





**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY  
JUNE 30, 2020**

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FRANKLIN COUNTY  
JUNE 30, 2020**

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## 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, 2020, 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 District, as of June 30, 2020, and the respective changes in financial position thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 3 to the financial statements, during 2020, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding this matter.

As discussed in Note 17 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit 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 2, 2021, 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.

*Blank Signature*

Signature name  
Signature Title  
Columbus, Ohio

March 2, 2021

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**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The management's discussion and analysis of the Bexley City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2020 are as follows:

- In November 2019, the citizens passed a 9.0 mill operating levy by a 68%-32% margin. This levy will generate an estimated \$5,000,000 in operating revenues.
- Net position of governmental activities decreased \$8,780,223 from fiscal year 2019's net position.
- General revenues accounted for \$32,582,218 or 89.98% of all revenues. Program specific revenues in the form of charges for services and sales, and operating grants and contributions accounted for \$3,627,917 or 10.02% of total revenues of \$36,210,135.
- The District had \$44,990,358 in expenses related to governmental activities; \$3,627,917 of these expenses were offset by program specific revenues. General revenues supporting governmental activities (primarily property taxes and unrestricted grants and entitlements) of \$32,582,218 were not adequate to provide for these programs.
- The District's main operating fund is the general fund. The general fund had \$31,090,895 in revenues and other financing sources and \$38,648,685 in expenditures and other financing uses. During fiscal year 2020, the general fund's fund balance decreased from \$27,828,272 to \$20,270,482.

**Using these Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund and the bond retirement fund are reported as major funds.

**Reporting the District as a Whole**

***Statement of Net Position and the Statement of Activities***

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did the District do financially during fiscal year 2020?" The statement of net position and the statement of activities answer this question. These statements include all non-fiduciary assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance, pupil transportation, extracurricular activities, and food service operations.

**Reporting the District's Most Significant Funds**

***Fund Financial Statements***

The analysis of the District's major governmental funds begins on page 11. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and the bond retirement fund.

***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 all other financial assets that can readily be converted to cash. The governmental fund financial 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 more or fewer financial resources that can be spent in the near future to finance educational 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.

***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for other organizations. These activities are reported in a custodial fund. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

***Required Supplementary Information***

The required supplementary information provides detailed information regarding the District's proportionate share of the net pension liability and the net OPEB liability/asset of the retirement systems. It also includes a ten year schedule of the District's contributions to the retirement systems to fund pension and OPEB obligations.

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**The District as a Whole**

The statement of net position provides the perspective of the District as a whole. Net position for 2019 has been restated as a result of implementing GASB Statement No. 84. See Note 3 in the notes to the basic financial statements for more detail.

|  | <b>Net Position</b>                |  |
|--|------------------------------------|--|
|  | Governmental<br>Activities<br>2020 | Restated<br>Governmental<br>Activities<br>2019 |
| <b><u>Assets</u></b>                         |                                    |  |
| Current and other assets                     | \$ 59,078,709                      | \$ 54,087,589                                  |
| Capital assets, net                          | 26,469,398                         | 27,366,834                                     |
| Total assets                                 | <u>85,548,107</u>                  | <u>81,454,423</u>                              |
| <b><u>Deferred outflows of resources</u></b> |                                    |  |
| Other amounts                                | 196,771                            | 253,796  |
| Pension                                      | 8,782,004                          | 10,396,413                                     |
| OPEB   | 833,738                            | 522,964  |
| Total deferred outflows of resources         | <u>9,812,513</u>                   | <u>11,173,173</u>                              |
| <b><u>Liabilities</u></b>                    |                                    |  |
| Current liabilities                          | 4,447,974                          | 4,708,825                                      |
| Long-term liabilities:                       |                                    |  |
| Due within one year                          | 1,608,291                          | 1,544,213                                      |
| Due in more than one year:                   |                                    |  |
| Net pension liability                        | 39,892,980                         | 37,896,295                                     |
| Net OPEB liability                           | 3,130,151                          | 3,326,489                                      |
| Other amounts                                | 12,669,974                         | 13,750,429                                     |
| Long-term liabilities                        | <u>57,301,396</u>                  | <u>56,517,426</u>                              |
| Total liabilities                            | <u>61,749,370</u>                  | <u>61,226,251</u>                              |
| <b><u>Deferred inflows of resources</u></b>  |                                    |  |
| Other amounts                                | 25,572,333                         | 13,281,540                                     |
| Pension                                      | 2,480,971                          | 3,701,419                                      |
| OPEB   | 4,146,050                          | 4,226,267                                      |
| Total deferred inflows of resources          | <u>32,199,354</u>                  | <u>21,209,226</u>                              |
| <b><u>Net position</u></b>                   |                                    |  |
| Net investment in capital assets             | 14,695,327                         | 14,329,282                                     |
| Restricted                                   | 4,330,783                          | 4,700,951                                      |
| Unrestricted (deficit)                       | <u>(17,614,214)</u>                | <u>(8,838,114)</u>                             |
| Total net position                           | <u>\$ 1,411,896</u>                | <u>\$ 10,192,119</u>                           |

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The net pension liability (NPL) is the largest single liability reported by the District at June 30, 2020 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For fiscal year 2020, the School District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). 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 OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the District's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB 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 and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government 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 these liabilities. 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 Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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 retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *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 retirement system is responsible for the administration of the pension and OPEB plans.

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

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 or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required 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 and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

***Analysis of Net Position***

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2020, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,411,896.

As the preceding table illustrates, some of the more significant changes in net position were related to the District's net pension liability and net OPEB liability, and the related deferred inflows/outflows of resources. These amounts 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 and net OPEB 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 OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset as follows:

|  | <u>Governmental<br/>Activities, 2020</u> | <u>Governmental<br/>Activities, 2019</u> |
|--|--|--|
| Total net position (with GASB 68 and GASB 75)    | \$ 1,411,896                             | \$ 9,977,842                             |
| GASB 68 calculations:                            |  |  |
| Add deferred inflows related to pension          | 2,480,971                                | 3,701,419                                |
| Add net pension liability                        | 39,892,980                               | 37,896,295                               |
| Less deferred outflows related to pension        | (8,782,004)                              | (10,396,413)                             |
| GASB 75 calculations:                            |  |  |
| Add deferred inflows related to OPEB             | 4,146,050                                | 4,226,267                                |
| Add net OPEB liability                           | 3,130,151                                | 3,326,489                                |
| Less net OPEB asset                              | (2,431,654)                              | (2,274,282)                              |
| Less deferred outflows related to OPEB           | <u>(833,738)</u>                         | <u>(522,964)</u>                         |
| Total net position (without GASB 68 and GASB 75) | <u>\$ 39,014,652</u>                     | <u>\$ 45,934,653</u>                     |

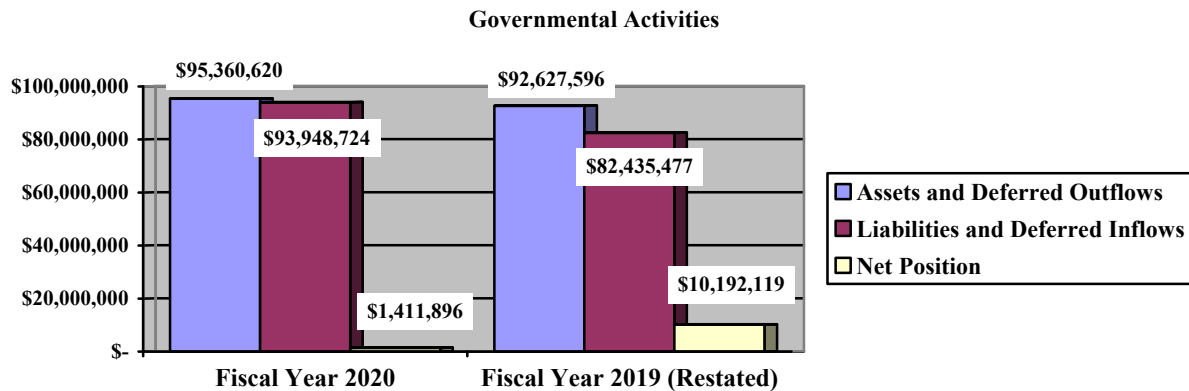
At year end, capital assets represented 30.94% of total assets. Capital assets include land, buildings and building improvements, furniture, fixtures, and equipment, and vehicles. These capital assets are used to provide services to the students and are not available for future spending. The District's net investment in capital assets at June 30, 2020 was \$14,695,327. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

A portion of the District's net position, \$4,330,783, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$17,614,214.

The graph below illustrates the District's assets and deferred outflows of resources, liabilities and deferred inflows of resources, and net position at June 30, 2020 and June 30, 2019.



The following table shows the changes in net position for governmental activities for fiscal years 2020 and 2019. Due to practicality, the 2019 revenues and expenses in the table have not been adjusted to reflect the implementation of GASB Statement No. 84 (see Note 3). Rather, the cumulative impact of applying the Statement is reflected in the beginning net position for 2019.

