

**BEXLEY CITY SCHOOL DISTRICT**

General Purpose Financial Statements

June 30, 2002

(With Independent Auditors' Report Thereon)





**Auditor of State  
Betty Montgomery**

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Board of Education  
Bexley City School District  
348 South Cassingham Road  
Bexley, Ohio 43209

We have reviewed the Independent Auditor's Report of the Bexley City School District, Franklin County, prepared by KPMG LLP, for the audit period July 1, 2001 to June 30, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

January 30, 2003



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

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## Independent Auditors' Report

Board of Education  
Bexley City School District  
Bexley, Ohio

We have audited the accompanying general purpose financial statements of Bexley City School District (the District) as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2002 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

**KPMG LLP**

November 27, 2002

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**Bexley City School District**  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 June 30, 2002

**Governmental Fund Types**

	<b><u>General</u></b>	<b><u>Special Revenue</u></b>	<b><u>Debt Service</u></b>	<b><u>Capital Projects</u></b>
<b>ASSETS AND OTHER DEBITS</b>				
Cash and investments	\$ 7,904,322	\$ 403,576	\$ 1,368,807	\$ 21,266,657
Receivable:				
Property taxes	13,216,000	-	2,297,000	-
Other	37,129	1,463	-	110,847
Inventory	-	-	-	-
Prepaid assets	33,712	-	-	-
Property and plant and equipment	-	-	-	-
Amount available in debt service fund	-	-	-	-
Amount to be provided for retirement general long term debt	-	-	-	-
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$ 21,191,163</b>	<b>\$ 405,039</b>	<b>\$ 3,665,807</b>	<b>\$ 21,377,504</b>
<b>LIABILITIES:</b>				
Accounts payable	\$ 524,181	\$ 37,283	\$ 15,666	\$ 4,836,995
Due to other	-	-	-	-
Deferred revenue	8,783,999	55,363	1,525,000	-
Accrued liabilities	2,380,662	86,234	-	-
General obligations bonds payable	-	-	-	-
<b>Total Liabilities</b>	<b>11,688,842</b>	<b>178,880</b>	<b>1,540,666</b>	<b>4,836,995</b>
<b>FUND EQUITY AND OTHER CREDITS:</b>				
Investment in general fixed assets	-	-	-	-
Contributed capital	-	-	-	-
Accumulated deficit	-	-	-	-
Fund balance:				
Reserved for future years appropriations	7,238,088	-	1,263,912	-
Reserved for encumbrances	173,424	130,864	-	14,670,482
Reserved for prepaid assets	33,712	-	-	-
Unreserved	2,057,097	95,295	861,229	1,870,027
<b>TOTAL FUND EQUITY AND OTHER CREDITS</b>	<b>9,502,321</b>	<b>226,159</b>	<b>2,125,141</b>	<b>16,540,509</b>
<b>TOTAL LIABILITIES AND FUND EQUITY</b>	<b>\$ 21,191,163</b>	<b>\$ 405,039</b>	<b>\$ 3,665,807</b>	<b>\$ 21,377,504</b>

See accompanying notes to the general purpose financial statements

EXHIBIT I

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>		<u>Account Groups</u>		<u>Totals Memorandum Only</u>			
<u>Enterprise</u>		<u>Expendable Trust and Agency</u>		<u>General Fixed Assets</u>	<u>General Long Term Obligation</u>	<u>2002</u>			
\$	35,262	\$	1,073,756	\$	-	\$	32,052,380		
	-		-		-		15,513,000		
	2,624		-		-		152,063		
	2,459		-		-		2,459		
	-		-		-		33,712		
	29,985		-	31,833,763	-		31,863,748		
	-		-		2,125,141		2,125,141		
	-		-		35,196,678		35,196,678		
<b>\$</b>	<b>70,330</b>	<b>\$</b>	<b>1,073,756</b>	<b>\$</b>	<b>31,833,763</b>	<b>\$</b>	<b>37,321,819</b>	<b>\$</b>	<b>116,939,181</b>
\$	-	\$	-	\$	-	\$	5,414,125		
	-		1,028,148		-		1,028,148		
	1,028		-		-		10,365,390		
	51,072		578		1,737,484		4,256,030		
	-		-		35,584,335		35,584,335		
	52,100		1,028,726		-	37,321,819	56,648,028		
	-		-	31,833,763	-	-	31,833,763		
	181,637		-	-	-	-	181,637		
	(163,407)		-	-	-	-	(163,407)		
	-		-	-	-	-	8,502,000		
	-		250	-	-	-	14,975,020		
	-		-	-	-	-	33,712		
	-		44,780	-	-	-	4,928,428		
	18,230		45,030	31,833,763	-	-	60,291,153		
<b>\$</b>	<b>70,330</b>	<b>\$</b>	<b>1,073,756</b>	<b>\$</b>	<b>31,833,763</b>	<b>\$</b>	<b>37,321,819</b>	<b>\$</b>	<b>116,939,181</b>

**Bexley City School District**  
 Combined Statement of Revenues, Expenditures and Change in Fund Balance  
 All Governmental Fund Types and Similar Trust Funds  
 For the Fiscal Year Ended June 30, 2002

