



Dave Yost • Auditor of State

**BEXLEY CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis.....	5
Basic Financial Statements	
Government-Wide Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	17
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	18
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	19
Statement of Fiduciary Assets and Liabilities – Fiduciary Funds	20
Notes to the Basic Financial Statements	21
Required Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund	45
Schedule of the District's Proportionate Share of the Net Pension Liability School Employees Retirement System of Ohio – Last Four Fiscal Years	46
Schedule of the District's Proportionate Share of the Net Pension Liability State Teachers Retirement System of Ohio – Last Four Fiscal Years.....	47
Schedule of District's Contributions School Employees Retirement System Of Ohio – Last Ten Fiscal Years	48
Schedule of District's Contributions State Teachers Retirement System Of Ohio – Last Ten Fiscal Years	50
Notes to the Required Supplementary Information.....	52
Schedule of Expenditures of Federal Awards	55
Notes to the Schedule Expenditures of Federal Awards	56

**BEXLEY CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Required by <i>Government Auditing Standards</i>	57
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program, and on Internal Control Over Compliance required by the Uniform Guidance	59
Schedule of Findings.....	61
Prepared by Management:	
Corrective Action Plan.....	63



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 the Bexley City School District, Franklin County, Ohio (the District), as of and for the year ended June 30, 2017, 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 such 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 the Bexley City School District, Franklin County, Ohio, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis, the 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 Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is 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 this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2018, 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, flowing style.

Dave Yost
Auditor of State
Columbus, Ohio

March 26, 2018

THIS PAGE INTENTIONALLY LEFT BLANK

Bexley City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
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, 2017. 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 \$5,048,321 as of June 30, 2017, according to the Statement of Net Position. This represents a decrease of \$95,066 over last year's net position of \$5,143,387.

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. The income tax revenue was expected to have some growth in good economic times. The actual income tax revenue was \$7,894,897, \$7,350,483 and \$6,735,920 in 2017, 2016 and 2015, respectively. The District passed a 1.38 mill permanent improvement levy in the November 2016. This permanent improvement fund will be reserved for capital projects outside the normal operating areas.

The General Fund reported a positive fund balance of \$33,165,749.

Reporting the District as a Whole

The Statement of Net Position and Statement of Activities

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

These two statements report the District's net position and changes in them. The change in net position provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other non-financial factors such as property tax base, current property tax laws, student enrollment growth, and facility conditions in arriving at their conclusion regarding the overall health of the District.

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Bexley City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited (continued)

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 more than liabilities (including deferred inflows) by \$5,048,321 according to the Statement of Net Position at the close of the most recent fiscal year.

Approximately \$15.96 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, 2017
Unaudited (continued)

A comparative analysis of fiscal year 2017 to 2016 follows from the Statements of Net Position:

	Net Position	
	Governmental Activities	
	2017	2016
Current assets	\$ 53,606,362	\$ 53,430,661
Capital assets	29,799,674	31,095,281
Total assets	<u>83,406,036</u>	<u>84,525,942</u>
Deferred outflows	<u>11,061,247</u>	<u>5,290,794</u>
Current liabilities	4,795,337	3,975,260
Long-term liabilities	73,855,660	66,366,381
Total liabilities	<u>78,650,997</u>	<u>70,341,641</u>
Deferred inflows	<u>10,767,965</u>	<u>14,331,708</u>
Net Position:		
Net investment in		
capital assets	15,960,315	15,368,565
Restricted	4,847,555	3,855,261
Unrestricted	<u>(15,759,549)</u>	<u>(14,080,439)</u>
Total net position	<u>\$ 5,048,321</u>	<u>\$ 5,143,387</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.

Bexley City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited (continued)

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 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.

Bexley City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited (continued)

Changes in Net Position
Governmental Activities

Program revenues:	<u>2017</u>	<u>2016</u>
Charges for services and sales	\$ 784,089	\$ 848,916
Operating grants and contributions	1,994,837	1,921,674
General revenues:		
Property taxes	23,013,260	25,003,500
Income taxes	7,894,897	7,350,483
Grants and entitlements not restricted to specific programs	7,194,684	7,296,249
Investment earnings	249,295	309,463
Miscellaneous	795,598	497,629
Total revenues	<u>41,926,660</u>	<u>43,227,914</u>
Program expenses:		
Instructional services	23,905,768	20,027,704
Support services	14,106,410	12,701,412
Co-curricular student activities	1,423,545	1,260,439
Community services	908,612	878,178
Interest on long-term debt	386,212	640,740
Depreciation - Unallocated	1,291,179	1,273,681
Total expenses	<u>42,021,726</u>	<u>36,782,154</u>
Change in net position	(95,066)	6,445,760
Net position at the beginning of the year	<u>5,143,387</u>	<u>(1,302,373)</u>
Net position at end of year	<u>\$ 5,048,321</u>	<u>\$ 5,143,387</u>

Analysis of Net Position

Total net position decreased \$95,066. Net Pension Liability increased \$9.8 million. This liability represents the District's share, as calculated per GASB 68, of the two state retirement systems' present value of estimated future pension benefits less the assets available to pay those benefits. This will fluctuate annually based on a number of factors including investment returns, actuarial assumptions used, and the District's proportionate share of the Net Pension Cost. As a result, 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. The result would be a positive net position in 2017 of \$52,064,493.

Governmental Activities

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

Bexley City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited (continued)

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 2017 cost of program services and the 2017 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	2017		2016	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instructional services	\$ 23,905,768	\$ 23,311,680	\$ 20,027,704	\$ 19,415,744
Support services	14,106,410	13,122,007	12,701,412	11,799,993
Co - curricular student activities	1,423,545	1,235,889	1,260,439	964,297
Community services	908,612	(104,167)	878,178	(82,891)
Interest on long-term debt	386,212	386,212	640,740	640,740
Depreciation - unallocated	<u>1,291,179</u>	<u>1,291,179</u>	<u>1,273,681</u>	<u>1,273,681</u>
Total	<u>\$ 42,021,726</u>	<u>\$ 39,242,800</u>	<u>\$ 36,782,154</u>	<u>\$ 34,011,564</u>

Local property and income taxes make up 73.7% of total revenues for governmental activities. The net services column reflecting the need for \$39,242,800 of support, indicates the reliance on general revenues to support governmental activities.