**Change in Net Position**

|                                      | Governmental Activities |                   |
|--------------------------------------|-------------------------|-------------------|
|                                      | 2020                    | 2019              |
| <b><u>Revenues</u></b>               |                         |                   |
| Program revenues:                    |                         |                   |
| Charges for services and sales       | \$ 1,068,350            | \$ 1,177,030      |
| Operating grants and contributions   | 2,559,567               | 2,344,916         |
| General revenues:                    |                         |                   |
| Property taxes                       | 18,092,315              | 23,246,476        |
| Income taxes                         | 6,633,814               | 7,737,985         |
| Unrestricted grants and entitlements | 6,793,486               | 7,053,002         |
| Investment earnings                  | 863,722                 | 800,392           |
| Miscellaneous                        | 198,881                 | 141,111           |
| Total revenues                       | <u>36,210,135</u>       | <u>42,500,912</u> |

- Continued

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Change in Net Position (Continued)**

|  | Governmental Activities |                      |
|--|-------------------------|----------------------|
|  | 2020                    | 2019                 |
| <b><u>Expenses</u></b>                       |                         |                      |
| Program expenses:                            |                         |                      |
| Instruction:                                 |                         |                      |
| Regular                                      | \$ 18,526,501           | \$ 16,934,939        |
| Special                                      | 6,188,973               | 4,830,042            |
| Vocational                                   | 417,783                 | 476,121              |
| Other  | 11,043                  | 35,674               |
| Support services:                            |                         |                      |
| Pupil  | 2,779,903               | 2,060,469            |
| Instructional staff                          | 2,408,745               | 1,772,094            |
| Board of Education                           | 45,826                  | 97,526               |
| Administration                               | 2,920,562               | 2,353,182            |
| Fiscal                                       | 1,068,060               | 990,084              |
| Business                                     | 342,272                 | 289,535              |
| Operations and maintenance                   | 4,360,941               | 3,963,736            |
| Pupil transportation                         | 707,658                 | 660,345              |
| Central                                      | 725,566                 | 643,488              |
| Operation of non-instructional services:     |                         |                      |
| Food service operations                      | 926,175                 | 841,963              |
| Other non-instructional services             | 579,968                 | 613,034              |
| Extracurricular activities                   | 1,345,111               | 1,355,369            |
| Interest and fiscal charges                  | 288,437                 | 311,393              |
| Unallocated depreciation                     | 1,346,834               | 1,315,399            |
| Total expenses                               | <u>44,990,358</u>       | <u>39,544,393</u>    |
| Change in net position                       | (8,780,223)             | 2,956,519            |
| Net position at beginning of year (restated) | <u>10,192,119</u>       | <u>7,235,600</u>     |
| Net position at end of year                  | <u>\$ 1,411,896</u>     | <u>\$ 10,192,119</u> |

**Governmental Activities**

Net position of the District's governmental activities decreased \$8,780,223. Total governmental expenses of \$44,990,358 were offset by program revenues of \$3,627,917 and general revenues of \$32,582,218. Program revenues supported 8.06% of the total governmental expenses.

The overall decrease in revenues was \$6,290,780 (14.80%), which is almost entirely reflected in property taxes and income taxes. On May 4, 2020 and in response to the COVID-19 pandemic, Franklin County, Ohio received approval from the Ohio Tax Commissioner to extend the due date of the second half 2020 real estate tax payments for 45 days making the new due date August 5, 2020. As a result of the extension, the amount of property taxes collected by Franklin County and available as advance to the District at June 30, 2020 decreased dramatically.

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

For income taxes revenue, although cash-basis collections were higher in fiscal year 2020, GAAP-basis revenue was lower since a large portion of the collections were related to prior years and thus were reported as revenue in a prior year.

Expenses of the governmental activities increased \$5,445,965 or 13.77%. This increase is largely attributable to the effects of accounting for pension and OPEB expense, in accordance with GASB Statements 68 and 75. On an accrual basis, the District reported \$5,530,454 and \$3,209,766 in pension expense for fiscal year 2020 and 2019, respectively. In addition, the District reported \$(694,156) and \$(5,019,586) in OPEB expense for fiscal year 2020 and 2019, respectively. The total net increase in pension expense and OPEB expense from fiscal year 2019 to fiscal year 2020 was \$6,646,118. Fluctuations in the pension expense and OPEB expense makes it difficult to compare financial information between years since both of these are components of program expenses reported on the statement of activities.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2020 and 2019. That is, it identifies the cost of these services supported by tax revenues, unrestricted State grants and entitlements, and other general revenues of the District.

|  | <b>Governmental Activities</b>    |                                 |                                   |                                 |
|--|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
|  | Total Cost of<br>Services<br>2020 | Net Cost of<br>Services<br>2020 | Total Cost of<br>Services<br>2019 | Net Cost of<br>Services<br>2019 |
| Program expenses:                        |                                   |                                 |                                   |                                 |
| Instruction:                             |                                   |                                 |                                   |                                 |
| Regular                                  | \$ 18,526,501                     | \$ 18,275,253                   | \$ 16,934,939                     | \$ 16,735,540                   |
| Special                                  | 6,188,973                         | 5,001,981                       | 4,830,042                         | 3,716,818                       |
| Vocational                               | 417,783                           | 403,578                         | 476,121                           | 461,916                         |
| Other                                    | 11,043                            | 11,043                          | 35,674                            | 35,674                          |
| Support services:                        |                                   |                                 |                                   |                                 |
| Pupil                                    | 2,779,903                         | 2,421,334                       | 2,060,469                         | 1,816,390                       |
| Instructional staff                      | 2,408,745                         | 2,331,107                       | 1,772,094                         | 1,678,214                       |
| Board of education                       | 45,826                            | 45,826                          | 97,526                            | 97,526                          |
| Administration                           | 2,920,562                         | 2,876,429                       | 2,353,182                         | 2,323,373                       |
| Fiscal                                   | 1,068,060                         | 1,068,060                       | 990,084                           | 990,084                         |
| Business                                 | 342,272                           | 335,486                         | 289,535                           | 288,033                         |
| Operations and maintenance               | 4,360,941                         | 4,353,052                       | 3,963,736                         | 3,955,159                       |
| Pupil transportation                     | 707,658                           | 668,819                         | 660,345                           | 622,112                         |
| Central                                  | 725,566                           | 725,566                         | 643,488                           | 643,488                         |
| Operation of non-instructional services: |                                   |                                 |                                   |                                 |
| Food service operations                  | 926,175                           | 175,377                         | 841,963                           | 15,762                          |
| Other non-instructional services         | 579,968                           | 47,876                          | 613,034                           | 36,761                          |
| Extracurricular activities               | 1,345,111                         | 986,383                         | 1,355,369                         | 978,805                         |
| Interest and fiscal charges              | 288,437                           | 288,437                         | 311,393                           | 311,393                         |
| Unallocated depreciation                 | 1,346,834                         | 1,346,834                       | 1,315,399                         | 1,315,399                       |
| Total expenses                           | <u>\$ 44,990,358</u>              | <u>\$ 41,362,441</u>            | <u>\$ 39,544,393</u>              | <u>\$ 36,022,447</u>            |

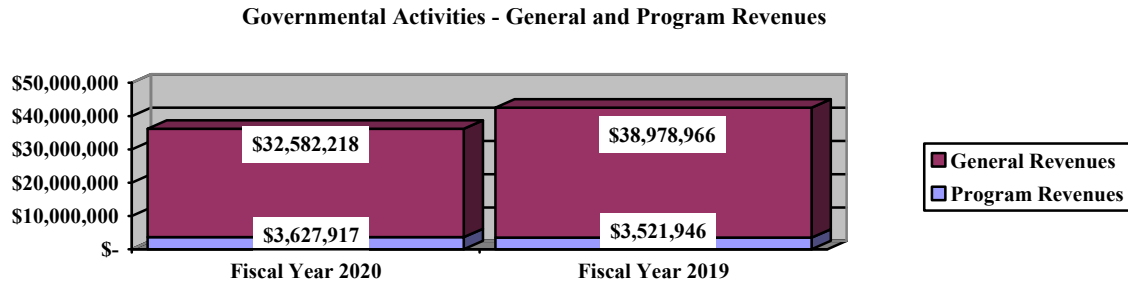


**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The dependence upon taxes and other general revenues for governmental activities is apparent, as 94.22% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 91.94%. The District's taxpayers and grants and entitlements not restricted to specific programs are by far the primary support for the District's students.

The graph below presents the District's governmental activities revenues for fiscal years 2020 and 2019.



**The District's Funds**

The District's governmental funds reported a combined fund balance of \$24,552,061, a decrease from last year's total balance of \$32,447,134, as restated (see Note 3 for more detail regarding the restatement). The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2020 and 2019.

|                             | Fund Balance<br><u>June 30, 2020</u> | Restated<br>Fund Balance<br><u>June 30, 2019</u> | <u>Change</u>         |
|-----------------------------|--------------------------------------|--|-----------------------|
| General fund                | \$ 20,270,482                        | \$ 27,828,272                                    | \$ (7,557,790)        |
| Bond retirement fund        | 1,461,300                            | 2,078,981  | (617,681)             |
| Nonmajor governmental funds | <u>2,820,279</u>                     | <u>2,539,881</u>                                 | <u>280,398</u>        |
| Total                       | <u>\$ 24,552,061</u>                 | <u>\$ 32,447,134</u>                             | <u>\$ (7,895,073)</u> |

**General Fund**

The District's general fund balance decreased \$7,557,790 or 27.16% due to a significant decrease in revenues.