	<u>Governmental Fund Type</u>			<u>Governmental Fund Type Capital Projects</u>	<u>Fiduciary Fund Type Expendable Trust</u>	<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>			<u>2002</u>
<b>REVENUES:</b>						
Property Taxes	\$ 16,135,192	\$ -	\$ 2,801,669	\$ -	\$ -	\$ 18,936,861
Intergovernmental:						
Federal Restricted Grants - in - Aid	-	288,648	-	-	-	288,648
State -						
Unrestricted Grants - in - Aid	6,967,146	-	382,057	-	-	7,349,203
Restricted Grants - in - Aid	-	594,547	-	-	-	594,547
Investment Income	242,643	3,613	-	853,778	1,300	1,101,334
Extracurricular activities	-	228,262	-	-	-	228,262
Tuition and Fees	75,767	-	-	-	-	75,767
Other	74,469	8,001	-	34,028	25,380	141,878
<b>Total Revenues</b>	<b>23,495,217</b>	<b>1,123,071</b>	<b>3,183,726</b>	<b>887,806</b>	<b>26,680</b>	<b>28,716,500</b>
<b>EXPENDITURES:</b>						
<b>Current:</b>						
<b>Instruction Services:</b>						
Regular	11,564,125	55,023	-	-	-	11,619,148
Special	2,239,278	91,388	-	-	14,175	2,344,841
Vocational	170,007	-	-	-	-	170,007
<b>Total Instructional Services</b>	<b>13,973,410</b>	<b>146,411</b>	<b>-</b>	<b>-</b>	<b>14,175</b>	<b>14,133,996</b>
<b>Support Services:</b>						
Operation and maintenance of plant	1,913,926	-	-	-	-	1,913,926
School administration	1,325,399	-	-	36,896	-	1,362,295
Instructional staff	1,196,545	181,509	-	-	-	1,378,054
Pupils	1,007,068	99,016	-	-	-	1,106,084
Business operations	904,788	-	36,383	10,000	10,179	961,350
Student transportation	365,947	-	-	49,360	-	415,307
Central services	65,560	9,825	-	-	-	75,385
General administration	67,886	-	-	-	-	67,886
<b>Total Support Services</b>	<b>6,847,119</b>	<b>290,350</b>	<b>36,383</b>	<b>96,256</b>	<b>10,179</b>	<b>7,280,287</b>
Extracurricular activities	550,554	178,039	-	-	-	728,593
Community services	-	592,082	-	-	1,060	593,142
Capital outlay	414,415	-	-	11,526,666	-	11,941,081
Debt service:						
Principal retirement	23,180	-	1,405,000	-	-	1,428,180
Interest and fiscal charges	1,320	-	1,749,486	-	-	1,750,806
<b>Total Expenditures</b>	<b>21,809,998</b>	<b>1,206,882</b>	<b>3,190,869</b>	<b>11,622,922</b>	<b>25,414</b>	<b>37,856,085</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,685,219</b>	<b>(83,811)</b>	<b>(7,143)</b>	<b>(10,735,116)</b>	<b>1,266</b>	<b>(9,139,585)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Other	-	(285)	-	-	-	(285)
Transfer in	284,379	167,722	-	7,936	-	460,037
Transfers out	(349,379)	(152,722)	-	(7,936)	-	(510,037)
<b>Total Other Financing Sources (Uses)</b>	<b>(65,000)</b>	<b>14,715</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(50,285)</b>
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	<b>1,620,219</b>	<b>(69,096)</b>	<b>(7,143)</b>	<b>(10,735,116)</b>	<b>1,266</b>	<b>(9,189,870)</b>
<b>Fund balances at beginning of year</b>	<b>7,882,102</b>	<b>295,255</b>	<b>2,132,284</b>	<b>27,275,625</b>	<b>43,764</b>	<b>37,629,030</b>
<b>Fund balances at end of year</b>	<b>\$ 9,502,321</b>	<b>\$ 226,159</b>	<b>\$ 2,125,141</b>	<b>\$ 16,540,509</b>	<b>\$ 45,030</b>	<b>\$ 28,439,160</b>

See accompanying notes to the general purpose financial statements

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**Bexley City School District**  
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual (Budget Basis)-All Governmental Fund Types  
 For the Fiscal Year Ended June 30, 2002

	<b>Revised Budget</b>	<b>General Fund Actual</b>	<b>Favorable (Unfavorable)</b>
<b>REVENUE:</b>			
Property Taxes	\$ 16,374,192	16,374,192	-
Investment Income	228,971	226,893	(2,078)
Tuition Fees	72,500	73,138	638
Extracurricular	-	-	-
Fees	1,900	2,089	189
Miscellaneous	36,600	37,992	1,392
State Sources	6,955,829	6,967,146	11,317
Federal Sources	-	-	-
<b>Total Revenues</b>	<b>23,669,992</b>	<b>23,681,450</b>	<b>11,458</b>
<b>EXPENDITURES:</b>			
<b>Instruction Services:</b>			
Regular	11,871,301	11,760,663	110,638
Special	2,336,078	2,267,298	68,780
Vocational	165,063	157,620	7,443
<b>Total Instruction</b>	<b>14,372,442</b>	<b>14,185,581</b>	<b>186,861</b>
<b>Support Services:</b>			
Operation and maintenance of plant	2,093,269	2,041,487	51,782
Executive and school administration	1,427,588	1,413,742	13,846
Instructional staff	1,323,780	1,203,595	120,185
Pupils	1,050,510	1,032,895	17,615
Business operations	910,454	904,069	6,385
Student transportation	389,576	374,799	14,777
Central services	113,189	89,598	23,591
General administrations	67,731	65,028	2,703
<b>Total Support Services</b>	<b>7,376,097</b>	<b>7,125,213</b>	<b>250,884</b>
Facilities acquisition and construction services	523,394	523,394	-
Extracurricular Activities	548,496	548,496	-
Community services	-	-	-
Repayment of debt	-	-	-
<b>Total Expenditures</b>	<b>22,820,429</b>	<b>22,382,684</b>	<b>437,745</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>849,563</b>	<b>1,298,766</b>	<b>449,203</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from Sale of Fixed Assets	2,000	2,337	337
Refund of Prior Year Expenditures	43,000	43,955	955
Refund of Prior Year Receipts	(12,100)	(11,386)	714
Operating Transfers In	284,000	284,379	379
Operating Transfers Out	(349,379)	(349,379)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(32,479)</b>	<b>(30,094)</b>	<b>2,385</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>817,084</b>	<b>1,268,672</b>	<b>451,588</b>
<b>Prior year Encumbrances Appropriated</b>	<b>584,362</b>	<b>584,362</b>	<b>-</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>5,353,685</b>	<b>5,353,685</b>	<b>-</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 6,755,131</b>	<b>7,206,719</b>	<b>451,588</b>

See accompanying notes to the general purpose financial statements.