The District's Funds

The District's governmental funds reported a combined fund balance of \$37,866,332, which represents an increase of \$1,021,688 as compared to last year's total of \$36,844,644 according to the Governmental Funds Balance Sheet. The schedule below shows the fund balance and the total change in fund balance from June 30, 2017 to 2016.

	Fund Balance at June 30, 2017	Fund Balance at June 30, 2016	Increase (Decrease)
General Fund	\$ 33,165,749	\$ 33,113,198	\$ 52,551
Bond retirement fund	2,322,599	2,724,585	(401,986)
Other Governmental Funds	<u>2,377,984</u>	<u>1,006,861</u>	<u>1,371,123</u>
Total	<u>\$ 37,866,332</u>	<u>\$ 36,844,644</u>	<u>\$ 1,021,688</u>

General Fund

The District's General Fund balance increased \$52,551. The tables that follow assist in illustrating the financial activities and balance of the General Fund.

Bexley City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited (continued)

Revenues

	<u>2017</u>	<u>2016</u>	<u>% Change</u>
Property taxes	\$ 20,616,286	\$ 22,564,929	-8.64%
Income taxes	7,852,332	7,338,159	7.01%
Intergovernmental	6,931,873	6,961,976	-0.43%
Investment income	236,297	305,620	-22.68%
Other revenue	403,410	333,090	21.11%
Total	<u>\$ 36,040,198</u>	<u>\$ 37,503,774</u>	-3.90%

Total property tax revenue for the General fund decreased by \$1,948,643. This decrease is primarily a result of the decreased amounts certified by the county as being available as of June 30, 2017.

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

Expenditures by Function

	<u>2017</u>	<u>2016</u>	<u>% Change</u>
Instructional services	\$ 21,360,722	\$ 20,016,569	6.72%
Support services	12,333,967	12,027,751	2.55%
Co-curricular student activities	988,157	958,874	3.05%
Capital outlay	<u>1,059,801</u>	<u>621,277</u>	70.58%
Total	<u>\$ 35,742,647</u>	<u>\$ 33,624,471</u>	6.30%

Expenditures increased 6.3% 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 \$52,551.

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 \$401,986 decrease in fund balance is due to spending down available monies. See debt below.

Other Governmental Funds

Other governmental funds consist of Special Revenue and Capital Projects funds. Fund balance in these funds increased by \$1,371,123, primarily due to the passage of the 1.38 mill permanent improvement levy in the November 2016.

Bexley City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited (continued)

Capital Assets

The District has \$29,799,674 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, 2017, the District had \$14,214,991 in outstanding principal on its general obligation bonds. The District paid \$1,960,000 in principal on bonds outstanding and \$396,475 in interest and fiscal payments during the 2017 fiscal year.

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, 2017, 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.

Current Financial and Economic Conditions

The latest five-year forecast as prepared in October 2017 shows a positive cash balance through fiscal year 2021. 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.

Management continues to look at the long term financial stability of the District. Projections prepared in October 2017 show cash position as being positive at the end of fiscal year ending June 30, 2021. The District will continue to look at ways to reduce cost. The District has already stretched the levy to eight years and may stay off the ballot for nine or more years.

The District passed a 1.38 mill permanent improvement levy in the November 2016. This permanent improvement fund will be reserved for capital projects outside the normal operating areas.

Bexley City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
Unaudited (continued)

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, Kyle Smith at 348 S. Cassingham Road, Bexley, Ohio 43209.

Bexley City School District
STATEMENT OF NET POSITION
JUNE 30, 2017

	GOVERNMENTAL ACTIVITIES
ASSETS:	
Cash and investments	\$ 29,908,817
Receivables	23,436,158
Due from other:	
Governments	173,892
Fiduciary Fund	5,000
Inventory	15,552
Prepaid assets	66,943
Capital assets:	
Land	154,150
Other capital assets, net	29,645,524
TOTAL ASSETS	83,406,036
DEFERRED OUTFLOWS OF RESOURCES :	
Deferred charges on refunding	375,632
Pension	10,685,615
TOTAL DEFERRED OUTFLOWS OF RESOURCES	11,061,247
LIABILITIES:	
Accounts payable	1,089,936
Accrued liabilities	3,705,401
Long-term liabilities:	
Due within one year	1,333,800
Net pension liability	56,583,157
Due in more than one year	15,938,703
TOTAL LIABILITIES	78,650,997
DEFERRED INFLOWS OF RESOURCES:	
Property taxes	9,645,016
Pension	1,118,630
Tuition	4,319
TOTAL DEFERRED INFLOWS OF RESOURCES	10,767,965
NET POSITION	
Net investment in capital assets	15,960,315
Restricted for:	
Capital Projects	1,633,442
Debt Service	2,330,223
Other purposes	883,890
Unrestricted	(15,759,549)
TOTAL NET POSITION	\$ 5,048,321

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, 2017

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Changes in Net</u>
		<u>and Sales</u>	<u>Contributions</u>	<u>Position</u>
				<u>Governmental</u>
				<u>Activities</u>
Governmental Activities				
Instructional services:				
Regular	\$ 18,490,687	60,557	37,294	(18,392,836)
Special	5,014,839	-	496,237	(4,518,602)
Vocational	400,242	-	-	(400,242)
Support services:				
Operation and maintenance of plant	3,809,769	-	-	(3,809,769)
School administration	2,659,116	-	35,282	(2,623,834)
Pupils	2,112,178	-	264,803	(1,847,375)
Business operations	1,513,426	-	-	(1,513,426)
Instructional staff	1,949,254	-	-	(1,949,254)
Student transportation	607,228	-	-	(607,228)
Food service	828,262	535,876	148,442	(143,944)
Central services	501,119	-	-	(501,119)
General administration	126,058	-	-	(126,058)
Co-curricular student activities	1,423,545	187,656	-	(1,235,889)
Community services	908,612	-	1,012,779	104,167
Interest on long-term debt	386,212	-	-	(386,212)
Depreciation - unallocated*	1,291,179	-	-	(1,291,179)
Total Governmental Activities	<u>42,021,726</u>	<u>784,089</u>	<u>1,994,837</u>	<u>(39,242,800)</u>