The table that follows assists in illustrating the revenues of the general fund during fiscal years 2020 and 2019.

|                        | <u>2020<br/>Amount</u> | <u>2019<br/>Amount</u> | <u>Percentage<br/>Change</u> |
|------------------------|------------------------|------------------------|------------------------------|
| <b><u>Revenues</u></b> |                        |                        |                              |
| Property taxes         | \$ 16,858,113          | \$ 21,188,286          | (20.44) %                    |
| Income taxes           | 5,869,880              | 7,770,759              | (24.46) %                    |
| Intergovernmental      | 7,243,824              | 7,453,603              | (2.81) %                     |
| Other revenues         | <u>1,111,364</u>       | <u>1,019,407</u>       | <u>9.02 %</u>                |
| Total                  | <u>\$ 31,083,181</u>   | <u>\$ 37,432,055</u>   | <u>(16.96) %</u>             |

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

The overall decrease in general fund revenues is primarily due to property and income tax revenues. See pages 9 and 10 for a discussion of these revenue sources. The decrease in intergovernmental revenue is primarily due to State budget cuts stemming from the economic impact of the COVID-19 pandemic. On the positive side of the changes in general fund revenue, earnings on investments, which is included in "other revenues" in the preceding table, increased due to favorable changes in the fair value of the District's investments.

The table that follows assists in illustrating the expenditures of the general fund during fiscal years 2020 and 2019.

|   | <u>202</u><br><u>Amount</u> | <u>2019</u><br><u>Amount</u> | <u>Percentage</u><br><u>Change</u> |
|---|-----------------------------|------------------------------|------------------------------------|
| <b><u>Expenditures</u></b>              |                             |                              |                                    |
| Instruction                             | \$ 23,149,685               | \$ 23,659,423                | (2.15) %                           |
| Support services                        | 13,769,035                  | 13,479,937                   | 2.14 %                             |
| Operation of non-instructional services | 8,886                       | 5,925                        | 49.97 %                            |
| Extracurricular activities              | 931,457                     | 1,076,230                    | (13.45) %                          |
| Facilities acquisition and construction | <u>664,622</u>              | <u>717,573</u>               | <u>(7.38) %</u>                    |
| Total                                   | <u>\$ 38,523,685</u>        | <u>\$ 38,939,088</u>         | <u>(1.07) %</u>                    |

Overall, general fund revenues were comparable to the prior year. The most significant change was extracurricular activities, which is primarily a by-product of the COVID-19 pandemic as schools were shut-down and various activities cancelled or reduced.

***Bond Retirement Fund***

The bond retirement fund is reported as a major fund, and it is used to account for property taxes and other revenues that are restricted for principal and interest payments on the District's long-term debt obligations. The bond retirement fund had \$950,958 in revenues and \$1,568,639 in expenditures. During fiscal year 2020, the bond retirement fund's fund balance decreased from \$2,078,981 to \$1,461,300.

***General Fund Budgeting Highlights***

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

For the general fund, the original budgeted revenues and other financing sources of \$35,455,000 were increased to \$40,318,894 in the final budget, mostly to reflect increased estimates for property taxes, income taxes, and earnings on investments. Actual revenues and other financing sources were \$40,269,629, which is \$49,265 (0.12%) less than the final budgeted amounts.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$44,068,492 were decreased slightly to \$43,130,295 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2020 totaled \$40,808,994, which is \$2,321,301 (5.38%) less than the final budgeted amounts. This variance is a primarily due to the District's conservative "worst case scenario" approach to budgeting. The District over-appropriates in case significant, unexpected expenditures arise during the fiscal year.

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2020, the District had \$26,469,398 invested in capital assets, net of accumulated depreciation. The following table shows June 30, 2020 balances compared to those at June 30, 2019.

**Capital Assets at June 30  
(Net of Depreciation)**

|                                   | <u>Governmental Activities</u> |                      |
|-----------------------------------|--------------------------------|----------------------|
|                                   | <u>2020</u>                    | <u>2019</u>          |
| Land                              | \$ 154,150                     | \$ 154,150           |
| Buildings and improvements        | 25,343,982                     | 26,496,713           |
| Furniture, fixtures and equipment | 696,277                        | 469,111              |
| Vehicles                          | <u>274,989</u>                 | <u>246,860</u>       |
| Total                             | <u>\$ 26,469,398</u>           | <u>\$ 27,366,834</u> |

The overall decrease in capital assets is due to depreciation expense of \$1,596,192 exceeding capital asset additions of \$698,756. See Note 8 in the notes to the basic financial statements for additional information on the District's capital assets.

***Debt Administration***

At June 30, 2020 and June 30, 2019, the District had \$11,660,000 and \$12,890,000, respectively, in general obligation bonds outstanding. At June 30, 2020, \$1,250,000 is due within one year and \$10,410,000 is due in more than one year. See Note 9 in the notes to the basic financial statements for more detail.

**Current Issues**

The latest five-year forecast as prepared in May 2020 shows a positive cash balance through fiscal year 2024. However, the future financial stability of the District is not without challenges. The first challenge is for management to deliver high quality instruction to students during the COVID-19 pandemic. The second challenge is based in the local economy, revenue losses and the state funding of education in Ohio.

As a subsequent event since June 30, 2020, the Superintendent, Dr. Kimberly Miller left the district as of October 6, 2020. Dr. Dan Good was appointed as Interim-Superintendent by the Board of Education.

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 a primary source of revenue must periodically return to the ballot and ask voters for additional resources to maintain current programs.

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the Treasurer of the Bexley City School District, Kyle Smith at 348 South Cassingham Road, Bexley, Ohio 43209.

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2020

|  | <b>Governmental<br/>Activities</b> |
|--|------------------------------------|
| <b>Assets:</b>   |                                    |
| Equity in pooled cash and investments . . . . .          | \$ 25,341,332                      |
| Receivables:   |                                    |
| Property taxes . . . . .                                 | 28,126,077                         |
| Income taxes . . . . .                                   | 2,678,121                          |
| Accounts . . . . .                                       | 56,147                             |
| Accrued interest . . . . .                               | 92,704                             |
| Intergovernmental . . . . .                              | 128,964                            |
| Prepayments . . . . .                                    | 202,841                            |
| Materials and supplies inventory . . . . .               | 6,106                              |
| Inventory held for resale . . . . .                      | 14,763                             |
| Net OPEB asset . . . . .                                 | 2,431,654                          |
| Capital assets:  |                                    |
| Nondepreciable capital assets . . . . .                  | 154,150                            |
| Depreciable capital assets, net . . . . .                | 26,315,248                         |
| Capital assets, net. . . . .                             | 26,469,398                         |
| Total assets . . . . .                                   | 85,548,107                         |
| <b>Deferred outflows of resources:</b>                   |                                    |
| Unamortized deferred charges on debt refunding . . . . . | 196,771                            |
| Pension . . . . .  | 8,782,004                          |
| OPEB . . . . .   | 833,738                            |
| Total deferred outflows of resources . . . . .           | 9,812,513                          |
| <b>Liabilities:</b>                                      |                                    |
| Accounts payable . . . . .                               | 241,216                            |
| Accrued wages and benefits payable. . . . .              | 3,384,114                          |
| Intergovernmental payable . . . . .                      | 268,407                            |
| Pension and postemployment benefits payable. . . . .     | 529,136                            |
| Accrued interest payable . . . . .                       | 25,101                             |
| Long-term liabilities:                                   |                                    |
| Due within one year. . . . .                             | 1,608,291                          |
| Due in more than one year:                               |                                    |
| Net pension liability . . . . .                          | 39,892,980                         |
| Net OPEB liability. . . . .                              | 3,130,151                          |
| Other amounts due in more than one year. . . . .         | 12,669,974                         |
| Total liabilities . . . . .                              | 61,749,370                         |
| <b>Deferred inflows of resources:</b>                    |                                    |
| Property taxes levied for the next fiscal year . . . . . | 25,572,333                         |
| Pension . . . . .  | 2,480,971                          |
| OPEB . . . . .   | 4,146,050                          |
| Total deferred inflows of resources . . . . .            | 32,199,354                         |
| <b>Net position:</b>                                     |                                    |
| Net investment in capital assets . . . . .               | 14,695,327                         |
| Restricted for:  |                                    |
| Capital projects. . . . .                                | 2,089,996                          |
| Debt service. . . . .                                    | 1,436,199                          |
| State funded programs . . . . .                          | 89,690                             |
| Federally funded programs . . . . .                      | 12,779                             |
| Student activities . . . . .                             | 322,444                            |
| Other purposes . . . . .                                 | 379,675                            |
| Unrestricted (deficit) . . . . .                         | (17,614,214)                       |
| Total net position . . . . .                             | \$ 1,411,896                       |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