EXHIBIT III

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Favorable (Unfavorable)	Revised Budget	Actual	Favorable (Unfavorable)
-	-	-	2,821,699	2,824,669	2,970
22,249	20,563	(1,686)	-	-	-
-	-	-	-	-	-
228,975	228,262	(713)	-	-	-
-	-	-	-	-	-
741,678	745,675	3,997	-	-	-
626,011	632,026	6,015	382,057	382,057	-
335,266	335,266	-	-	-	-
<u>1,954,179</u>	<u>1,961,792</u>	<u>7,613</u>	<u>3,203,756</u>	<u>3,206,726</u>	<u>2,970</u>
210,289	195,244	15,045	-	-	-
95,660	93,140	2,520	-	-	-
-	-	-	-	-	-
<u>305,949</u>	<u>288,384</u>	<u>17,565</u>	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
225,174	182,764	42,410	-	-	-
114,781	98,868	15,913	-	-	-
3,600	3,465	135	37,000	35,394	1,606
-	-	-	-	-	-
19,075	9,825	9,250	-	-	-
-	-	-	-	-	-
<u>362,630</u>	<u>294,922</u>	<u>67,708</u>	<u>37,000</u>	<u>35,394</u>	<u>1,606</u>
-	-	-	-	-	-
178,794	174,207	4,587	-	-	-
759,487	643,469	116,018	-	-	-
-	-	-	3,154,600	3,154,486	114
<u>1,606,860</u>	<u>1,400,982</u>	<u>205,878</u>	<u>3,191,600</u>	<u>3,189,880</u>	<u>1,720</u>
347,319	560,810	213,491	12,156	16,846	4,690
-	-	-	-	-	-
500	596	96	-	-	-
(700,881)	(107,212)	593,669	-	-	-
167,722	167,722	-	-	-	-
<u>(155,222)</u>	<u>(152,722)</u>	<u>2,500</u>	-	-	-
(687,881)	(91,616)	596,265	-	-	-
(340,562)	469,194	809,756	12,156	16,846	4,690
76,285	76,285	-	-	-	-
639,333	639,333	-	1,351,962	1,351,962	-
<u>375,056</u>	<u>1,184,812</u>	<u>809,756</u>	<u>1,364,118</u>	<u>1,368,808</u>	<u>4,690</u>

**Bexley City School District**  
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances  
 Budget and Actual (Budget Basis)-All Governmental Fund Types  
 For the Fiscal Year Ended June 30, 2002

	<b>Capital Projects Funds</b>		
	<b>Revised Budget</b>	<b>Actual</b>	<b>Favorable (Unfavorable)</b>
<b>REVENUE:</b>			
Property Taxes	\$ -	-	-
Investment Income	1,009,234	1,033,676	24,442
Tuition Fees	-	-	-
Extracurricular	-	-	-
Fees	-	-	-
Miscellaneous	33,790	34,029	239
State Sources	-	-	-
Federal Sources	-	-	-
<b>Total Revenues</b>	<b>1,043,024</b>	<b>1,067,705</b>	<b>24,681</b>
<b>EXPENDITURES:</b>			
<b>Instruction Services:</b>			
Regular	15,000	-	15,000
Special	-	-	-
Vocational	-	-	-
<b>Total Instruction</b>	<b>15,000</b>	<b>-</b>	<b>15,000</b>
<b>Support Services:</b>			
Operation and maintenance of plant	-	-	-
Executive and school administration	40,000	38,086	1,914
Instructional staff	-	-	-
Pupils	-	-	-
Business operations	10,000	10,000	-
Student transportation	49,360	49,360	-
Central services	-	-	-
General administrations	-	-	-
<b>Total Support Services</b>	<b>99,360</b>	<b>97,446</b>	<b>1,914</b>
Facilities acquisition and construction services	27,556,722	26,917,431	639,291
Extracurricular Activities	-	-	-
Community services	-	-	-
Repayment of debt	-	-	-
<b>Total Expenditures</b>	<b>27,671,082</b>	<b>27,014,877</b>	<b>656,205</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(26,628,058)</b>	<b>(25,947,172)</b>	<b>680,886</b>
<b>OTHER FINANCING SOURCES (USES):</b>			
Proceeds from Sale of Fixed Assets	-	-	-
Refund of Prior Year Expenditures	-	-	-
Refund of Prior Year Receipts	-	-	-
Operating Transfers In	7,936	7,936	-
Operating Transfers Out	(7,936)	(7,936)	-
		<b>27,022,813</b>	
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(26,628,058)</b>	<b>(25,947,172)</b>	<b>680,886</b>
<b>Prior year Encumbrances Appropriated</b>	<b>2,764,256</b>	<b>2,764,256</b>	<b>-</b>
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<b>24,308,755</b>	<b>24,308,755</b>	<b>-</b>
<b>FUND BALANCES AT END OF YEAR</b>	<b>\$ 444,953</b>	<b>1,125,839</b>	<b>680,886</b>

See accompanying notes to the general purpose financial statements.



**EXHIBIT III**

<b>Totals</b>		
<b>(Memorandum Only)</b>		
<b>Revised Budget</b>	<b>Actual</b>	<b>Favorable (Unfavorable)</b>
19,195,891	19,198,861	2,970
1,260,454	1,281,132	20,678
72,500	73,138	638
228,975	228,262	(713)
1,900	2,089	189
812,068	817,696	5,628
7,963,897	7,981,229	17,332
335,266	335,266	-
<u>29,870,951</u>	<u>29,917,673</u>	<u>46,722</u>
12,096,590	11,955,907	140,683
2,431,738	2,360,438	71,300
165,063	157,620	7,443
<u>14,693,391</u>	<u>14,473,965</u>	<u>219,426</u>
2,093,269	2,041,487	51,782
1,467,588	1,451,828	15,760
1,548,954	1,386,359	162,595
1,165,291	1,131,763	33,528
961,054	952,928	8,126
438,936	424,159	14,777
132,264	99,423	32,841
67,731	65,028	2,703
<u>7,875,087</u>	<u>7,552,975</u>	<u>322,112</u>
28,080,116	27,440,825	639,291
727,290	722,703	4,587
759,487	643,469	116,018
3,154,600	3,154,486	114
<u>55,289,971</u>	<u>53,988,423</u>	<u>1,301,548</u>
(25,419,020)	(24,070,750)	1,348,270
2,000	2,337	337
43,500	44,551	1,051
(712,981)	(118,598)	594,383
459,658	460,037	379
<u>(512,537)</u>	<u>(510,037)</u>	<u>2,500</u>
(720,360)	(121,710)	598,650
(26,139,380)	(24,192,460)	1,946,920
3,424,903	3,424,903	-
31,653,735	31,653,735	-
<u>8,939,258</u>	<u>10,886,178</u>	<u>1,946,920</u>

**Bexley City School District**  
Statement of Revenues, Expenses and Changes  
in Retained Deficit -- All Proprietary Fund Types  
For the Fiscal Year Ended June 30, 2002

	ENTERPRISE FUND TOTAL <u>2002</u>
<b>OPERATING REVENUES:</b>	
Food Service Sales	\$ 264,218
Other	4,596
<b>TOTAL OPERATING REVENUES</b>	268,814
<b>OPERATING EXPENSES:</b>	
Personal services	166,553
Employee benefits	64,861
Purchased services	2,741
Supplies and materials	123,031
Depreciation	2,135
Other	1,257
<b>TOTAL OPERATING EXPENSES</b>	360,578
<b>OPERATING LOSS</b>	(91,764)
<b>NON-OPERATING REVENUES:</b>	
Interest	374
State sources	1,284
Federal sources - restricted grants - in - aid	39,436
<b>TOTAL NON-OPERATING REVENUES</b>	41,094
<b>LOSS BEFORE OPERATING TRANSFER</b>	(50,670)
Operating transfer in	50,000
<b>NET LOSS</b>	(670)
<b>BEGINNING ACCUMULATED DEFICIT</b>	(162,737)
<b>ENDING ACCUMULATED DEFICIT</b>	\$ (163,407)

See accompanying notes to the general purpose financial statements.