General revenues:

Property taxes:	
General purpose	20,533,489
Debt service	1,677,724
Permanent Improvements	802,047
Income tax	7,894,897
Grants and entitlements not restricted to specific programs	7,194,684
Investment earnings	249,295
Miscellaneous	795,598
Total general revenues	<u>39,147,734</u>
Change in Net Position	(95,066)
Net Position Beginning of Year	<u>5,143,387</u>
Net Position End of Year	<u>\$ 5,048,321</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, 2017

	GENERAL	BOND RETIREMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS:				
Cash and investments	\$ 25,582,582	1,915,431	2,410,804	29,908,817
Receivables:				
Property taxes	18,085,454	901,287	466,174	19,452,915
Income taxes	3,716,955	-	-	3,716,955
Other	180,011	-	86,277	266,288
Due from other:				
Governments	-	-	173,892	173,892
Interfund receivable	120,015	-	-	120,015
Inventory	-	-	15,552	15,552
Prepaid assets	66,943	-	-	66,943
TOTAL ASSETS	\$ 47,751,960	2,816,718	3,152,699	53,721,377
LIABILITIES:				
Accounts payable	\$ 947,059	8,689	134,188	1,089,936
Interfund payables	-	-	115,015	115,015
Accrued liabilities	3,447,422	-	227,043	3,674,465
TOTAL LIABILITIES	4,394,481	8,689	476,246	4,879,416
 DEFERRED INFLOWS OF RESOURCES	 10,191,730	 485,430	 298,469	 10,975,629
FUND BALANCES:				
Nonspendable:				
Inventory	-	-	15,552	15,552
Prepays	66,943	-	-	66,943
Restricted for:				
Debt service	-	2,322,599	-	2,322,599
Capital projects	-	-	1,613,498	1,613,498
Non-public schools	-	-	317,780	317,780
Special education	-	-	16,938	16,938
Food service operations	-	-	231,863	231,863
Community activities	-	-	90,197	90,197
Extracurricular activities	-	-	97,227	97,227
Assigned to:				
Instructional services	5,431,445	-	-	5,431,445
Other purposes	111,696	-	-	111,696
Unassigned	27,555,665	-	(5,071)	27,550,594
TOTAL FUND BALANCES	33,165,749	2,322,599	2,377,984	37,866,332
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 47,751,960	2,816,718	3,152,699	53,721,377

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, 2017

Total Governmental Fund Balances \$ 37,866,332

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. 29,799,674

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

Property taxes receivable	832,249	
Income taxes receivable	446,655	
Due from other governments	47,390	1,326,294

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	10,685,615	
Deferred inflows - Pension	(1,118,630)	
Net pension liability	(56,583,157)	

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		(30,936)
Compensated absences		(1,447,275)
Bonds Payable, net:		
Bonds payable principal amount	(14,214,991)	
Accumulated accretion on discount debt	(1,015,425)	
Unamortized deferred amount on refunding	375,632	
Unamortized bond premium	(594,812)	(15,449,596)

Net Position of Governmental Activities \$ 5,048,321

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, 2017

	GENERAL	BOND RETIREMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES:				
Property taxes	\$ 20,616,286	1,714,255	782,103	23,112,644
Income tax	7,852,332	-	-	7,852,332
Intergovernmental:				
Federal Restricted Grants-in-aid	-	-	941,956	941,956
State:				
Unrestricted Grants-in-aid	6,931,873	262,811	-	7,194,684
Restricted Grants-in-aid	-	-	1,012,779	1,012,779
Investment income	236,297	-	12,998	249,295
Co-curricular activities	94,036	-	187,656	281,692
Charges for services	-	-	526,966	526,966
Tuition fees	60,557	-	-	60,557
Other	248,817	-	461,655	710,472
TOTAL REVENUES	36,040,198	1,977,066	3,926,113	41,943,377
EXPENDITURES:				
Current:				
Instructional services:				
Regular	16,587,159	-	35,020	16,622,179
Special	4,382,154	-	461,587	4,843,741
Vocational	391,409	-	-	391,409
TOTAL INSTRUCTIONAL SERVICES	21,360,722	-	496,607	21,857,329
Support services:				
Operation and maintenance of plant	3,658,806	-	-	3,658,806
School administration	2,497,754	-	33,558	2,531,312
Instructional staff	1,821,660	-	-	1,821,660
Pupils	1,735,454	-	248,312	1,983,766
Business operations	1,413,151	22,577	15,170	1,450,898
Student transportation	592,549	-	-	592,549
Food services	-	-	805,933	805,933
Central services	489,669	-	-	489,669
General administration	124,924	-	-	124,924
TOTAL SUPPORT SERVICES	12,333,967	22,577	1,102,973	13,459,517
Co-curricular student activities	988,157	-	286,646	1,274,803
Community services	-	-	892,133	892,133
Capital outlay	1,059,801	-	21,631	1,081,432
Debt service:				
Principal retirement	-	1,960,000	-	1,960,000
Interest	-	396,475	-	396,475
TOTAL EXPENDITURES	35,742,647	2,379,052	2,799,990	40,921,689
Excess (deficiency) of revenues over expenditures	297,551	(401,986)	1,126,123	1,021,688
OTHER FINANCING SOURCES (USES):				
Transfers in	-	-	245,000	245,000
Transfers out	(245,000)	-	-	(245,000)
TOTAL OTHER FINANCING SOURCES (USES)	(245,000)	-	245,000	-
Net Change in Fund Balances	52,551	(401,986)	1,371,123	1,021,688
FUND BALANCES AT BEGINNING OF YEAR	33,113,198	2,724,585	1,006,861	36,844,644
FUND BALANCE AT END OF YEAR	\$ 33,165,749	2,322,599	2,377,984	37,866,332