|  |                      | Program Revenues    |                     | Net (Expense)       |
|--|----------------------|---------------------|---------------------|---------------------|
|  |                      | Charges for         | Operating Grants    | Revenue and         |
|  | Expenses             | Services and Sales  | and Contributions   | Changes in          |
|  |                      |                     |                     | Net Position        |
|  |                      |                     |                     | Governmental        |
|  |                      |                     |                     | Activities          |
| <b>Governmental activities:</b>            |                      |                     |                     |                     |
| Instruction:                               |                      |                     |                     |                     |
| Regular . . . . .                          | \$ 18,526,501        | \$ 51,834           | \$ 199,414          | \$ (18,275,253)     |
| Special . . . . .                          | 6,188,973            | 62,280              | 1,124,712           | (5,001,981)         |
| Vocational . . . . .                       | 417,783              | -                   | 14,205              | (403,578)           |
| Other . . . . .                            | 11,043               | -                   | -                   | (11,043)            |
| Support services:                          |                      |                     |                     |                     |
| Pupil. . . . .                             | 2,779,903            | -                   | 358,569             | (2,421,334)         |
| Instructional staff . . . . .              | 2,408,745            | 41,392              | 36,246              | (2,331,107)         |
| Board of education . . . . .               | 45,826               | -                   | -                   | (45,826)            |
| Administration. . . . .                    | 2,920,562            | 2,092               | 42,041              | (2,876,429)         |
| Fiscal. . . . .                            | 1,068,060            | -                   | -                   | (1,068,060)         |
| Business. . . . .                          | 342,272              | -                   | 6,786               | (335,486)           |
| Operations and maintenance . . . . .       | 4,360,941            | 904                 | 6,985               | (4,353,052)         |
| Pupil transportation. . . . .              | 707,658              | -                   | 38,839              | (668,819)           |
| Central . . . . .                          | 725,566              | -                   | -                   | (725,566)           |
| Operation of non-instructional services:   |                      |                     |                     |                     |
| Food service operations . . . . .          | 926,175              | 553,593             | 197,205             | (175,377)           |
| Other non-instructional services . . . . . | 579,968              | 6,778               | 525,314             | (47,876)            |
| Extracurricular activities. . . . .        | 1,345,111            | 349,477             | 9,251               | (986,383)           |
| Interest and fiscal charges . . . . .      | 288,437              | -                   | -                   | (288,437)           |
| Unallocated depreciation. . . . .          | 1,346,834            | -                   | -                   | (1,346,834)         |
| Total governmental activities . . . . .    | <u>\$ 44,990,358</u> | <u>\$ 1,068,350</u> | <u>\$ 2,559,567</u> | <u>(41,362,441)</u> |

**General revenues:**

|   |                     |
|---|---------------------|
| Property taxes levied for:  |                     |
| General purposes . . . . .  | 16,873,603          |
| Debt service. . . . .   | 763,481             |
| Capital outlay . . . . .  | 455,231             |
| Income taxes levied for:  |                     |
| General purposes . . . . .  | 6,633,814           |
| Grants and entitlements not restricted to specific programs . . . . . | 6,793,486           |
| Investment earnings . . . . .   | 863,722             |
| Miscellaneous . . . . .   | 198,881             |
| Total general revenues. . . . .                                       | <u>32,582,218</u>   |
| Change in net position . . . . .                                      | (8,780,223)         |
| Net position at beginning of year (restated). . . . .                 | <u>10,192,119</u>   |
| Net position at end of year . . . . .                                 | <u>\$ 1,411,896</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2020

|  | General              | Bond<br>Retirement  | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|---------------------|-----------------------------------|--------------------------------|
| <b>Assets:</b>   |                      |                     |                                   |                                |
| Equity in pooled cash and investments . . . .                                  | \$ 20,851,321        | \$ 1,386,413        | \$ 3,103,598                      | \$ 25,341,332                  |
| Receivables:   |                      |                     |                                   |                                |
| Property taxes. . . . .  | 26,185,643           | 1,235,234           | 705,200                           | 28,126,077                     |
| Income taxes . . . . .   | 2,678,121            | -                   | -                                 | 2,678,121                      |
| Accounts . . . . .   | 49,160               | -                   | 6,987                             | 56,147                         |
| Accrued interest . . . . .   | 91,571               | -                   | 1,133                             | 92,704                         |
| Interfund loans . . . . .  | 50,547               | -                   | -                                 | 50,547                         |
| Intergovernmental. . . . .   | -                    | -                   | 128,964                           | 128,964                        |
| Prepayments . . . . .  | 201,006              | -                   | 1,835                             | 202,841                        |
| Materials and supplies inventory. . . . .                                      | -                    | -                   | 6,106                             | 6,106                          |
| Inventory held for resale . . . . .  | -                    | -                   | 14,763                            | 14,763                         |
| Total assets. . . . .  | <u>\$ 50,107,369</u> | <u>\$ 2,621,647</u> | <u>\$ 3,968,586</u>               | <u>\$ 56,697,602</u>           |
| <b>Liabilities:</b>  |                      |                     |                                   |                                |
| Accounts payable . . . . .   | \$ 182,360           | \$ -                | \$ 58,856                         | \$ 241,216                     |
| Accrued wages and benefits payable . . . . .                                   | 3,177,556            | -                   | 206,558                           | 3,384,114                      |
| Compensated absences payable. . . . .  | 74,991               | -                   | -                                 | 74,991                         |
| Intergovernmental payable . . . . .  | 254,610              | 7,218               | 6,579                             | 268,407                        |
| Pension and postemployment benefits payable .                                  | 490,659              | -                   | 38,477                            | 529,136                        |
| Interfund loans payable . . . . .  | -                    | -                   | 50,547                            | 50,547                         |
| Total liabilities . . . . .  | <u>4,180,176</u>     | <u>7,218</u>        | <u>361,017</u>                    | <u>4,548,411</u>               |
| <b>Deferred inflows of resources:</b>  |                      |                     |                                   |                                |
| Property taxes levied for the next fiscal year. . .                            | 23,808,082           | 1,123,080           | 641,171                           | 25,572,333                     |
| Delinquent property tax revenue not available . .                              | 637,016              | 30,049              | 17,155                            | 684,220                        |
| Income tax revenue not available. . . . .                                      | 1,195,942            | -                   | -                                 | 1,195,942                      |
| Intergovernmental revenue not available . . . .                                | -                    | -                   | 128,964                           | 128,964                        |
| Accrued interest not available. . . . .  | 15,671               | -                   | -                                 | 15,671                         |
| Total deferred inflows of resources . . . . .                                  | <u>25,656,711</u>    | <u>1,153,129</u>    | <u>787,290</u>                    | <u>27,597,130</u>              |
| <b>Fund balances:</b>  |                      |                     |                                   |                                |
| Nonspendable:  |                      |                     |                                   |                                |
| Materials and supplies inventory . . . . .                                     | -                    | -                   | 6,106                             | 6,106                          |
| Prepayments . . . . .  | 201,006              | -                   | 1,835                             | 202,841                        |
| Unclaimed monies . . . . .   | 7,386                | -                   | -                                 | 7,386                          |
| Restricted:  |                      |                     |                                   |                                |
| Debt service . . . . .   | -                    | 1,461,300           | -                                 | 1,461,300                      |
| Capital improvements . . . . .   | -                    | -                   | 2,089,996                         | 2,089,996                      |
| Food service operations . . . . .  | -                    | -                   | 235,692                           | 235,692                        |
| Non-public schools. . . . .  | -                    | -                   | 68,798                            | 68,798                         |
| Community activities. . . . .  | -                    | -                   | 136,828                           | 136,828                        |
| Extracurricular activities . . . . .   | -                    | -                   | 322,444                           | 322,444                        |
| Student wellness and success. . . . .  | -                    | -                   | 83,533                            | 83,533                         |
| Assigned:  |                      |                     |                                   |                                |
| Student instruction . . . . .  | 793,092              | -                   | -                                 | 793,092                        |
| Student and staff support. . . . .   | 554,219              | -                   | -                                 | 554,219                        |
| Extracurricular activities . . . . .   | 25,700               | -                   | -                                 | 25,700                         |
| Capital improvements . . . . .   | 86,625               | -                   | -                                 | 86,625                         |
| Subsequent year's appropriations. . . . .                                      | 1,048,019            | -                   | -                                 | 1,048,019                      |
| Unassigned (deficit) . . . . .   | 17,554,435           | -                   | (124,953)                         | 17,429,482                     |
| Total fund balances . . . . .  | <u>20,270,482</u>    | <u>1,461,300</u>    | <u>2,820,279</u>                  | <u>24,552,061</u>              |
| Total liabilities, deferred inflows of resources<br>and fund balances. . . . . | <u>\$ 50,107,369</u> | <u>\$ 2,621,647</u> | <u>\$ 3,968,586</u>               | <u>\$ 56,697,602</u>           |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES

JUNE 30, 2020

|  |              |                            |
|--|--------------|----------------------------|
| <b>Total governmental fund balances</b>  |              | \$ 24,552,061              |
| <i>Amounts reported for governmental activities on the statement of net position are different because:</i>  |              |                            |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.  |              | 26,469,398                 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.   |              |                            |
| Property taxes receivable  | \$ 684,220   |                            |
| Income taxes receivable  | 1,195,942    |                            |
| Intergovernmental receivable   | 15,671       |                            |
| Accrued interest receivable  | 128,964      |                            |
| Total  |              | 2,024,797                  |
| Unamortized premiums on bonds issued are not recognized in the funds.  |              | (310,842)                  |
| Unamortized deferred charges on debt refundings are not recognized in the funds.   |              | 196,771                    |
| Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.  |              | (25,101)                   |
| The net pension liability is not due and payable in the current period, therefore, the liability and related deferred inflows and outflows of resources are not reported in governmental funds.                |              |                            |
| Deferred outflows of resources - pension   | 8,782,004    |                            |
| Deferred inflows of resources - pension  | (2,480,971)  |                            |
| Net pension liability  | (39,892,980) |                            |
| Total  |              | (33,591,947)               |
| The net OPEB liability and asset are not due and payable in the current period; therefore, the liability, asset and related deferred inflows and outflows of resources are not reported in governmental funds. |              |                            |
| Deferred outflows of resources - OPEB  | 833,738      |                            |
| Deferred inflows of resources - OPEB   | (4,146,050)  |                            |
| Net OPEB asset   | 2,431,654    |                            |
| Net OPEB liability   | (3,130,151)  |                            |
| Total  |              | (4,010,809)                |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.   |              |                            |
| General obligation bonds   | (11,660,000) |                            |
| Compensated absences   | (2,232,432)  |                            |
| Total  |              | (13,892,432)               |
| <b>Net position of governmental activities</b>   |              | <u><u>\$ 1,411,896</u></u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

|  | General              | Bond<br>Retirement  | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|----------------------|---------------------|-----------------------------------|--------------------------------|
| <b>Revenues:</b>   |                      |                     |                                   |                                |
| From local sources:  |                      |                     |                                   |                                |
| Property taxes . . . . .   | \$ 16,858,113        | \$ 772,758          | \$ 458,784                        | \$ 18,089,655                  |
| Income taxes . . . . .   | 5,869,880            | -                   | -                                 | 5,869,880                      |
| Tuition . . . . .  | 109,859              | -                   | -                                 | 109,859                        |
| Earnings on investments . . . . .                                      | 852,622              | -                   | 38,900                            | 891,522                        |
| Charges for services . . . . .   | -                    | -                   | 551,858                           | 551,858                        |
| Extracurricular . . . . .  | 53,875               | -                   | 321,507                           | 375,382                        |
| Classroom materials and fees . . . . .                                 | 4,255                | -                   | -                                 | 4,255                          |
| Rental income . . . . .  | 904                  | -                   | 85,423                            | 86,327                         |
| Contributions and donations . . . . .                                  | 12,784               | -                   | 196,352                           | 209,136                        |
| Other local revenues . . . . .   | 77,065               | -                   | 23,040                            | 100,105                        |
| Intergovernmental - state . . . . .                                    | 7,243,824            | 178,200             | 621,148                           | 8,043,172                      |
| Intergovernmental - federal . . . . .                                  | -                    | -                   | 1,125,822                         | 1,125,822                      |
| Total revenues . . . . .   | <u>31,083,181</u>    | <u>950,958</u>      | <u>3,422,834</u>                  | <u>35,456,973</u>              |
| <b>Expenditures:</b>   |                      |                     |                                   |                                |
| Current:   |                      |                     |                                   |                                |
| Instruction:   |                      |                     |                                   |                                |
| Regular . . . . .  | 17,267,639           | -                   | 218,373                           | 17,486,012                     |
| Special . . . . .  | 5,460,867            | -                   | 545,626                           | 6,006,493                      |
| Vocational . . . . .   | 411,914              | -                   | -                                 | 411,914                        |
| Other . . . . .  | 9,265                | -                   | -                                 | 9,265                          |
| Support services:  |                      |                     |                                   |                                |
| Pupil . . . . .  | 2,318,196            | -                   | 270,356                           | 2,588,552                      |
| Instructional staff . . . . .  | 2,237,040            | -                   | 26,500                            | 2,263,540                      |
| Board of education . . . . .   | 45,037               | -                   | -                                 | 45,037                         |
| Administration . . . . .   | 2,689,453            | -                   | 40,799                            | 2,730,252                      |
| Fiscal . . . . .   | 1,012,289            | 14,739              | 7,980                             | 1,035,008                      |
| Business . . . . .   | 297,764              | -                   | 6,714                             | 304,478                        |
| Operations and maintenance . . . . .                                   | 3,734,292            | -                   | 15,397                            | 3,749,689                      |
| Pupil transportation . . . . .   | 735,673              | -                   | 12,340                            | 748,013                        |
| Central . . . . .  | 699,291              | -                   | -                                 | 699,291                        |
| Operation of non-instructional services:                               |                      |                     |                                   |                                |
| Food service operations . . . . .                                      | -                    | -                   | 905,030                           | 905,030                        |
| Other non-instructional services . . . . .                             | 8,886                | -                   | 561,633                           | 570,519                        |
| Extracurricular activities . . . . .                                   | 931,457              | -                   | 321,598                           | 1,253,055                      |
| Facilities acquisition and construction . . . . .                      | 664,622              | -                   | 335,090                           | 999,712                        |
| Debt service:  |                      |                     |                                   |                                |
| Principal retirement . . . . .   | -                    | 1,230,000           | -                                 | 1,230,000                      |
| Interest and fiscal charges . . . . .                                  | -                    | 323,900             | -                                 | 323,900                        |
| Total expenditures . . . . .   | <u>38,523,685</u>    | <u>1,568,639</u>    | <u>3,267,436</u>                  | <u>43,359,760</u>              |
| Excess (deficiency) of revenues over (under)<br>expenditures . . . . . | <u>(7,440,504)</u>   | <u>(617,681)</u>    | <u>155,398</u>                    | <u>(7,902,787)</u>             |
| <b>Other financing sources (uses):</b>                                 |                      |                     |                                   |                                |
| Proceeds from sale of assets . . . . .                                 | 7,714                | -                   | -                                 | 7,714                          |
| Transfers in . . . . .   | -                    | -                   | 125,000                           | 125,000                        |
| Transfers (out) . . . . .  | (125,000)            | -                   | -                                 | (125,000)                      |
| Total other financing sources (uses) . . . . .                         | <u>(117,286)</u>     | <u>-</u>            | <u>125,000</u>                    | <u>7,714</u>                   |
| Net change in fund balances . . . . .                                  | (7,557,790)          | (617,681)           | 280,398                           | (7,895,073)                    |
| <b>Fund balances at beginning of year (restated).</b>                  | <u>27,828,272</u>    | <u>2,078,981</u>    | <u>2,539,881</u>                  | <u>32,447,134</u>              |
| <b>Fund balances at end of year.</b>                                   | <u>\$ 20,270,482</u> | <u>\$ 1,461,300</u> | <u>\$ 2,820,279</u>               | <u>\$ 24,552,061</u>           |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

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, 2020

**Net change in fund balances - total governmental funds** \$ (7,895,073)

*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.

|                           |             |           |
|---------------------------|-------------|-----------|
| Capital asset additions   | \$ 698,756  |           |
| Current year depreciation | (1,596,192) |           |
| Total                     |             | (897,436) |

Revenues in the statement of activities that do not provide current financial  
resources are not reported as revenues in the funds.

|                         |          |         |
|-------------------------|----------|---------|
| Property taxes          | 2,660    |         |
| Income taxes            | 763,934  |         |
| Earnings on investments | (19,182) |         |
| Intergovernmental       | (1,964)  |         |
| Total                   |          | 745,448 |

Repayment of bond principal is an expenditure in the governmental funds, but  
the repayment reduces long-term liabilities on the statement of net position. 1,230,000

In the statement of activities, interest is accrued on outstanding bonds,  
whereas in governmental funds, an interest expenditure is reported  
when due. The following items resulted in less interest being  
reported in the statement of activities:

|   |          |        |
|---|----------|--------|
| Decrease in accrued interest payable          | 1,982    |        |
| Amortization of bond premiums                 | 90,506   |        |
| Amortization of deferred charges on refunding | (57,025) |        |
| Total   |          | 35,463 |

Contractually required pension contributions are reported as expenditures in  
governmental funds; however, these amounts are reported as deferred  
outflows of resources on the statement of net position. 3,139,808

Except for amounts reported as deferred inflows/outflows of resources,  
changes in the net pension liability are reported as pension expense in the  
statement of activities. (5,530,454)

Contractually required OPEB contributions are reported as expenditures in  
governmental funds; however, these amounts are reported as deferred  
outflows of resources on the statement of net position. 50,545