See accompanying notes to the general purpose financial statements.

**Bexley City School District**  
Statement of Cash Flows  
All Proprietary Fund Types  
For the Fiscal Year Ended June 30, 2002

	<b>ENTERPRISE FUND TOTAL <u>2002</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES-</b>	
Operating loss	\$ (91,764)
<b>ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:</b>	
Depreciation	2,135
Donated commodities	7,763
Change in:	
Receivables	(804)
Inventory	1,994
Deferred revenue	(764)
Accrued liabilities	2,382
<b>NET ADJUSTMENTS</b>	<u>12,706</u>
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(79,058)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
State sources	1,284
Federal sources	31,673
Operating transfers	50,000
<b>NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES</b>	<u>82,957</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest income	<u>374</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	4,273
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	30,989
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 35,262</u>
Supplemental Information	
Noncash activities-	
Donated commodities	<u>\$ 21,793</u>

See accompanying notes to the general purpose financial statements.

**BEXLEY CITY SCHOOL DISTRICT**  
Notes to General Purpose Financial Statements  
June 30, 2002

(1) Reporting Entity

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

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

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

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

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

Education support services are provided by the Bexley Education Foundation (the Foundation). The Foundation has a separate nineteen member Board of Governor's. The Board is not appointed by the Bexley Board of Education. The Foundation is a separate entity from the District with no financial interdependency. The Foundation makes cash donations to the District which are approved by the Board of Education. For the 2001-2002 fiscal year, expenses and donations by the Foundation for the Bexley Schools of \$10,432 are accounted for in Special Revenue Fund 029, the Education Foundation, which is a part of these financial statements. In addition, the District held \$934,412 in excess Foundation money as of June 30, 2002. 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 School District boundaries, St. Charles Preparatory School is operated by the Columbus Diocese and Columbus School for Girls is a privately operated school. The State provides funding for these nonpublic schools. These monies are received and disbursed on behalf of the nonpublic school by the Treasurer of the School District, as directed by the nonpublic school. This financial activity is reflected in a special revenue fund for reporting purposes.

**BEXLEY CITY SCHOOL DISTRICT**  
Notes to General Purpose Financial Statements, continued  
June 30, 2002

(2) Summary of Significant Accounting Policies

The accounting policies of the Bexley City School District conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the more significant policies:

(a) Basis of Presentation-Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

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

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

PROPRIETARY FUND

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

FIDUCIARY FUNDS

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

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

ACCOUNT GROUPS

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

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

**BEXLEY CITY SCHOOL DISTRICT**  
Notes to General Purpose Financial Statements, continued  
June 30, 2002

(b) Basis of Accounting

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

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

The basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed by governmental funds, agency funds, and expendable trust funds. The full accrual basis of accounting is followed for proprietary funds.

Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, included property taxes, grants, entitlements, and donations. On a modified accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis of accounting, the following revenue sources are considered to be both measurable and available at fiscal year-end; property taxes available for advance, interest, tuition, grants, fees, and rentals.

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes are recognized as revenue in the fiscal year for which taxes have been levied, provided they are collected and certified by the county auditor by fiscal year-end. Additionally, taxes collected within 60 days after fiscal year end are recorded as a receivable with an offset to deferred revenue for amounts not collected and available for advance on June 30 by the county auditor. Property tax revenue that is recognized for GAAP purposes but is intended for future years' appropriations appears as a reservation of fund balance. Additionally, taxes levied in fiscal year 2002 that will be collected in calendar 2003 are also recorded as receivable and deferred revenue as they are measurable.

**BEXLEY CITY SCHOOL DISTRICT**  
Notes to General Purpose Financial Statements, continued  
June 30, 2002

Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis of accounting, receivables that will not be collected within available period have also been reported as deferred revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are recorded when the liability is incurred except for (1) principal and interest on general long-term obligations, which is recorded when due, (2) the non-current portions of accrued vacation and sick leave recorded in the general long-term debt account group, and (3) the portion of pension obligations and claims and judgments which will not utilize available revenues are also recorded in the general long-term debt account group.

(c) Budgetary Data

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

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

(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 2002 appropriation measure at a regular meeting on October 1, 2001. The Board of Education adopted a temporary appropriation measure at the June 28, 2001 special meeting to allow the District to operate until its annual appropriations are adopted. The appropriation measure may be amended or supplemented during the year as new information becomes available. Individual buildings and/or departments may transfer funds within their budgets. Supplemental appropriations are presented during the year and include the transfers requested by staff and any amendments to fund unanticipated expenditures. Appropriations may not exceed estimated resources and expenditures may not exceed appropriations in any fund at the object level. Appropriations did not exceed estimated resources and expenditures did not exceed appropriations in any fund at the object level. Appropriations for advances-in/advances-out by law are not required and are not budgeted.

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

**BEXLEY CITY SCHOOL DISTRICT**  
Notes to General Purpose Financial Statements, continued  
June 30, 2002

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

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

(d) Encumbrances

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

(e) Investments

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

(f) Inventory

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

(g) Prepays

Payments made to vendors for services that will benefit periods beyond June 30, 2002 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) Property, Plant, and Equipment--Governmental Funds

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

No depreciation is provided on general fixed assets.

(i) Property, Plant, and Equipment--Proprietary Fund

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

(j) Compensated Absence

Administrators and classified staff who work twelve month contracts are granted vacation leave. The leave amount is based on length of service and position. The District accrues vacation leave benefits as earned. Accrued vacation may be carried forward to the next fiscal year. The maximum amount to be carried at any one time is 1.5 times the annual number of days.

