continued

No depreciation is provided on general fixed assets.

(h) Fixed Assets--Proprietary Funds

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

(i) Compensated Absence

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

District employees earn sick leave at fifteen days per year which, if not taken, accumulates on an unlimited basis until retirement. For all staff an employee may be paid one-fourth of the accumulated sick leave up to a maximum of 54 days upon retirement. All staff who resign after ten years of Bexley service may be paid one-fourth of accumulated sick leave up to a maximum of 25 days. A liability for earned but unused sick leave has been provided in the General Long Term Obligation Account Group. The amount used during the year is similar from year to year.

(j) Interfund Transactions

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

(k) Total Columns

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

(l) Statement of Cash Flows

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

(m) Proprietary Funds

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

(n) Restricted Assets

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

BEXLEY CITY SCHOOL DISTRICT

Notes to General Purpose Financial Statements, Continued

(o) Fund Balance Reserves

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

(p) New Accounting Pronouncements

In December, 1998, the GASB issued Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. This statement requires the recognition of nonexchange transactions in the financial statements unless the transactions are not measurable (reasonably estimable) or are not probable of collection. This statement is effective for periods beginning after June 15, 2000, and the District has not adopted the provisions of this statement in the accompanying financial statements. Management has not completed the process of evaluating the impact that will result from adopting this statement, and, therefore, is unable to disclose the impact that the adopting the statement will have on its financial position and results of operations when such statement is adopted.

In June, 1999, the GASB issued Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This statement represents a significant change in the way state and local governments present basic financial information. This statement is effective for periods beginning after June 15, 2002, and the District has not adopted the provisions of this statement in the accompanying financial statements. Management has not completed the process of evaluating the impact that will result from adopting this statement, and, therefore, is unable to disclose the impact that adopting the statement will have on its financial position and results of operations when such statement is adopted.

(3) Cash and Investments

- a) In 1998, the District adopted GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, and records all its investments at fair value.
- b) The District's bank deposits at June 30, 2000 were \$360,491 (including \$250,000 of non-negotiated CD's) with a carrying balance of (\$74,140). Of this balance, \$200,000 was covered by Federal depository insurance, \$150,000 was covered by an Ohio Depository Bond, and \$10,491 was uninsured and uncollateralized. The \$10,491 was covered by pooled collateral as provided in Ohio Revised Code Chapter 135. All deposits are in institutions who are members of the Federal Reserve System.
- c) The Ohio Revised Code authorizes the District to invest in United States and State of Ohio bonds, notes and other obligations; bank certificates of deposit; banker acceptances; commercial paper notes rated prime and issued by United States; corporations; repurchase agreements secured by United States obligations; and State Treasury Asset Reserve of Ohio, which is managed by the Treasurer of the State of Ohio (STAR Ohio). It is management's policy to invest in all of the above type of investments. Earnings on investments are credited to various funds at the discretion of the Board.
- d) STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the Securities Exchange Commission as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2000.
- e) The District's investments are categorized to give an indication of the level of risk assumed by the District at June 30, 2000. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the Counter party's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the Counter party or its trust department or agent, but not in the District's name. The investment with STAR Ohio is not required to be categorized due to its nature.

BEXLEY CITY SCHOOL DISTRICT

Notes to General Purpose Financial Statements, Continued

f)

	1	Category 2	3	Carrying/Fair Value
Investments:				
Repurchase Agreements	\$ 0	\$ 0	\$ 356,349	\$ 356,349
Commercial Paper	0	246,082	0	246,082
Federal Agencies Securities	1,000,000	2,214,877	0	2,214,877
Sub-Total	<u>\$ 1,000,000</u>	<u>\$ 2,460,959</u>	<u>\$ 356,349</u>	<u>\$ 2,817,308</u>
Investment in State Treasurers' Investment Pool				<u>2,103,008</u>
Total investments				4,920,315
Cash deposits				360,491
Less: Reconciling items				<u>(434,631)</u>
Total cash and investments				<u>\$ 4,846,176</u>

(4) Receivables

Receivables at June 30, 2000, consist of the following:

	Taxes	Interest	Other	Total
General	\$ 19,043,085	\$ 37,816	\$ 26,527	\$ 19,107,428
Special revenue	0	0	469	469
Debt service	1,651,978	0	0	1,651,978
Enterprise	<u>0</u>	<u>0</u>	<u>992</u>	<u>992</u>
Total	<u>\$ 20,695,063</u>	<u>\$ 37,816</u>	<u>\$ 27,988</u>	<u>\$ 20,760,867</u>

(5) Due from Other Governments

Intergovernmental receivables at June 30, 2000, consist of the following:

	Due from		
	Federal Government		State Government
	Total		
General	\$ 0	\$ 2,650	\$ 2,650
Special Revenue	9,934	0	9,934
Enterprise	<u>4,347</u>	<u>151</u>	<u>4,498</u>
Total	<u>\$ 14,281</u>	<u>\$ 2,801</u>	<u>\$ 17,082</u>

(6) Property, Plant and Equipment

A summary of changes in general fixed assets for the year ended June 30, 2000, follows:

	Balance July 1, 1999	Additions	Disposals	Balance June, 30 2000
Land	\$ 137,450	\$ 0	\$ 0	\$ 137,450
Buildings and improvements	16,165,637	0	0	16,165,637
Furniture and fixtures	5,233,269	467,996	0	5,701,265
Autos and trucks	358,248	0	0	358,248
Total	<u>\$ 21,894,604</u>	<u>\$ 225,079</u>	<u>\$ 0</u>	<u>\$ 22,362,600</u>

BEXLEY CITY SCHOOL DISTRICT

Notes to General Purpose Financial Statements, Continued

Proprietary fund type property, plant and equipment at June 30, 2000, consist of the following:

Enterprise	
Furniture and fixtures	\$ 181,637
Less accumulated depreciation	(147,382)
Total	<u><u>\$ 34,255</u></u>

(7) Long-Term Obligations

A summary for changes in long-term obligations for the year ended June 30, 2000, follows:

	Balance July 1, 1999	Additions	Disposals	Balance June, 30 2000
General long-term debt account group:				
Accrued vacation and sick leave	\$ 1,704,129	\$ 32,420	\$ 0	\$ 1,736,549
Installment purchase obligation payable	99,202	0	54,089	45,113
General obligation bonds	<u>11,324,335</u>	0	680,000	10,644,335
Total	<u><u>\$ 13,127,666</u></u>	<u><u>\$ 32,420</u></u>	<u><u>\$ 734,089</u></u>	<u><u>\$ 12,425,997</u></u>

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

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

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

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

The annual maturities of the general obligation bonds as of June 30, 2000, and related interest payments are as follows:

Year ending June 30,	Interest rate (%)	Principal	Interest
2001	5.32-7.125	\$ 705,000	\$ 556,970
2002	5.32-7.125	745,000	520,908
2003	5.32-7.125	319,730	955,283
2004	5.32-7.125	310,182	955,224
2005	5.32-7.125	313,818	950,913
2006	5.32-7.125	310,743	947,245
2007-2017	5.32-7.125	7,939,862	3,874,241
Total		<u><u>\$ 10,644,335</u></u>	<u><u>\$ 8,760,784</u></u>

BEXLEY CITY SCHOOL DISTRICT

Notes to General Purpose Financial Statements, Continued

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, 2000 the District's total net debt and unvoted net debt were approximately 3.29% of the total assessed value of all property within the school district. The aggregate amount of the District's unvoted debt is also subject to overlapping debt restrictions with Franklin County and the City of Bexley. As of June 30, 2000, 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.

(8) Installment Purchase Obligations

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2001	\$ 21,933	2,568
2002	<u>23,180</u>	<u>1,320</u>
	<u>\$ 45,113</u>	<u>3,888</u>

(9) Defined Benefit Pension Plans

Certificated District employees are covered by the State Teachers Retirement System of Ohio (STRS). All other District employees are covered by the School Employees Retirement System of Ohio (SERS). STRS and SERS (the Systems) are both cost-sharing, defined benefit, multiple-employer public employee retirement systems. The payrolls for employees covered by STRS, SERS and for all employees covered by these retirement systems were approximately \$11,350,938, \$1,988,389 and \$13,339,327, respectively, for the year ended June 30, 2000.