Except for amounts reported as deferred inflows/outflows of resources,  
changes in the net OPEB liability/asset are reported as OPEB expense in the  
statement of activities. 694,156

Some expenses reported in the statement of activities, such as  
compensated absences, do not require the use of current financial  
resources and therefore are not reported as expenditures in  
governmental funds. (352,680)

**Change in net position of governmental activities** \$ (8,780,223)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

|   | <b>Budgeted Amounts</b>     |                             |                             | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|---|-----------------------------|-----------------------------|-----------------------------|---|
|   | <b>Original</b>             | <b>Final</b>                | <b>Actual</b>               |   |
| <b>Revenues:</b>                                    |                             |                             |                             |   |
| From local sources:                                 |                             |                             |                             |   |
| Property taxes . . . . .                            | \$ 20,195,000               | \$ 23,724,664               | \$ 23,723,105               | \$ (1,559)  |
| Income taxes. . . . .                               | 6,925,000                   | 8,000,000                   | 7,999,781                   | (219)   |
| Tuition. . . . .                                    | 140,000                     | 128,750                     | 109,834                     | (18,916)  |
| Earnings on investments . . . . .                   | 400,000                     | 530,000                     | 515,895                     | (14,105)  |
| Classroom materials and fees . . . . .              | 5,000                       | 5,000                       | 4,255                       | (745)   |
| Rental income . . . . .                             | 4,500                       | 4,500                       | 904                         | (3,596)   |
| Other local revenues . . . . .                      | 55,000                      | 65,650                      | 64,104                      | (1,546)   |
| Intergovernmental - state . . . . .                 | 7,454,500                   | 7,254,330                   | 7,249,930                   | (4,400)   |
| Total revenues . . . . .                            | <u>35,179,000</u>           | <u>39,712,894</u>           | <u>39,667,808</u>           | <u>(45,086)</u>   |
| <b>Expenditures:</b>                                |                             |                             |                             |   |
| Current:  |                             |                             |                             |   |
| Instruction:  |                             |                             |                             |   |
| Regular . . . . .                                   | 20,169,250                  | 19,308,906                  | 18,513,759                  | 795,147   |
| Special. . . . .                                    | 5,941,948                   | 5,884,881                   | 5,598,316                   | 286,565   |
| Vocational. . . . .                                 | 512,876                     | 421,864                     | 412,856                     | 9,008   |
| Other. . . . .                                      | 20,986                      | 36,646                      | 27,758                      | 8,888   |
| Support services:                                   |                             |                             |                             |   |
| Pupil. . . . .                                      | 2,298,220                   | 2,512,481                   | 2,339,736                   | 172,745   |
| Instructional staff . . . . .                       | 2,140,820                   | 2,389,641                   | 2,129,893                   | 259,748   |
| Board of education . . . . .                        | 94,915                      | 58,387                      | 52,408                      | 5,979   |
| Administration. . . . .                             | 2,910,760                   | 2,951,753                   | 2,775,662                   | 176,091   |
| Fiscal . . . . .                                    | 1,197,303                   | 1,026,556                   | 991,152                     | 35,404  |
| Business. . . . .                                   | 394,639                     | 364,221                     | 301,038                     | 63,183  |
| Operations and maintenance . . . . .                | 4,500,090                   | 4,182,758                   | 3,986,265                   | 196,493   |
| Pupil transportation . . . . .                      | 818,294                     | 845,667                     | 729,078                     | 116,589   |
| Central. . . . .                                    | 988,653                     | 992,790                     | 917,043                     | 75,747  |
| Other non-instructional services. . . . .           | -                           | 2,108                       | 2,108                       | -   |
| Extracurricular activities. . . . .                 | 1,081,325                   | 1,073,205                   | 954,133                     | 119,072   |
| Facilities acquisition and construction . . . . .   | 748,413                     | 755,260                     | 754,618                     | 642   |
| Total expenditures . . . . .                        | <u>43,818,492</u>           | <u>42,807,124</u>           | <u>40,485,823</u>           | <u>2,321,301</u>  |
| Excess of expenditures over revenues. . . . .       | <u>(8,639,492)</u>          | <u>(3,094,230)</u>          | <u>(818,015)</u>            | <u>2,276,215</u>  |
| <b>Other financing sources (uses):</b>              |                             |                             |                             |   |
| Refund of prior year's expenditures . . . . .       | 100,000                     | 273,000                     | 272,986                     | (14)  |
| Transfers in . . . . .                              | -                           | 150,000                     | 150,000                     | -   |
| Transfers (out). . . . .                            | (250,000)                   | (275,000)                   | (275,000)                   | -   |
| Advances in . . . . .                               | 175,000                     | 175,000                     | 171,121                     | (3,879)   |
| Advances (out). . . . .                             | -                           | (48,171)                    | (48,171)                    | -   |
| Proceeds from sale of assets . . . . .              | 1,000                       | 8,000                       | 7,714                       | (286)   |
| Total other financing sources (uses). . . . .       | <u>26,000</u>               | <u>282,829</u>              | <u>278,650</u>              | <u>(4,179)</u>  |
| Net change in fund balance . . . . .                | <u>(8,613,492)</u>          | <u>(2,811,401)</u>          | <u>(539,365)</u>            | <u>2,272,036</u>  |
| <b>Fund balance at beginning of year. . . . .</b>   | <b>18,000,695</b>           | <b>18,000,695</b>           | <b>18,000,695</b>           | <b>-</b>  |
| <b>Prior year encumbrances appropriated . . . .</b> | <b>1,317,289</b>            | <b>1,317,289</b>            | <b>1,317,289</b>            | <b>-</b>  |
| <b>Fund balance at end of year . . . . .</b>        | <b><u>\$ 10,704,492</u></b> | <b><u>\$ 16,506,583</u></b> | <b><u>\$ 18,778,619</u></b> | <b><u>\$ 2,272,036</u></b>  |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

|   | <u>Custodial</u>   |
|---|--------------------|
| <b>Additions:</b>   |                    |
| Extracurricular collections for OHSAA . . . . .               | \$ 2,694           |
| <b>Deductions:</b>  |                    |
| Extracurricular distributions to OHSAA . . . . .              | <u>2,694</u>       |
| Change in net position . . . . .                              | -                  |
| <b>Net position at beginning of year (restated) . . . . .</b> | <u>-</u>           |
| <b>Net position at end of year . . . . .</b>                  | <u><u>\$ -</u></u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

The Bexley City School District (the District) was organized May 1, 1918 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 District provides services to approximately 2,465 students and other community members.

**NOTE 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. Reporting Entity**

The reporting entity has been defined in accordance with 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 of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

The Bexley Public Library is a school district library created under Chapter 3375 of the Ohio Revised Code and is located in the 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 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, the Library's financial statements are not included herein.

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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 a nonmajor governmental 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. Current State legislation provides funding to this parochial school. The monies are received and disbursed on behalf of the parochial school by the Treasurer of the District, as directed by the parochial school. The activity of these State monies by the District is reflected in a nonmajor governmental fund for financial reporting purposes.

**B. Basis of Presentation and Measurement Focus**

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current deferred outflows of resources, current liabilities and current deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Custodial funds are reported using the economic resources measurement focus, in which all assets, liabilities, and deferred inflows/outflows of resources are reported.

**C. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

Revenues - Exchange and Nonexchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current 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 fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). 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 nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, income taxes, interest, tuition, grants, student fees and rentals.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 10 and 11 for deferred outflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. 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.

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes, income taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 10 and 11 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the fund financial statements as an expenditure with a like amount reported as intergovernmental revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**D. Fund Accounting**

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

*GOVERNMENTAL FUNDS*

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets plus deferred outflows of resources less liabilities and deferred inflows of resources is reported as fund balance. The following are the District's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond retirement fund - The bond retirement fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.



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FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

*PROPRIETARY FUNDS*

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds.

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District has no trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District's custodial fund accounts for tournament monies collected on behalf of the Ohio High School Athletics Association (OHSAA).

**E. Budgets**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the Certificate of Estimated Resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than custodial funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established at the object level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. 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.

**BEXLEY CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

(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 fiscal year 2020 appropriation measure in September 2019. The Board of Education adopted a temporary appropriation measure in June 2019 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.

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements.

During fiscal year 2020, investments were limited to Federal Farm Credit Bank (FFCB) securities, Federal Home Loan Bank (FHLB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal National Mortgage Association (FNMA) securities, U.S. Treasury notes, negotiable CDs, commercial paper, U.S. Government money market funds, and State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

During fiscal year 2020, the District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures their investment 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 2020, there were no limitations 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 \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2020 amounted to \$852,622, which includes \$121,752 assigned from other District funds.

**BEXLEY CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at fiscal year-end is provided in Note 4.

**G. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At fiscal year end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is nonspendable on the fund financial statements by an amount equal to the carrying value of the asset.

**H. Inventory**

On government-wide and fund financial statements, purchased inventories are reported at cost on a first-in, first-out basis, and donated commodities are presented at their entitlement value. Inventories are accounted for using the consumption method which means that the costs of inventory items are recorded as an expenditure in the governmental funds when consumed.