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, 2017

Net Changes in Fund Balances - Total Governmental Funds \$ 1,021,688

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	312,890	
Loss on disposal	(12,557)	
Depreciation expense	<u>(1,595,940)</u>	(1,295,607)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. (16,717)

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>1,960,000</u>	1,960,000
--	------------------	-----------

Contractually required pension contributions are reported as expenditures in governmental funds; however, the Statement Net Position reports these amounts as deferred outflows. 3,346,655

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the Statement of Activities (5,348,102)

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)	125,875	
Accretion of capital appreciation bonds	<u>(47,173)</u>	78,702

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>(72,643)</u>	(72,643)
--	-----------------	----------

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is recorded when due. 4,204

The expense related to compensated absences reported in the statement of activities does require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 226,754

Change in Net Position of Governmental Activities \$ (95,066)

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, 2017

	<u>AGENCY FUNDS</u>
ASSETS	
Cash and investments	\$ 223,031
Receivables	<u>2,907</u>
Total assets	<u>\$ 225,938</u>
LIABILITIES	
Accounts Payable	\$ 21,287
Due to General Fund	5,000
Due to others	<u>199,651</u>
Total liabilities	<u>\$ 225,938</u>

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

BEXLEY CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements
June 30, 2017

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 Governors. The Board is not appointed by the Bexley Board of Education. The Foundation is a separate entity from the District with no financial interdependency. The Foundation makes cash donations to the District which are approved by the Board of Education. These moneys are accounted for in the agency fund in these financial statements. All other monies of the Bexley Education Foundation are held by the Bexley Foundation at Fifth Third Bank and the Columbus Foundation in the name of the Bexley Education Foundation. The money is invested by the Columbus Foundation. Accordingly, the District has no oversight responsibilities. The Foundation's separate financial statements are not included herein. In addition, the District has no ability to significantly influence operations and no accountability over the fiscal matters of the Foundation.

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

2. Summary of Significant Accounting Policies

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

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

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

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

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

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

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

Government fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the 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 government.

BEXLEY CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements, continued
June 30, 2017

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*

The District records all its investments at fair value.

(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, 2017

(g) *Prepaid Assets*

Payments made to vendors for services that will benefit periods beyond June 30, 2017 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, 2017

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 item that qualifies 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 government at its highest level of decision making authority, the Board of Education.

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

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

BEXLEY CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements, continued
June 30, 2017

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, 2017, 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.

(s) *Fair Value*

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair

BEXLEY CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements, continued
June 30, 2017

value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

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 2017, investments were limited to STAROhio and STAR Plus, CDs, Commercial paper 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 and in compliance with ORC Section 3315.01 and board policy. In fiscal 2017, the District reported total interest income of \$249,295 (\$236,297 in the General Fund and \$12,998 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 has adopted Governmental Accounting Standard Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures their investments in Star Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For the fiscal year 2017, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. Star Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of participant will be combined for these purposes."

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

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 2017, 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, 2017, the carrying amount of all District deposits was \$10,324,308. Based on the criteria described in GASB Statement No. 40, *Deposits and Investment Risk Disclosures*, as of June 30, 2017, the

BEXLEY CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements, continued
June 30, 2017

District had a bank balance of \$10,343,677. Of this bank balance \$7,375,984 was covered by Federal Deposit Insurance Corporation and the remaining \$2,967,693 was exposed to custodial risk.

As of June 30, 2017, the District had the following investments and maturities.

Investment type	Par	Investment Maturities PAR				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
STAROhio	\$ 3,762,494	3,762,494	-	-	-	-
Commercial Paper	4,352,279	1,879,534	2,472,745	-	-	-
FHLMC	7,597,492	999,750	-	500,000	-	6,097,742
FFCB	2,000,000	-	-	1,500,000	-	500,000
FNMA	1,348,687	-	-	-	-	1,348,687
FHLB	750,000	-	-	-	-	750,000
	\$ 19,810,952	<u>6,641,778</u>	<u>2,472,745</u>	<u>2,000,000</u>	<u>-</u>	<u>8,696,429</u>
Fair Value Adjustment	(3,412)					
Fair Value	<u>19,807,540</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, 2017:

Investment type	PAR	% to total
STAROhio	\$ 3,762,494	18.99%
Comercial Paper	4,352,279	21.97%
FHLMC	7,597,492	38.35%
FFCB	2,000,000	10.10%
FNMA	1,348,687	6.80%
FHLB	<u>750,000</u>	3.79%
Total	<u>\$ 19,810,952</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, 2017

4. Receivables

Receivables at June 30, 2017, consist of the following:

	Property Taxes	Income Taxes	Interest	Other	Totals
Governmental activities:					
General	\$ 18,085,454	3,716,955	78,777	101,234	\$ 21,982,420
Bond retirement fund	901,287	-	-	-	901,287
Other governmental funds	466,174	-	2,088	84,189	552,451
Total	<u>\$ 19,452,915</u>	<u>3,716,955</u>	<u>80,865</u>	<u>185,423</u>	<u>\$ 23,436,158</u>

5. Accrued Liabilities

Accrued Liabilities at June 30, 2017, consist of the following:

	Accrued Wages & Benefits	Compensated Absences	Totals
Governmental activities:			
General	\$ 3,142,418	305,004	3,447,422
Other governmental funds	204,370	22,673	227,043
Total governmental fund accrued liabilities	<u>\$ 3,346,788</u>	<u>327,677</u>	3,674,465
Accrued interest payable			30,936
Total government-wide accrued liabilities			<u>\$ 3,705,401</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, 2017, consist of the following:

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total
Property tax - for future period	\$ 8,967,011	\$ 446,870	\$ 231,135	\$ 9,645,016
Property tax - unavailable delinquent amount	773,745	38,560	19,944	832,249
Income tax - not received in the available period	446,655	-	-	446,655
Grant revenue - not received in the available period	-	-	47,390	47,390
Other-Tuition	4,319	-	-	4,319
Total deferred inflows of resources	<u>\$ 10,191,730</u>	<u>\$ 485,430</u>	<u>\$ 298,469</u>	<u>\$ 10,975,629</u>