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

- A. STRS is a cost-sharing multiple-employer defined benefit pension plan.
- B. STRS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.
- C. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code.
- D. STRS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to STRS at: 275 E. Broad St., Columbus, Ohio 43215-3371 or by calling (614)227-4090.
- E. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the STRS Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The contribution requirements and the contributions actually made for the fiscal year ended June 30, 2000, were 9.3% of covered payroll for members and 14% for employers. Employer contributions for 2000, 1999, and 1998 were \$1,589,131, \$1,504,547, and \$1,458,870, respectively. As of June 30, 2000, 83% has been contributed for 2000, and 100% for 1999 and 1998.

BEXLEY CITY SCHOOL DISTRICT

Notes to General Purpose Financial Statements, Continued

STRS Ohio is a statewide retirement plan for certified teachers and other faculty members employed in the public school of Ohio or any school, college, university, institution or other agency wholly controlled, managed and supported in whole, or in part, by the state or any political subdivision thereof. Any member who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age may retire. The maximum annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest years' salaries. The annual allowance is calculated by using a base percentage of 2.1% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years, and so on) until 100% of final average salary is reached.

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

- A. SERS is a cost-sharing multiple-employer defined benefit pension plan.
- B. SERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries.
- C. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code.
- D. SERS issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to SERS at: 45 N. Fourth St., Columbus, Ohio 43215 or by calling (614)222-5853.
- E. Contribution rates are established and may be amended up to statutory maximum amounts, by the SERS Retirement Board. The contribution requirements and the contributions actually made for the fiscal year ended June 30, 2000, were 9% of covered payroll for members and 14% for employers. Employer contributions for 2000, 1999 and 1998 were \$278,374, \$273,343, and \$251,693, respectively. As of June 30, 2000, 33.4% has been contributed for 2000 and 100% for 1999 and 1998.

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

(10) Health Care Benefits After Retirement

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

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

BEXLEY CITY SCHOOL DISTRICT

Notes to General Purpose Financial Statements, Continued

- C. The STRS Board currently allocates employer contributions equal to 2% of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. The balance in the Health Care Reserve Fund was \$2,783 million at June 30, 1999. The Health Care Reserve Fund allocation for the year ended June 30, 2000, will be 8% of covered payroll. For the District, this amount is approximately \$899,000.
- D. For the year ended June 30, 1999, the net health care costs paid by STRS were \$249,929,000. There were 95,796 eligible benefit recipients.

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

- A. The Ohio Revised Code gives SERS the discretionary authority to provide post-retirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premiums for health care. The portion is based on years of service up to a maximum of 75% of the premium.
- B. After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. At June 30, 1999, the allocation rate was 6.30%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was established as \$12,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.
- C. Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 125% of annual health care expenses. Expenses for health care at June 30, 1999 were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, the Retirement System's net assets available for payment of health care benefits was \$188.0 million. For the District, the amount to fund health care benefits, including the surcharge, was \$132,424 for fiscal year 2000.
- D. The number of participants currently receiving health care benefits is approximately 51,000.

(11) Property Taxes

Property Taxes include amounts levied against all real, public utility and tangible (used in business) property located in the school district. All property taxes are collected on behalf of the District by Franklin County. Due and collection dates, as established by Franklin County, were January 20, 2000 and June 20, 2000, for those taxes due during 2000.

Real property taxes collected during calendar year 2000 had a lien and levy date of January 1, 1999. Tangible personal property taxes collected during calendar year 2000 had a lien and levy date of January 1, 2000.

Assessed values are established by State law at 35% of appraised market value for Real Estate and Public Utility and at 25% for Tangible Personal. A revaluation of all property is required to be completed no less than every six years. The last revaluation was completed in December, 1999. Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at true value (normally 88% of cost). The assessed values for collection in 2000, upon which the 1999 levies were based, was as follows:

BEXLEY CITY SCHOOL DISTRICT

Notes to General Purpose Financial Statements, Continued

Real estate	\$ 312,943,950
Public utility	6,943,960
Tangible personal	<u>3,123,522</u>
 Total	 <u>\$ 323,011,432</u>

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the District's share is .57% (5.7 mills) of assessed value. Increases in the property tax rate are restricted only by voter willingness to approve such increases. The total tax rate for the District, including voted increases, was 98.10 mills in 2000. The District did pass a 7.9 mill operating levy in March, 2000. This levy will be collected starting in January, 2001.