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 one-fourth of the accumulated sick leave up to a maximum of 54 days upon retirement. All staff who resign after ten years of Bexley service may be paid one-fourth of accumulated sick leave up to a maximum of 25 days.



**BEXLEY CITY SCHOOL DISTRICT**  
Notes to General Purpose Financial Statements, continued  
June 30, 2002

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "accrued liabilities" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligation account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

- (k) Interfund Transactions  
Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transfers are reported as operating transfers.
- (l) Total Columns  
Total Columns on the combined statements are captioned "Memorandum Only" to indicate they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with GAAP. Such data is not comparable to a consolidation since interfund eliminations have not been made.
- (m) Statement of Cash Flows  
For purposes of the Statement of Cash Flows, the Proprietary Fund considers all highly liquid investments held by trustees, with a maturity of three months or less when purchased, to be cash equivalents. In addition, all cash and investments are also considered to be cash equivalents since they are available to the Proprietary Funds on demand.
- (n) Proprietary Funds  
Pursuant to GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting, the District follows GASB guidance as applicable to proprietary funds, and Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB Pronouncements.
- (o) Fund Balance Reserves  
The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, prepaid assets, and for future years appropriations.
- (p) New Accounting Pronouncements  
In June, 1999, the GASB issued Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. This statement represents a significant change in the way state and local governments present basic financial information. This statement is effective for periods beginning after June 15, 2002, and the District has not adopted the provisions of this statement in the accompanying financial statements. Management has not completed the process of evaluating the impact that will result from adopting this statement, and, therefore, is unable to disclose the impact that adopting the statement will have on its financial position and results of operations when such statement is adopted.

(3) Cash and Investments

- (a) The District's bank deposits at June 30, 2002 were \$607,133 (including a \$500,000 non-negotiable CD) with a carrying balance of (\$1,136,117). Of the bank balance balance, \$200,000 was covered by Federal depository insurance, and \$407,133 was uninsured and uncollateralized. The \$407,133 was covered by pooled collateral as provided in Ohio Revised Code Chapter 135. All deposits are in institutions who are members of the Federal Reserve System.

**BEXLEY CITY SCHOOL DISTRICT**  
Notes to General Purpose Financial Statements, continued  
June 30, 2002

- (b) The Ohio Revised Code authorizes the District to invest in United States and State of Ohio bonds, notes and other obligations; bank certificates of deposit; banker acceptances; commercial paper notes rated prime and issued by United States corporations; repurchase agreements secured by United States obligations; and State Treasury Asset Reserve of Ohio, which is managed by the Treasurer of the State of Ohio (STAR Ohio). It is management's policy to invest in all of the above type of investments. Earnings on investments are credited to various funds at the discretion of the Board.
- (c) STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the Securities Exchange Commission as an investment company, but does operate in a manner similar to Rule 2a-7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2002.
- (d) The District's investments are categorized to give an indication of the level of custodial credit risk assumed by the District at June 30, 2002. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the Counter party's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the Counter party or its trust department or agent, but not in the District's name. The investment with STAR Ohio is not required to be categorized due to its nature.

	Category			Fair
	<u>1</u>	<u>2</u>	<u>3</u>	<u>Value</u>
Repurchase agreement	-	-	\$ 1,699,259	1,699,259
U.S. Treasury and agency obligations	-	22,445,923	-	22,445,923
STAR Ohio				9,043,315
Total investments				\$ 33,188,497

(4) Receivables

Receivables at June 30, 2002, consist of the following:

	<u>Taxes</u>	<u>Interest</u>	<u>Other</u>	<u>Totals</u>
General	\$ 13,216,000	28,288	8,841	13,253,129
Special revenue	-	-	1,463	1,463
Debt service	2,297,000	-	-	2,297,000
Capital projects	-	110,847	-	110,847
Enterprise	-	-	2,624	2,624
Total	\$ 15,513,000	139,135	12,928	15,665,063

**BEXLEY CITY SCHOOL DISTRICT**  
Notes to General Purpose Financial Statements, continued  
June 30, 2002

(5) Property, Plant and Equipment

A summary of changes in general fixed assets for the year ended June 30, 2002, follows:

	Balance <u>June 30, 2001</u>	Additions/ <u>Transfers</u>	Disposals/ <u>Transfers</u>	Balance <u>June 30, 2002</u>
Land	\$ 137,450	16,700	-	154,150
Building and improvement	16,165,637	878,152	-	17,043,789
Furniture, fixtures and equipment	5,963,478	246,554	-	6,210,032
Buses, autos and trucks	358,248	162,418	20,677	499,989
Construction in progress	719,678	7,206,125	-	7,925,803
Total	<u>\$ 23,344,491</u>	<u>8,509,949</u>	<u>20,677</u>	<u>31,833,763</u>

As of June 30, 2002, the District is committed to complete the renovation of the main building by fiscal 2004. The on going construction (\$7,925,803 as of June 30, 2002) to renovate the main campus will be completely funded by monies on hand received in conjunction with the November 2000, \$27,050,000 bond issue. See note 6.

Proprietary fund type property, plant and equipment at June 30, 2002, consist of the following:

Enterprise

Furniture and fixtures	\$181,637
Less accumulated depreciation	<u>(151,652)</u>
Total	<u>\$ 29,985</u>

(6) Long-Term Obligations

A summary for changes in long-term obligations for the year ended June 30, 2002, follows:

	<b>Balance <u>July 1, 2001</u></b>	<b><u>Additions</u></b>	<b><u>Disposals</u></b>	<b>Balance <u>June 30, 2002</u></b>
General long-term debt account group:				
Accrued vacation and sick leave	\$ 1,784,976	0	47,492	1,737,484
Installment purchase obligation payable	23,180	0	23,180	0
General obligation bonds	<u>36,989,335</u>	<u>0</u>	<u>1,405,000</u>	<u>35,584,335</u>
Total	<u>\$38,797,491</u>	<u>0</u>	<u>1,475,672</u>	<u>37,321,819</u>

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

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

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

**BEXLEY CITY SCHOOL DISTRICT**  
Notes to General Purpose Financial Statements, continued  
June 30, 2002

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

In 1993, the District issued \$9,994,473 in General Obligation Bonds with an average interest rate of 5.32 percent to advance refund \$10,614,862 of outstanding 1991 Series bonds with an average interest rate of 6.38 percent. The net proceeds of \$10,933,788 (including premium of \$939,315 and after payment of \$74,465 in underwriting fees, insurance, and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the 1991 Series bonds. As a result, the 1991 Series bonds are considered to be defeased and the liability for those bonds has been removed from the general long-term debt account group. As of June 30, 2002, \$7,755,000 of defeased bonds are still outstanding.