BEXLEY CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements, continued
June 30, 2017

7. Capital Assets

A summary of changes in capital assets for the year ended June 30, 2017, follows:

	Balance			Balance
	June 30, 2016	Additions	Disposals	June 30, 2017
<u>Governmental activities:</u>				
Capital assets, not being depreciated:				
Land	154,150	-	-	154,150
Total capital assets, not being depreciated	<u>154,150</u>	<u>-</u>	<u>-</u>	<u>154,150</u>
Capital assets, being depreciated:				
Building and improvements	53,584,768	100,882	-	53,685,650
Furniture, fixtures and equipment	3,130,384	180,278	59,687	3,250,975
Buses, autos and trucks	1,014,588	31,730	16,565	1,029,753
Total capital assets, being depreciated	<u>57,729,740</u>	<u>312,890</u>	<u>76,252</u>	<u>57,966,378</u>
Less accumulated depreciation for:				
Building and improvements	23,701,833	1,307,459	-	25,009,292
Furniture, fixtures and equipment	2,274,279	239,475	47,130	2,466,624
Buses, autos and trucks	812,497	49,006	16,565	844,938
Total accumulated depreciation	<u>26,788,609</u>	<u>1,595,940</u>	<u>63,695</u>	<u>28,320,854</u>
Total capital assets, being depreciated, net	<u>30,941,131</u>	<u>(1,283,050)</u>	<u>12,557</u>	<u>29,645,524</u>
Capital assets, net	<u>31,095,281</u>	<u>(1,283,050)</u>	<u>12,557</u>	<u>29,799,674</u>

Depreciation expense was charged to governmental functions as follows:

Instructional services:	
Regular	\$ 80,816
Support services:	
Operation and maintenance of plant	55,833
School administration	1,981
Pupils	451
Business operations	83,260
Instructional staff	3,016
Student transportation	26,191
Food services	5,797
Central services	562
Co-curricular student activities	46,854
Unallocated	1,291,179
Total depreciation	<u>\$ 1,595,940</u>

BEXLEY CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements, continued
June 30, 2017

8. Long-Term Obligations

A summary for changes in long-term obligations for the year ended June 30, 2017, follows:

	Balance June 30, 2016	Additions	Payments/ Reductions	Balance June 30, 2017	Due in One Year
Compensated absences (accrued vacation and sick leave)	1,674,029	34,325	261,079	1,447,275	138,800
General obligation bonds payable	16,174,991	-	1,960,000	14,214,991	1,195,000
	<u>17,849,020</u>	<u>34,325</u>	<u>2,221,079</u>	<u>15,662,266</u>	<u>1,333,800</u>

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

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

In September 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.

In March 2016, the District sold \$7,180,000 of refunding bonds with final maturity on December 1, 2022. These bonds refunded \$7,250,000 of the District's 2014 Refunding Bonds, dated June 1, 2014. The final maturity of the 2014 Bonds had been December 1, 2022. The refunding resulted in a premium of \$243,737. The transaction resulted in an economic gain of \$660,752 (present value) and a reduction of \$784,085 in future debt service payments.

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, 2017:

Long-term Liabilities (summarized above)	\$ 15,662,266
Accumulated Accretion on Discount Debt	1,015,425
Unamortized Bond Premium	594,812
Net pension obligation (see note 9)	56,583,157
Total	<u>\$ 73,855,660</u>

Governmental Activities

Long-term Liabilities:	
Due within one year	\$ 1,333,800
Due in more than one year	72,521,860
Total Long-term Liabilities - governmental activities	<u>\$ 73,855,660</u>

BEXLEY CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements, continued
June 30, 2017

The annual maturities of the general obligation bonds as of June 30, 2017, and related interest payments are as follows:

<u>Year ending June 30,</u>	<u>Interest rate (%)</u>	<u>Principal</u>	<u>Interest</u>
2018	3.0 - 4.00	1,195,000	353,725
2019	2.0 - 5.00	129,991	1,426,209
2020	2.0 - 4.75	1,230,000	323,900
2021	2.0 - 4.75	1,250,000	299,100
2022	2.0 - 4.75	1,270,000	273,900
2023-2027	2.0 - 4.25	7,475,000	825,475
2028	3.0	1,665,000	24,975
Total		<u>\$ 14,214,991</u>	<u>\$ 3,527,284</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, 2017, the District's total net debt was approximately 2.87% (3.26% at June 30, 2016) 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 \$1,015,425 in accretion of deep discount debt in accordance with State Law. As of June 30, 2017, 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 in prior years defeased certain Bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. As of June 30, 2017, \$14,505,000 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.

School Employees 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 under Employers/Audit Resources.

BEXLEY CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements, continued
June 30, 2017

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, 2017, the allocation to pension, death benefits, and Medicare B was 14.0 percent. No amount was allocated to the Health Care Fund.

The District's contractually required contributions to SERS was \$577,580 for fiscal year 2017.

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.

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, 2015, 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 26 years of service, or 31 years of service regardless of age. Age and service requirements 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.

BEXLEY CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements, continued
June 30, 2017

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. For the fiscal year ended June 30, 2017, plan members were required to contribute 14 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 2017 contribution rates were equal to the statutory maximum rates.

The District's contractually required contributions to STRS was \$2,769,075 for fiscal year 2017.

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 Employees Retirement System/State Teachers Retirement System of Ohio. As of June 30, 2017, three members of the Board of Education elected Social Security. The Board's liability is 6.2 percent of wages paid.