On the fund financial statements, reported material and supplies inventory is equally offset by nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food, purchased food and non-food supplies.

**I. Capital Assets**

General capital assets are those assets specifically related to governmental activities. These assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of 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 acquisition value as of the date received. The District's capitalization threshold is \$5,000 for general capital assets. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

**BEXLEY CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

All reported capital assets except 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:

| <u>Description</u>         | <u>Estimated Lives</u> |
|----------------------------|------------------------|
| Buildings and improvements | 10 - 40 years          |
| Furniture and equipment    | 5 - 20 years           |
| Vehicles                   | 5 - 20 years           |

**J. Bond Issuance Cost/Unamortized Bond Premium and Discount/Unamortized Deferred Charges on Debt Refunding**

On fund financial statements and the government-wide financial statements, issuance costs are expensed/expended in the fiscal year they occur.

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

For bond refundings resulting in the defeasance of debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter and is presented as a deferred outflow of resources on the statement of net position.

On the governmental fund financial statements, bond issuance costs and bond premiums are expensed in the fiscal year they occur. A reconciliation between the bonds' face value and the amount reported on the statement of net position is presented in Note 9.A.

**K. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivable/payable." These amounts are eliminated in the governmental activities column on the Statement of Net Position.

**L. Compensated Absences**

The District reports compensated absences in accordance with the provisions of GASB 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.

**BEXLEY CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures only to the extent payments come due each period upon the occurrence of employee resignations and retirements. The entire compensated absence liability is reported on the government-wide financial statements.

**M. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and loans are recognized on the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net pension is not sufficient for payment of those benefits.

**N. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

*Restricted* - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

*Committed* - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**BEXLEY CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. 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.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**O. Net Position**

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**P. Estimates**

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

**Q. 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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

Interfund activity between governmental funds is eliminated in the statement of activities.

**BEXLEY CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**R. Pensions/Other Postemployment Benefits (OPEB)**

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

**T. 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. Neither type of transaction occurred during fiscal year 2020.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2020, the District has implemented GASB Statement No. 84, "*Fiduciary Activities*" and GASB Statement No. 90, "*Majority Equity Interests - an amendment to GASB Statements No. 14 and No. 61*".

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the District will no longer be reporting agency funds. The District reviewed its agency funds and certain funds will be reported in the new fiduciary classification of custodial funds, while other funds have been reclassified as governmental funds. These fund reclassifications resulted in the restatement of the District's financial statements.

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the District.

**BEXLEY CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**B. Restatement of Net Position and Fund Balances**

The implementation of GASB 84 had the following effect on fund balance as reported at June 30, 2019:

|  | <u>General</u>       | <u>Bond<br/>Retirement</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|----------------------|----------------------------|---|---|
| Fund Balance as<br>previously reported     | \$ 27,763,831        | \$ 2,078,981               | \$ 2,390,045                            | \$ 32,232,857                           |
| GASB Statement No. 84                      | <u>64,441</u>        | <u>-</u>                   | <u>149,836</u>                          | <u>214,277</u>                          |
| Restated Fund Balance,<br>at June 30, 2019 | <u>\$ 27,828,272</u> | <u>\$ 2,078,981</u>        | <u>\$ 2,539,881</u>                     | <u>\$ 32,447,134</u>                    |

The implementation of the GASB 84 pronouncement had the following effect on the net position as reported at June 30, 2019:

|   | <u>Governmental<br/>Activities</u> |
|---|------------------------------------|
| Net position as previously reported       | \$ 9,977,842                       |
| GASB Statement No. 84                     | <u>214,277</u>                     |
| Restated net position<br>at June 30, 2019 | <u>\$ 10,192,119</u>               |

Due to the implementation of GASB Statement No.84, the District will no longer be reporting agency funds. At June 30, 2019, agency funds reported assets and liabilities of \$220,957.

**C. Deficit Fund Balances**

Fund balances at June 30, 2020 included the following individual fund deficits:

| <u>Nonmajor funds</u>     | <u>Deficit</u> |
|---------------------------|----------------|
| IDEA Part B               | \$ 81,695      |
| Title III                 | 514            |
| Title I                   | 32,189         |
| Improving teacher quality | 10,555         |

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.



**BEXLEY CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain banker's acceptance for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

**BEXLEY CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Protection of the deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Cash on Hand**

At June 30, 2020, the District had \$1,000 in undeposited cash on hand, which is included as part of "equity in pooled cash and investments".

**B. Deposits with Financial Institutions**

At June 30, 2020, the carrying amount of all District deposits was \$1,923,632 and the bank balance of all District deposits was \$2,206,883. Of the bank balance, \$250,000 was covered by the FDIC. \$1,161,009 was covered by the Ohio Pooled Collateral System and \$795,874 was exposed to custodial credit risk because this amount was uninsured and uncollateralized.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a reduced rate set by the Treasurer of State. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

**BEXLEY CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**C. Investments**

As of June 30, 2020, the District had the following investments and maturities:

| Measurement/<br><u>Investment type</u> | Measurement<br><u>Value</u> | Investment Maturities      |                          |                           |                           |                                  |
|--|-----------------------------|----------------------------|--------------------------|---------------------------|---------------------------|----------------------------------|
|  |                             | 6 months or<br><u>less</u> | 7 to 12<br><u>months</u> | 13 to 18<br><u>months</u> | 19 to 24<br><u>months</u> | Greater than<br><u>24 months</u> |
| <i>Fair Value:</i>                     |                             |                            |                          |                           |                           |                                  |
| FFCB                                   | \$ 2,048,475                | \$ -                       | \$ -                     | \$ 254,310                | \$ 1,001,070              | \$ 793,095                       |
| FHLB                                   | 1,758,035                   | -                          | -                        | 255,845                   | 1,001,450                 | 500,740                          |
| FHLMC                                  | 575,605                     | -                          | 405,336                  | -                         | -                         | 170,269                          |
| FNMA                                   | 1,063,937                   | -                          | 563,217                  | -                         | -                         | 500,720                          |
| U.S. Treasury notes                    | 542,400                     | -                          | -                        | -                         | -                         | 542,400                          |
| Negotiable CDs                         | 6,663,065                   | 849,270                    | 499,735                  | 1,267,435                 | -                         | 4,046,625                        |
| Commercial paper                       | 4,642,352                   | 4,642,352                  | -                        | -                         | -                         | -                                |
| U.S. Government<br>money market        | 5,089,181                   | 5,089,181                  | -                        | -                         | -                         | -                                |
| <i>Amortized Cost:</i>                 |                             |                            |                          |                           |                           |                                  |
| STAR Ohio                              | <u>1,033,650</u>            | <u>1,033,650</u>           | <u>-</u>                 | <u>-</u>                  | <u>-</u>                  | <u>-</u>                         |
| Total                                  | \$ 23,416,700               | \$ 11,614,453              | \$ 1,468,288             | \$ 1,777,590              | \$ 2,002,520              | \$ 6,553,849                     |

The weighted average of maturity of investments is 1.47 years.

The District's investments measured at fair value are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

*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 five years or less.

*Credit Risk:* The District's investments in commercial paper were rated P-1 by Moody's Investor Services. The District's investments in federal agency securities (FFCB, FHLB, FHLMC, and FNMA) and U.S. Treasury notes were rated Aaa by Moody's Investor Services. The negotiable CDs and commercial paper investments were not rated and/or ratings were not readily available. Standard & Poor's has assigned STAR Ohio and the U.S. Government money market an AAAM money market rating. Ohio Law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

**BEXLEY CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*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 of each investment type held by the District at June 30, 2020:

| Measurement/<br><u>Investment type</u> | Measurement<br><u>Value</u> | <u>% of Total</u> |
|--|-----------------------------|-------------------|
| <i>Fair Value:</i>                     |                             |                   |
| FFCB                                   | \$ 2,048,475                | 8.75              |
| FHLB                                   | 1,758,035                   | 7.51              |
| FHLMC                                  | 575,605                     | 2.46              |
| FNMA                                   | 1,063,937                   | 4.54              |
| U.S. Treasury notes                    | 542,400                     | 2.32              |
| Negotiable CDs                         | 6,663,065                   | 28.46             |
| Commercial paper                       | 4,642,352                   | 19.82             |
| U.S. Government<br>money market        | 5,089,181                   | 21.73             |
| <i>Amortized Cost:</i>                 |                             |                   |
| STAR Ohio                              | 1,033,650                   | 4.41              |
| Total                                  | <u>\$ 23,416,700</u>        | <u>100.00</u>     |

**D. Reconciliation of Cash and Investments to the Financial Statements**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the financial statements as of June 30, 2020:

|                                      |                      |
|--------------------------------------|----------------------|
| <u>Cash and investments per note</u> |                      |
| Carrying amount of deposits          | \$ 1,923,632         |
| Investments                          | 23,416,700           |
| Cash on hand                         | <u>1,000</u>         |
| Total                                | <u>\$ 25,341,332</u> |

|  |                      |
|--|----------------------|
| <u>Cash and investments per financial statements</u> |                      |
| Governmental activities                              | <u>\$ 25,341,332</u> |

**NOTE 5 - INTERFUND TRANSACTIONS**

- A.** Interfund transfers for the year ended June 30, 2020, as reported on the fund statements, consisted of \$125,000 transferred from the general fund to various nonmajor governmental funds. Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.
- B.** Interfund loans at June 30, 2020, as reported on the fund statements, consisted of the following:

| <u>Receivable Fund</u> | <u>Payable Fund</u>         | <u>Amount</u> |
|------------------------|-----------------------------|---------------|
| General fund           | Nonmajor governmental funds | \$ 50,547     |

**BEXLEY CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 5 - INTERFUND TRANSACTIONS - (Continued)**

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. Interfund balances between governmental funds are eliminated on the government-wide statement of net position.