The annual maturities of the general obligation bonds as of June 30, 2002, and related interest payments are as follows:

<u>Year Ending June 30</u>	<u>Interest Rate (%)</u>	<u>Principal</u>	<u>Interest</u>
2003	3.35-7.125	919,729	2,163,085
2004	3.55-7.125	950,182	2,141,616
2005	3.60-7.125	973,819	2,114,065
2006	3.80-7.125	995,743	2,086,016
2007	3.90-7.125	1,145,550	1,956,218
2008	3.90-7.125	1,192,877	1,909,315
2009-2028	3.91-7.125	<u>29,406,435</u>	<u>14,877,027</u>
TOTAL		<u>\$35,584,335</u>	<u>\$27,247,342</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. An exception to the 9% limit is provided in ORC 133.06(E). A district may declare themselves a "Special Needs" district. The Bexley Board of Education passed such a resolution on September 24, 2000 and received approval from the Ohio Department of Education to exceed the 9% debt limit. At June 30, 2002 the District's total net debt and unvoted net debt were approximately 10.82% of the total assessed value of all property within the school district. The aggregate amount of the District's unvoted debt is also subject to overlapping debt restrictions with Franklin County and the City of Bexley. As of June 30, 2002, 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.

**(7) Installment Purchase Obligations**

The District signed a four year master lease-purchase agreement (installment purchase) dated July 16, 1997 with Bank One of Columbus. The lease is for \$110,000 for copy equipment for the District. The rate of the lease is 5.69% with annual payments. The first payment was due on August 1, 1998. The last payment of \$24,500, including interest of \$1,320, was paid on August 1, 2001.

**(8) Defined Benefit Pension Plans**

Certificated District employees are covered by the State Teachers Retirement System of Ohio (STRS). All other District employees are covered by the School Employees Retirement System of Ohio (SERS). STRS and SERS (the Systems) are both cost sharing, defined benefit, multiple-employer public employee retirement systems.

**BEXLEY CITY SCHOOL DISTRICT**  
Notes to General Purpose Financial Statements, continued  
June 30, 2002

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

- A. STRS is a cost-sharing, multiple-employer public employee retirement system.
- B. STRS is a statewide retirement plan for certified teachers and other faculty members employed in the public schools of Ohio or any school, college, university, institution or other agency wholly controlled, managed and supported in whole, or in part, by the state or any political subdivision thereof. Any member who has (i) five years of service credit and attained age 60; (ii) 25 years if service credit and attained age 55; or (iii) 30 years of service credit regardless of age may retire. The maximum annual retirement allowance, payable for life, is the greater of the formula benefit or the money-purchase benefit calculation. Under the formula benefit, the retirement allowance is based on years of credited service and final average salary, which is the average of the members three highest years salaries. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31<sup>st</sup> year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached.

Legislation passed in April 2000 with a July 1999 effective date provided an adjustment for retirees whose benefits have not kept pace with the rate of inflation. The legislation also changed the formula for calculating the formula benefit. The formula benefit increased 2.2% from 2.1% per year for all years up to 30 years. For members with 35 or more years of earned Ohio service, the first 30 years will be calculated at 2.5% instead of 2.2%. For earned Ohio service over 30 years, the formula will remain as current law, which provides an escalating formula of 2.5% for the 31<sup>st</sup> year, 2.6% for the 32<sup>nd</sup> year, 2.7% for the 33<sup>rd</sup> year, etc; until 100% of the final average salary is reached.

Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

A retiree of STRS or other Ohio public retirement system is eligible for reemployment as a teacher following the lapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for a money-purchase benefit or a lump-sum payment in addition to the original retirement allowance.

Retirement benefits are annually increased by the greater of the amount of the change in the Consumer Price Index (CPI) or the cumulative CPI increases since retirement, less previous cost-of-living increases, up to a maximum of 3% of the original base benefit. The plan offers comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums.

A member with five or more years of credited service who becomes disabled is entitled to a disability benefit. Survivor benefits are available to eligible spouses and dependents of active members who die before retirement. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member. Additional death benefit coverage of \$1,000 or \$2,000 can be purchased. Various other benefits are available to members' beneficiaries.

Benefits are established by Chapter 3307, Revised Code.

- C. Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

**BEXLEY CITY SCHOOL DISTRICT**  
Notes to General Purpose Financial Statements, continued  
June 30, 2002

- D. Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2001, were 9.3% of covered payroll for members and 14% for employers. These were the same contribution rates for 1999 and 2000. Employer contributions for 2002, 2001, and 2000 were approximately \$1,727,456, \$1,667,834; and \$1,589,131; respectively, equal to 100% of the required contribution each year.
- E. STRS Ohio issues a stand-alone financial report. Copies of STRS Comprehensive Annual Financial Report, can be requested in writing to STRS, 275 E. Broad St., Columbus, OH 43215-3371, or by calling (614) 227-4090.

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

- A. SERS is a cost-sharing multiple-employer defined benefit pension plan.
- B. SERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. SERS members are eligible for retirement benefits at age 60 with 5 years of service credit, between ages 55 and 60 with at least 25 years of service credit, or at any age with 30 years of service credit. An annual pension will be based upon actual age at retirement, salary (average of best three years) and service credit. At age 65, a member will receive 2.1% of final average salary to 30 years, and 2.5% for each year over 30 years, or a minimum of \$86, for every year of service credit. Members under the age of 65 who retire with less than 30 years of service credit receive reduced benefits.
- C. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code.
- D. Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. The contribution requirements of the plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Board. Employer contributions to SERS for the years ended June 30, 2002, 2001, and 2000 were approximately \$ 315,000; \$295,000; and \$278,000; respectively, equal to 100% of the required contribution for each year.
- E. SERS issues a stand alone financial report. Interested parties may obtain a copy by making a written request to SERS at: 300 E Broad Street., Columbus, Ohio 43215 or by calling (614) 222-5853.