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, 2016, 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
Notes to the Basic Financial Statements, continued
June 30, 2017

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability - Prior Measurement Date	0.124160%	0.143806%	
Proportion of the Net Pension Liability - Current Measurement Date	0.123360%	0.142068%	
Change in Proportionate Share	<u>-0.000800%</u>	<u>-0.001738%</u>	
Proportionate Share of the Net Pension Liability	\$9,028,792	\$47,554,365	\$56,583,157
Pension Expense	\$1,069,599	\$4,278,503	\$5,348,102

At June 30, 2017, 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>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$121,778	\$1,921,425	\$2,043,203
Changes of assumptions	602,721	-	\$602,721
Net difference between projected and actual earnings on pension plan investments	744,746	3,948,290	4,693,036
Changes in proportion and differences District contributions subsequent to the measurement date	-	-	-
	<u>577,580</u>	<u>2,769,075</u>	<u>3,346,655</u>
Total Deferred Outflows of Resources	<u>\$2,046,825</u>	<u>\$8,638,790</u>	<u>\$10,685,615</u>
Deferred Inflows of Resources			
proportionate share of contributions	<u>\$ 25,694</u>	<u>\$ 1,092,936</u>	<u>\$ 1,118,630</u>
Total Deferred Inflows of Resources	<u>\$25,694</u>	<u>\$1,092,936</u>	<u>\$1,118,630</u>

\$3,346,655 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

BEXLEY CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements, continued
June 30, 2017

Fiscal Year Ending June 30:	SERS	STRS	Total
2018	\$357,099	\$762,658	\$1,119,757
2019	356,564	762,758	1,119,322
2020	515,802	1,974,239	2,490,041
2021	214,086	1,277,124	1,491,210
Total	\$1,443,551	\$4,776,779	\$6,220,330

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 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, 2016, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disable members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

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

BEXLEY CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements, continued
June 30, 2017

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 asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	3.00
Multi-Asset Strategies	10.00	
 Total	 <u>100.00 %</u>	

Discount Rate The total pension liability was calculated using the discount rate of 7.50 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 (7.50 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 7.50 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 (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
District's proportionate share of the net pension liability	\$11,953,558	\$9,028,792	\$6,580,641

Actuarial Assumptions – STRS

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.75 percent, net of investment expenses including inflation
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.

BEXLEY CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements, continued
June 30, 2017

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, 2016, 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	1.00	3.00
 Total	 <u>100.00 %</u>	

*10-year annualized geometric nominal returns, which include the real rate of return and inflation of 2.50 percent and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and therefore is not a weighted average return of the individual asset classes.

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. 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, 2016. 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, 2016.

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, 2017

	1% Decrease ▼ (6.75%)	Current Discount Rate ▼ (7.75%)	1% Increase ▼ (8.75%)
School District's proportionate share of the net pension liability	\$63,195,890	\$47,554,365	\$34,359,821

Changes Between Measurement Date and Report Date

In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to the District's Net Pension Liability is expected to be significant.

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 2017, the actuarially required allocation is .74%. The District's contributions for the years ended June 30, 2017, 2016 and 2015 were \$30,529, \$28,350, and \$27,660, 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, 2016, the health care allocation is .0%. 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 2017, the minimum compensation level was established at \$23,500. 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

BEXLEY CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements, continued
June 30, 2017

contributions assigned to health care for the years ended June 30, 2017, 2016, and 2015 were \$66,491, \$62,341, and \$28,855, respectively.

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

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

B. State Teachers Retirement System

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

Funding Policy –Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2017, STRS Ohio did not allocated employer contributions to the Health Care Stabilization Fund.

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 2017 represent the collection of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed values as of January 1, 2016, 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 2017 represent the collection of calendar year 2016 taxes. Public utility real and tangible personal property taxes received in calendar year 2017 became a lien on December 31, 2015, were levied after April 1, 2016, and are collected in 2017 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, 2017, are available to finance fiscal year 2017 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, 2017 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

BEXLEY CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements, continued
June 30, 2017

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

The assessed values for collection in 2017 were as follows:

Real Estate	\$492,033,030
Public Utility	<u>4,971,250</u>
Total	<u><u>\$497,004,280</u></u>

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 \$115.6 million and personal liability insurance in the amount of \$1 million per occurrence and \$3 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 fiscal year 2017 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 a result of fiscal year 2017 reviews, the District; is due \$46,104 from ODE. This amount has not been included in the financial statements.

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effects of any such disallowed claims on the overall financial position of the District at June 30, 2017, if applicable, cannot be determined at this time.

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.

BEXLEY CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements, continued
June 30, 2017

	Capital Maintenance Reserve
Set-aside balance, July 1, 2016	\$ -
Current year set-aside requirement	401,018
Qualifying expenditures	(770,706)
Total	\$ (369,688)
Set-aside balance, June 30, 2017	\$ -

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

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 David Varda, CFO, 100 Executive Drive, Marion, Ohio 43302.

15. Interfund Activity

Interfund balances at June 30, 2017, consist of the following individual fund receivables and payables on the fund basis:

	Receivable	Payable
Interfund Receivables/Payables		
General Fund	\$ 120,015	
Other Governmental Funds		115,015
Agency Fund Funds	-	5,000
Total governmental activities	\$ 120,015	120,015

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.

BEXLEY CITY SCHOOL DISTRICT
Notes to the Basic Financial Statements, continued
June 30, 2017

For the year ended June 30, 2017, transfers consisted of the following:

	Total	Transfers In Other
	Transfers	Governmental
	Out	Funds
<i>General Fund:</i>		
Nonreciprocal interfund transfer to fund food service operations	\$ 180,000	180,000
Nonreciprocal interfund transfer to fund Permanent Improvements	25,000	25,000
Nonreciprocal interfund transfer to fund District managed student activities	40,000	40,000
Total General Fund	245,000	245,000
Total Governmental Activities	\$ 245,000	245,000

The above operating transfers were used to supplement the operations of such funds. All transfers are considered allowable in accordance with Ohio Revised Code Sections 5705.14, 5705.15, and 5705.16.

16. Subsequent Event

There were no subsequent events to report as of the date of this report.

17. Change in Accounting Principles

For fiscal year 2017, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 77, "Tax Abatement Disclosures" which improves disclosure of tax abatement information, such as how the tax abatements affect their financial statements and operations and the government's ability to raise resources in the future, by reporting (1) the government's own tax abatement agreements; and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The implementation of this statement did not have an effect on the financial statements of the District.