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

(12) Contingent Liabilities

The District maintains property and casualty insurance of approximately \$37 million. Personal liability insurance is maintained in the amount of \$1 million per occurrence and \$5 million in the aggregate.

The Federal and State Grants remain subject to review and audit by the grantor agencies or their designees. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the District's administration believes such disallowances, if any, would be immaterial.

(13) Set-Aside Calculations and Fund Reserves

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Stabilization</u>
Set-aside Cash Balance as of June 30, 1999	\$ 0	0	105,906
Current year Set-aside Requirement	525,050	525,050	178,473
Qualifying Disbursements	919,893	533,097	0
Total	<u>(394,843)</u>	<u>(8,047)</u>	<u>284,379</u>
 Set-aside Cash balance as of June 30, 2000	 <u>\$ 0</u>	 <u>0</u>	 <u>284,379</u>

Amounts of offsets and qualifying disbursements presented in the table were limited to those necessary to reduce the year-end balance to zero. Although the School District may have had additional offsets and qualifying disbursements during the year that reduced the set-aside amounts below \$0 that these extra amounts may not be used to reduce the set-aside requirements of future years, and are therefore not presented as being carried forward to the next fiscal year.

BEXLEY CITY SCHOOL DISTRICT

Notes to General Purpose Financial Statements, Continued

(14) Budget Basis of Accounting

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

	Express (deficiency) of revenues and other financing sources over <u>expenditures and other financing issues</u>			
	General	Special Revenue	Debt Service	Capital Projects
GAAP basis	\$ 1,675,874	(34,334)	170,443	(39,861)
Increase (decrease):				
Due to revenues	(2,888,540)	26,389	(219,718)	8,871
Due to encumbrances:				
Recognized as expenditures in budget	(580,409)	(70,507)	0	(15,000)
Due to expenditures	(308,420)	(38,663)	(35,146)	(5,285)
Budget basis	\$ (2,101,495)	(117,115)	(84,421)	(51,275)

(15) Fund Equity

The Food Service Enterprise Retained Earnings had a GAAP deficit of \$171,417 at June 30, 2000. This GAAP deficit will be funded with future charges for services and cash transfers.

(16) State School Funding Decision

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$3,458,836 of school foundation support for its general fund.

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

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the (Ohio) Constitution has not been fulfilled." The Court's March 24, 1997 decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

BEXLEY CITY SCHOOL DISTRICT

Notes to General Purpose Financial Statements, Continued

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

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

(17) Change in Budgetary Fund Balances

The budgetary basis fund balances at the beginning of the year, for the General, Special Revenue, and Capital Projects funds have been restated to properly reflect the impact of cash advances.

	<u>General Fund</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
Balance at 06/30/2000	\$ 4,166,864	639,512	107,504
Change	<u>7,772</u>	<u>25,581</u>	<u>35,001</u>
Balance at 7/01/2000	<u>\$ 4,174,736</u>	<u>596,731</u>	<u>142,505</u>

BEXLEY CITY SCHOOL DISTRICT

Independent Auditors' Report on Compliance and Internal Control
over Financial Reporting Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards



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Columbus, OH 43215-2577

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**Independent Auditors' Report on Compliance and Internal Control
Over Financial Reporting Based on an Audit of Financial Statements
Performed in Accordance With *Government Auditing Standards***

The Board of Education
Bexley City School District
Bexley, Ohio

and

The Honorable Jim Petro
Auditor of State

We have audited the financial statements of Bexley City School District (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated October 27, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

However, we noted other matters involving the internal control over financial reporting that we have reported to management of the District in a separate letter dated October 27, 2000.

This report is intended solely for the information of the District's management, the Ohio Auditor of State and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

KPMG LLP

October 27, 2000



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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**BEXLEY CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 26, 2000**