(9) Postemployment Benefits Other Than Pension Benefits

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

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

**BEXLEY CITY SCHOOL DISTRICT**  
Notes to General Purpose Financial Statements, continued  
June 30, 2002

- C. The STRS Retirement Board currently allocates employer contributions to the Health Care Reserve Fund from which health care benefits are paid. For fiscal year ended June 30, 2001, the STRS Board allocated employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.256 billion at June 30, 2001. The Health Care Reserve Fund allocation for the year ended June 30, 2001, will 4.5% of covered payroll. For the District this amount approximated \$1,369,000 during fiscal year 2001.
- D. For the year ended June 30, 2001, the net health care costs paid by STRS was approximately \$300,772,000. There were 102,132 eligible benefit recipients.

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

- A. The Ohio Revised Code gives SERS the discretionary authority to provide post-retirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premiums for health care. The portion is based on years of service up to a maximum of 75% of the premium.
- B. After the allocation for basic benefits, the remainder of the employer's 14% contributions is allocated to providing health care benefits. At June 30, 2002, the allocation rate was 8.54%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay was established as \$12,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.
- C. Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% of annual health care expenses. Expenses for healthcare at June 30, 2002 were \$182.9 million. At June 30, 2002, SERS had net assets available for payment of health care benefits of \$335.2 million.
- D. The number of participants currently receiving health care benefits is approximately 50,000.
- E. Employer contributions in the amount of \$189,900 and a surcharge in the amount of \$9,316 were used to fund post-employment benefits for the year ended June 30, 2002.

(10) Property Taxes

Property Taxes include amounts levied against all real, public utility and tangible (used in business) property located in the school district. All property taxes are collected on behalf of the District by Franklin County. Due and collection dates, as established by Franklin County, were January 22, 2002 and June 20, 2002, for those taxes due during 2002.

Real property taxes collected during calendar year 2002 had a lien and levy date of January 1, 2001. Tangible personal property taxes collected during calendar year 2002 had a lien and levy date of January 1, 2002.

Assessed values are established by State law at 35% of appraised market value for Real Estate and Public Utility and at 25% for Tangible Personal. A revaluation of all property is required to be completed no less than every six years. The last revaluation was completed in December 1999. Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at true value (normally 88% of cost). The assessed values for collection in 2002, upon which the 2001 levies were based, was as follows:

Real Estate	\$319,481,640
Public Utility	5,964,950
Tangible personal	<u>3,294,355</u>
 Total	 <u>\$328,740,945</u>

**BEXLEY CITY SCHOOL DISTRICT**  
Notes to General Purpose Financial Statements, continued  
June 30, 2002

Ohio law prohibits taxation of property from all taxing authorities in excess of 1% of assessed value without a vote of the people. Under current procedures, the District's share is .57% (5.7 mills) of assessed value. Increases in the property tax rate are restricted only by voter willingness to approve such increases. The total tax rate for the District, including voted increases, was 111.10 mills in 2002.

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

(11) Contingent Liabilities

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

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

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

(12) Set-Aside Calculations

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

	<b>Textbooks</b>	<b>Capital Acquisition</b>
Set-aside Cash Balance as of June 30, 2001	\$ 0	\$ 0
Current year Set-aside Requirement	289,143	289,143
Qualifying Disbursements	(549,985)	(609,500)
Total	(260,842)	(320,357)
Set-aside Cash Balance as of June 30, 2002	\$ 0	\$ 0

Amounts listed as qualifying disbursements in this table are the total amounts for the year. As the School District set-aside had an excess of qualifying disbursements, the set-aside cash balance carried forward is \$0 for textbooks and capital acquisition.



**BEXLEY CITY SCHOOL DISTRICT**  
Notes to General Purpose Financial Statements, continued  
June 30, 2002

(13) Budget Basis of Accounting

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

	<u>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP basis	\$ 1,620,219	(69,096)	(7,143)	(10,735,116)
Increase (decrease):				
Due to revenues	232,525	839,317	23,000	179,899
Due to encumbrances- Recognized as expenditure in budget	(697,605)	(168,147)	-	(20,126,483)
Due to expenditures:	113,533	(132,880)	989	4,734,528
Budget basis	<u>\$ 1,268,672</u>	<u>469,194</u>	<u>16,846</u>	<u>(25,947,172)</u>

(14) Fund Equity

The Food Service Enterprise Retained Earnings had a GAAP deficit of \$163,407 at June 30, 2002. This GAAP Deficit will be funded with future charges for services and cash transfers.

(15) State School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...". The District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

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**BEXLEY CITY SCHOOL DISTRICT**

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OMB Circular A-133 Single Audit Report

June 30, 2002

(With Independent Auditors' Reports Thereon)

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**BEXLEY CITY SCHOOL DISTRICT**

OMB Circular A-133 Single Audit Report  
June 30, 2002

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Telephone 614 249 2300  
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**Independent Auditors' Report on Compliance and on Internal Control  
Over Financial Reporting Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

The Board of Education  
Bexley City School District  
Bexley, Ohio

and

The Honorable Jim Petro  
Auditor of State

We have audited the financial statements of Bexley City School District (the District) as of and for the year ended June 30, 2002, and have issued our report thereon dated November 27, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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

**Internal Control Over Financial Reporting**

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

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

KPMG LLP

November 27, 2002





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Telephone 614 249 2300  
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**Independent Auditors' Report on Compliance With  
Requirements Applicable to Each Major Program, Internal Control  
Over Compliance in Accordance With OMB Circular A-133 and  
Schedule of Receipts and Expenditures of Federal Awards**

The Board of Education  
Bexley City School District  
Bexley, Ohio

and

The Honorable Jim Petro  
Auditor of State

Compliance

We have audited the compliance of Bexley City School District (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2002. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on 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 that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2002. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 02-1 and 02-2.

## **Internal Control Over Compliance**

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the District's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item 02-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

## **Schedule of Receipts and Expenditures of Federal Awards**

We have audited the general purpose financial statements of the District as of and for the year ended June 30, 2002, and have issued our report thereon dated November 27, 2002. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of receipts and expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

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

**KPMG LLP**

November 27, 2002

**BEXLEY CITY SCHOOL DISTRICT**

Schedule of Receipts and Expenditures of Federal Awards

June 30, 2002

<u>Federal grantor/ pass through grantor/ program title</u>	<u>Federal CFDA number</u>	<u>Federal receipts</u>	<u>Federal expenditures</u>
U.S. Department of Agriculture:			
<b>Pass-through Ohio Department of Education:</b>			
National School Lunch Program	10.555	\$ 31,673	31,673
<b>Other Federal Assistance - Inkind:</b>			
Food Distribution	10.550	<u>21,209</u>	<u>21,793</u>
		<u>52,882</u>	<u>53,466</u>
U.S. Department of Education:			
<b>Pass-through Ohio Department of Education:</b>			
Title I Grants to Local Education Agencies	84.010	88,327	88,589
Special Education - Grants to State - Title VI-B	84.027	170,155	144,469
Drug-Free Schools Program	84.186	11,417	11,663
Eisenhower Professional Development State Grants	84.281	10,124	17,416
Innovative Education Program Strategy	84.298	16,985	21,143
Class Size Reduction	84.340	<u>37,456</u>	<u>42,196</u>
<b>Subtotal - U.S. Department of Education</b>		<u>334,465</u>	<u>325,476</u>
Total Federal Assistance		\$ <u>387,346</u>	<u>378,942</u>

See accompanying independent auditors' report and notes to the Schedule of Receipts and Expenditures of Federal Awards.