Bexley City School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
GENERAL
For the Fiscal Year Ended June 30, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES:				
Property and Other Local Taxes	18,830,000	\$ 20,530,000	\$ 20,740,193	\$ 210,193
Income Tax	7,100,000	7,100,000	8,123,073	1,023,073
Intergovernmental	6,944,000	6,944,000	6,931,873	(12,127)
Interest	240,000	240,000	286,637	46,637
Tuition and Fees	94,500	94,500	60,557	(33,943)
Rent	28,000	28,000	28,120	120
Gifts and Donations	2,000	2,000	5,400	3,400
Miscellaneous	70,800	70,800	74,037	3,237
Total Revenues	<u>33,309,300</u>	<u>35,009,300</u>	<u>36,249,890</u>	<u>1,240,590</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	16,965,149	16,848,398	16,619,768	228,630
Special	4,250,198	4,592,887	4,564,622	28,265
Vocational	340,373	363,546	362,564	982
Other	42,176	39,413	36,320	3,093
Support Services:				
Pupils	1,845,774	1,811,193	1,782,934	28,259
Instructional Staff	2,036,336	1,987,614	1,950,545	37,069
Board of Education	134,606	129,929	128,767	1,162
Administration	2,350,728	2,387,834	2,348,815	39,019
Fiscal	1,122,027	1,071,324	1,062,787	8,537
Business	407,921	395,741	388,349	7,392
Operation and Maintenance of Plant	4,171,638	3,888,963	3,873,838	15,125
Pupil Transportation	623,418	597,687	594,429	3,258
Central	522,088	538,842	532,415	6,427
Extracurricular Activities:				
Academic Oriented Activities	166,763	170,816	157,524	13,292
Sport Oriented Activities	805,550	790,638	777,050	13,588
School and Public Service Co-Curricular Activities	47,470	50,056	48,086	1,970
Capital Outlay:				
Site Improvement Services	248,662	176,975	176,716	259
Architecture and Engineering Services	53,019	11,664	11,664	-
Building Acquisition and Construction	3,000	-	-	-
Building Improvement Services	714,449	880,658	880,316	342
Total Expenditures	<u>36,851,345</u>	<u>36,734,178</u>	<u>36,297,509</u>	<u>436,669</u>
Excess of Revenues Over (Under) Expenditures	<u>(3,542,045)</u>	<u>(1,724,878)</u>	<u>(47,619)</u>	<u>1,677,259</u>
OTHER FINANCING SOURCES AND USES:				
Advances In	-	-	67,626	67,626
Proceeds from Sale of Capital Assets	-	5,000	5,108	108
Refund of Prior Year Expenditures	-	30,000	32,060	2,060
Transfers Out	-	(300,000)	(270,000)	30,000
Advances Out	-	(130,000)	(120,015)	9,985
Refund of Prior Year Receipts	-	(1,500)	-	1,500
Total Other Financing Sources and Uses	<u>-</u>	<u>(396,500)</u>	<u>(285,221)</u>	<u>111,279</u>
Net Change in Fund Balances	<u>(3,542,045)</u>	<u>(2,121,378)</u>	<u>(332,840)</u>	<u>1,788,538</u>
Fund Balance (Deficit) at Beginning of Year	<u>23,257,690</u>	<u>23,257,690</u>	<u>23,257,690</u>	<u>-</u>
Prior Year Encumbrances Appropriated	<u>1,101,016</u>	<u>1,101,016</u>	<u>1,101,016</u>	<u>-</u>
Fund Balance (Deficit) at End of Year	<u>\$ 23,257,688</u>	<u>\$ 22,237,326</u>	<u>\$ 24,025,864</u>	<u>\$ 1,788,538</u>

These financial statements have not been subjected to an audit or review engagement, and no assurance is provided on them.

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 Four Fiscal Years (1)(2)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability	0.1233597%	0.1241600%	0.1245780%	0.1245780%
District's Proportionate Share of the Net Pension Liability	\$ 9,028,792	\$ 7,084,661	\$ 6,304,822	\$ 7,408,254
District's Covered-Employee payroll	\$ 4,018,536	\$ 3,737,845	\$ 3,620,000	\$ 3,529,140
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	224.68%	189.54%	174.17%	209.92%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2013 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end

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 Four Fiscal Years (1)(2)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
District's Proportion of the Net Pension Liability	0.142068%	0.143806%	0.147878%	0.147878%
District's Proportionate Share of the Net Pension Liability	\$ 47,554,365	\$ 39,743,761	\$ 35,969,059	\$ 42,846,108
District's Covered-Employee payroll	\$ 17,190,021	\$ 15,003,743	\$ 15,109,054	\$ 17,678,292
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	276.64%	264.89%	238.06%	242.37%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contributions	\$ 577,580	\$ 562,595	\$ 492,648	\$ 501,732
Contributions in Relation to the Contractually Required Contributions	(577,580)	(562,595)	(492,648)	(501,732)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District Covered-Employee Payroll	\$ 4,125,571	\$ 4,018,536	\$ 3,737,845	\$ 3,620,000
Contributions as a percentage of Covered-Employee Payroll	14.00%	14.00%	13.18%	13.86%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 488,433	\$ 488,417	\$ 484,298	\$ 472,219	\$ 465,920	\$ 428,625
(488,433)	(488,417)	(484,298)	(472,219)	(465,920)	(428,625)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,529,140	\$ 3,631,353	\$ 3,852,808	\$ 3,487,585	\$ 4,734,959	\$ 4,364,817
13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contributions	\$ 2,769,075	\$ 2,406,603	\$ 2,100,524	\$ 1,964,177
Contributions in Relation to the Contractually Required Contributions	(2,769,075)	(2,406,603)	(2,100,524)	(1,964,177)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District Covered-Employee Payroll	\$ 19,779,107	\$ 17,190,021	\$ 15,003,743	\$ 15,109,054
Contributions as a percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	13.00%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 2,298,178	\$ 2,243,642	\$ 2,299,552	\$ 2,286,237	\$ 2,232,647	\$ 2,154,605
(2,298,178)	(2,243,642)	(2,299,552)	(2,286,237)	(2,232,647)	(2,154,605)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 17,678,292	\$ 17,258,785	\$ 17,688,862	\$ 17,586,438	\$ 17,174,208	\$ 16,573,885
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

BEXLEY CITY SCHOOL DISTRICT
Notes to the Required Supplementary Information
June 30, 2017

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 2017 appropriation measure in September 19, 2016. The Board of Education adopted a temporary appropriation measure in June 27, 2016 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); and
- C. 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, 2017

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)	\$	52,551
Adjustments, net		
Revenue Accruals		325,487
Expenditure Accruals		(619,692)
Other financing sources/(uses)		(40,221)
Funds budgeted as Special Revenue Funds		(50,965)
Net Change in Fund Balance (Budget Basis)	<u>\$</u>	<u>(332,840)</u>

C. Changes in Assumptions – SERS

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disable member was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

D. Changes in Assumptions – STRS

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014 - 2017.