## **BEXLEY CITY SCHOOL DISTRICT**

### Notes to Schedule of Receipts and Expenditures of Federal Awards

June 30, 2002

**(1) General**

The accompanying Schedule of Receipts and Expenditures of Federal Awards (Schedule) presents the activity of all federal financial assistance programs of the Bexley City School District (the District) as the primary government. The District's reporting entity is defined in Note 1 to the District's general purpose financial statements. All federal financial assistance received directly from federal agencies, as well as federal financial assistance passed through other governmental agencies are included on the Schedule.

**(2) Basis of Accounting**

The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented using the cash basis of accounting in which revenues are recognized when received and expenses are recognized when paid.

**(3) Noncash Programs**

The District values its noncash program (National School Lunch Program CFDA No. 10.550) on the basis of the value of the goods received during the fiscal year.

**BEXLEY CITY SCHOOL DISTRICT**  
Schedule of Current Findings and Questioned Costs  
June 30, 2002

**(1) Summary of Auditors' Results:**

- a) The type of report issued on the general purpose financial statements: **Unqualified opinion**
- b) Reportable conditions in internal control were disclosed by the audit of the financial statements: **None reported**
- c) Material weaknesses: **No**
- d) Noncompliance which is material to the general purpose financial statements: **No**
- e) Reportable conditions in internal control over major programs: **Yes**
- f) Material weaknesses: **No**
- g) The type of report issued on compliance for major programs: **Unqualified opinion**
- h) Any audit findings which are required to be reported under section .510(a) of OMB Circular A-133: **Yes (see findings 02-1 and 02-2)**
- i) Major programs: **Special Education Title VI-B (CFDA #84.027) and Title I Grants (CFDA #84.010)**
- j) Dollar threshold used to distinguish between Type A and Type B programs: **\$300,000**
- k) Auditee qualified as a low-risk auditee under section .530 of OMB Circular A-133: **No**

**(2) Findings Relating to the General Purpose Financial Statements Reported in Accordance With Government Auditing Standards:**

None

**(3) Findings and Questioned Costs Relating to Federal Awards:**

**BEXLEY CITY SCHOOL DISTRICT**

Schedule of Current Findings and Questioned Costs

June 30, 2002

**(3) Finding 02-1; Federal Programs Special Education Title VI-B, U.S. Department of Education, CFDA No. 84.027**

Compliance Requirement – Allowable Costs/Cost Principles

**(a) Criteria**

In accordance with OMB Circular A-87, Bexley City School District (the District) is required to obtain documentation to support salaries and wages charged to Federal Awards. Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages are to be supported by periodic certification. These certifications should be prepared at least semi-annually and signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

**(b) Condition**

The District hired a new Speech teacher during the School year to work on Title VI-B related tasks. The District was aware of the requirement, due to a finding noted in the prior year. The District did obtain the certifications from their other employees, but forgot to send it to the new teacher.

**(c) Questioned Costs**

The District does have adequate controls in place to monitor the amount of payroll charged to Title VI-B. Additionally, the District is fully aware of the employees that spend 100% of their time on special education tasks. Consequently, it appears that payroll costs have been properly charged to Title VI-B and therefore, the amount of questioned costs is \$0.

**(d) Context**

Based on the fact that the District has controls in place to monitor payroll costs such as review of cash position and appropriation overdraft reports, the finding does not materially impact the financial position of the District, nor does it have a significant impact on the Special Education Programs which are partially funded by Federal monies.

**(e) Effect**

The District is not properly complying with the requirements of OMB Circular A-87.

**(f) Cause**

The District did not send a payroll certification to the new teacher.

**(g) Recommendation**

We recommend the District alert all of their employees of this requirement and obtain semi-annual certifications of their time.

**BEXLEY CITY SCHOOL DISTRICT**  
Schedule of Current Findings and Questioned Costs  
June 30, 2002

**(3) Finding 02-2; Federal Program Title I, U.S. Department of Education, CFDA No. 84.010**

Compliance Requirement – Special Test and Provision – Participation of Private School Children

**(a) Criteria**

In accordance with Title I requirements, Bexley City School District (the District) is required to have timely communications with private school officials in making their determinations of whether or not to participate in the District's Title I program.

**(b) Condition**

The District did not communicate with private school officials to determine whether or not the private schools wish to participate in Title I.

**(c) Questioned Costs**

Although the District did not communicate with private officials regarding private school participation, no costs that the District did spend are questioned. Additionally, the District has not been made aware of any private school that did wish to participate in the program, and no recent prior year communications resulted in interest to participate in the program. Consequently, the amount of questioned costs is \$0.

**(d) Context**

Based on the fact that the District properly spent the federal funding received, and that private schools have not expressed interest in participating in the program, the finding does not materially impact the financial position of the District, nor does it have a significant impact on the Title I Program which is partially funded by Federal monies.

**(e) Effect**

The District is not properly complying with the requirements of Title I for participation of private schools and does not have a control in place to ensure proper compliance.

**(f) Cause**

The District neglected to send private schools nonpublic school eligibility request forms for the Title I grant.

**(g) Recommendation**

We recommend the District create a control to ensure the private school communications regarding participation in the District's Title I program occur annually.

**BEXLEY CITY SCHOOL DISTRICT**  
Summary Schedule of Prior Year Audit Findings  
June 30, 2002

Finding 01-1:

Same as finding 02-1

Finding 01-2:

Same as finding 02-2





**Auditor of State  
Betty Montgomery**

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**BEXLEY CITY SCHOOL DISTRICT**

**FRANKLIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 13, 2003**