THIS PAGE INTENTIONALLY LEFT BLANK

**BEXLEY CITY SCHOOL DISTRICT
FRANKLIN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR Pass Through Grantor Program/Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster				
Non-Cash Assistant School Lunch (Food Distribution)				
School Breakfast Program	10.553	N/A	\$ -	\$ 4,648
National School Lunch Program	10.555	N/A	-	22,439
School Breakfast Program	10.553	N/A	-	20,466
National School Lunch Program	10.555	N/A	-	98,812
Total Child Nutrition Cluster			<u>\$ -</u>	<u>\$ 146,365</u>
Total U.S. Department of Agriculture			<u>\$ -</u>	<u>\$ 146,365</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education</i>				
Special Education Cluster:				
Special Education - Grants to States	84.027	N/A	-	69,376
Special Education - Grants to States	84.027	N/A	-	437,644
Total Special Education - Grants to States				<u>507,020</u>
Special Education - Parent Mentoring Program	84.027	N/A	-	4,153
Special Education - Parent Mentoring Program	84.027	N/A	-	21,371
Total Special Education - Parent Mentoring Program				<u>25,524</u>
Total Special Education Cluster				<u>532,544</u>
Title I Grants to Local Educational Agencies	84.010	N/A	-	42,148
Title I Grants to Local Educational Agencies	84.010	N/A	-	201,562
Total Title I Grants to Local Education Agencies				<u>243,710</u>
Improving Teacher Quality State Grants	84.367	N/A	-	7,928
Improving Teacher Quality State Grants	84.367	N/A	-	36,938
Total Improving Teacher Quality State Grants				<u>44,866</u>
Total U.S. Department of Education			<u>\$ -</u>	<u>\$ 821,120</u>
Total			<u><u>\$ -</u></u>	<u><u>\$ 967,485</u></u>

The accompanying notes are an integral part of this schedule.

**BEXLEY CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Bexley City School District (the District's) under programs of the federal government for the year ended June 30, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - 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 D – 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, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 26, 2018.

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. Therefore, unidentified material weaknesses or significant deficiencies may exist. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency. We consider finding 2017-001 to be a significant deficiency.

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*.

District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying corrective action plan. We did not audit the District's response and, accordingly, we express no opinion on it.

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.



Dave Yost
Auditor of State
Columbus, Ohio

March 26, 2018



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 THE UNIFORM GUIDANCE

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) *Compliance Supplement* that could directly and materially affect the Bexley City School District's major federal program for the year ended June 30, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance 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, 2017.

88 East Broad Street, Tenth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-3402 or 800-443-9275 Fax: 614-728-7199

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 the major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

March 26, 2018



Bexley City School District

A community of learners becoming productive global citizens and leaders

BEXLEY CITY SCHOOL DISTRICT FRANKLIN COUNTY

SCHEDULE OF FINDINGS 2 CFR § 200.515 JUNE 30, 2017

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 weaknesses in 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)?	Yes
<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 weaknesses in internal control 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 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Cluster
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	Yes



Bexley City School District

A community of learners becoming productive global citizens and leaders

BEXLEY CITY SCHOOL DISTRICT FRANKLIN COUNTY

SCHEDULE OF FINDINGS 2 CFR § 200.515 JUNE 30, 2017 (Continued)

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

FINDING NUMBER 2017-001

Accurate Financial Reporting – Significant Deficiency

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

An understatement of Deferred Outflows and Deferred Inflows and an overstatement of Pension Expense in the Government Type Activities of \$5,861,185, \$251,079, and \$5,610,106 was adjusted to the financial statements. This adjustment was due to the improper calculation of the District's Net Pension Liability and related Deferred Outflows and Inflows and Pension Expense.

In addition to the adjustments noted above, we also identified additional misstatements ranging from \$3,646 to \$446,655 that we have brought to the District's attention.

Lack or failure of controls in place over the posting of financial transactions and financial reporting can result in errors and irregularities that may go undetected and decreases the reliability of financial data throughout the year.

We recommend the District develop policies and procedures to enhance its controls over recording of financial reporting to help ensure the information accurately reflects the activity of the District thereby increasing the reliability of the financial data throughout the year.

Officials' Response: See Corrective Action Plan.

3. FINDINGS FOR FEDERAL AWARDS

None.



Bexley City School District

A community of learners becoming productive global citizens and leaders

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
June 30, 2017

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-001	<p>Management acknowledges our responsibility to accurately prepare its basic financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement.</p> <p>The overall calculation of the components of the net pension liability is a significant estimate from year to year. The District's GAAP Consultant inadvertently used an inaccurate formula to calculate the GASB 68 Pension Expense and related Deferred Outflows and Inflows as discussed in the referenced finding. During the review process, additional analytical procedures were applied to such numbers, however, due to the significant variance in the actual numbers from a year to year basis, these additional analytical procedures were ineffective. Please note that the Net Pension Liability was correctly calculated.</p> <p>This calculation is a once a year calculation used for annual GAAP financial reporting, thus it has no impact on other information presented throughout the year.</p> <p>We will implement additional controls at June 30, 2018 to address the items above in preparation of the June 30, 2018 basic financial statements.</p>	June 30, 2018	Kyle Smith, Treasurer

This page intentionally left blank.



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 29, 2018**