**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2020 represent the collection of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2019, on the assessed values as of January 1, 2019, the lien date. Assessed values for real property taxes are established by State statute at 35 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 2020 represent the collection of calendar year 2019 taxes. Public utility real and personal property taxes received in calendar year 2020 became a lien on December 31, 2018, were levied after April 1, 2019, and are collected with real property taxes. Public utility real property is assessed at 35 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, 2020, are available to finance fiscal year 2020 operations. The amount available as an advance at June 30, 2020 was \$1,740,545 in the general fund, \$82,105 in the bond retirement fund and \$46,874 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2019 was \$8,605,537 in the general fund, \$544,497 in the bond retirement fund and \$286,717 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2020 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 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow.

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 6 - PROPERTY TAXES - (Continued)**

The assessed values upon which the fiscal year 2020 taxes were collected are:

|   | 2019 Second<br>Half Collections |                | 2020 First<br>Half Collections |                |
|---|---------------------------------|----------------|--------------------------------|----------------|
|   | <u>Amount</u>                   | <u>Percent</u> | <u>Amount</u>                  | <u>Percent</u> |
| Agricultural/residential<br>and other real estate | \$ 557,057,040                  | 98.85          | \$ 556,592,830                 | 98.79          |
| Public utility personal                           | <u>6,494,680</u>                | <u>1.15</u>    | <u>6,808,210</u>               | <u>1.21</u>    |
| Total   | <u>\$ 563,551,720</u>           | <u>100.00</u>  | <u>\$ 563,401,040</u>          | <u>100.00</u>  |
| Tax rate per \$1,000 of<br>assessed valuation     | \$111.93                        |                | \$120.73                       |                |

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2020 consisted of property taxes, income taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. Receivables have been disaggregated on the face of the basic financial statements.

All receivables are expected to be collected within the subsequent year.

**NOTE 8 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

|   | <u>Balance<br/>06/30/19</u> | <u>Additions</u>    | <u>Deductions</u> | <u>Balance<br/>06/30/20</u> |
|---|-----------------------------|---------------------|-------------------|-----------------------------|
| <b>Governmental activities:</b>               |                             |                     |                   |                             |
| <i>Capital assets, not being depreciated:</i> |                             |                     |                   |                             |
| Land  | \$ 154,150                  | \$ -                | \$ -              | \$ 154,150                  |
| Total capital assets, not being depreciated   | <u>154,150</u>              | <u>-</u>            | <u>-</u>          | <u>154,150</u>              |
| <i>Capital assets, being depreciated:</i>     |                             |                     |                   |                             |
| Buildings and building improvements           | 53,929,107                  | 225,816             | -                 | 54,154,923                  |
| Furniture, fixtures and equipment             | 3,357,012                   | 377,940             | -                 | 3,734,952                   |
| Vehicles                                      | <u>1,209,663</u>            | <u>95,000</u>       | <u>(152,140)</u>  | <u>1,152,523</u>            |
| Total capital assets, being depreciated       | <u>58,495,782</u>           | <u>698,756</u>      | <u>(152,140)</u>  | <u>59,042,398</u>           |
| <i>Less: accumulated depreciation:</i>        |                             |                     |                   |                             |
| Buildings and building improvements           | (27,432,394)                | (1,378,547)         | -                 | (28,810,941)                |
| Furniture, fixtures and equipment             | (2,887,901)                 | (150,774)           | -                 | (3,038,675)                 |
| Vehicles                                      | <u>(962,803)</u>            | <u>(66,871)</u>     | <u>152,140</u>    | <u>(877,534)</u>            |
| Total accumulated depreciation                | <u>(31,283,098)</u>         | <u>(1,596,192)</u>  | <u>152,140</u>    | <u>(32,727,150)</u>         |
| Governmental activities capital assets, net   | <u>\$ 27,366,834</u>        | <u>\$ (897,436)</u> | <u>\$ -</u>       | <u>\$ 26,469,398</u>        |

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 8 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental functions as follows:

Instruction:

|         |           |
|---------|-----------|
| Regular | \$ 48,253 |
| Special | 365       |

Support services:

|                                  |                     |
|----------------------------------|---------------------|
| Instructional staff              | 2,788               |
| Administration                   | 827                 |
| Business                         | 41,605              |
| Operations and maintenance       | 42,243              |
| Pupil Transportation             | 59,918              |
| Food service operations          | 5,827               |
| Other non-instructional services | 846                 |
| Extracurricular activities       | 46,686              |
| Unallocated                      | <u>1,346,834</u>    |
| Total depreciation expense       | <u>\$ 1,596,192</u> |

**NOTE 9 - LONG-TERM OBLIGATIONS**

- A. During the fiscal year 2020, the following changes occurred in governmental activities long-term obligations.

|                                 | Balance<br><u>06/30/19</u> | <u>Increase</u>     | <u>Decrease</u>       | Balance<br><u>06/30/20</u>         | Amount<br>Due in<br><u>One Year</u> |
|---------------------------------|----------------------------|---------------------|-----------------------|------------------------------------|-------------------------------------|
| <u>Governmental Activities:</u> |                            |                     |                       |                                    |                                     |
| General Obligation Bonds        |                            |                     |                       |                                    |                                     |
| Series 2015 Refunding           | \$ 7,950,000               | \$ -                | \$ (25,000)           | \$ 7,925,000                       | \$ 25,000                           |
| Series 2016 Refunding           | <u>4,940,000</u>           | <u>-</u>            | <u>(1,205,000)</u>    | <u>3,735,000</u>                   | <u>1,225,000</u>                    |
| Total General Obligation Bonds  | <u>12,890,000</u>          | <u>-</u>            | <u>(1,230,000)</u>    | <u>11,660,000</u>                  | <u>1,250,000</u>                    |
| Compensated Absences            | 2,003,294                  | 618,338             | (314,209)             | 2,307,423                          | 358,291                             |
| Net Pension Liability           | 37,896,295                 | 1,996,685           | -                     | 39,892,980                         | -                                   |
| Net OPEB Liability              | <u>3,326,489</u>           | <u>-</u>            | <u>(196,338)</u>      | <u>3,130,151</u>                   | <u>-</u>                            |
| Total Governmental Activities   |                            |                     |                       |                                    |                                     |
| Long-Term Obligations           | <u>\$ 56,116,078</u>       | <u>\$ 2,615,023</u> | <u>\$ (1,740,547)</u> | <u>\$ 56,990,554</u>               | <u>\$ 1,608,291</u>                 |
|                                 |                            |                     |                       | Add: Unamortized Premium           | <u>310,842</u>                      |
|                                 |                            |                     |                       | Total on Statement of Net Position | <u>\$ 57,301,396</u>                |

- B. Detail on the net pension liability and OPEB liability can be found in Notes 10 and 11, respectively. The District pays obligations related to employee compensation from the fund benefitting from their services.

Compensated absences will be paid from the fund from which the employee is paid, primarily the general fund and food service fund (a nonmajor governmental fund).

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

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 December 2005, the District sold \$9,189,991 of refunding bonds with final maturity on December 1, 2027. These bonds refunded \$9,190,000 of the District's School Facilities Construction and Improvement Bonds, Series 2001 dated February 20, 2001. The final maturity of the 2001 Bonds had been December 1, 2027. The refunding resulted in a premium of \$533,627. The transaction resulted in an economic gain of \$549,043 (present value) and a reduction of \$833,995 in future debt service payments.

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 2005 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 2006 Refunding Bonds, dated March 9, 2006. The final maturity of the 2006 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.

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, 2020, \$12,090,000 of bonds that the District defeased in previous years are still outstanding with the escrow agent.

The following is a summary of the future debt service requirements to maturity for the District's general obligation bonds:

| Fiscal Year<br>Ending June 30, | Interest<br>Rate (%) | General Obligation Bonds |                     |                      |
|--------------------------------|----------------------|--------------------------|---------------------|----------------------|
|                                |                      | Principal                | Interest            | Total                |
| 2021                           | 2                    | \$ 1,250,000             | \$ 299,100          | \$ 1,549,100         |
| 2022                           | 2                    | 1,270,000                | 273,900             | 1,543,900            |
| 2023                           | 2                    | 1,300,000                | 248,200             | 1,548,200            |
| 2024                           | 3                    | 1,475,000                | 213,075             | 1,688,075            |
| 2025                           | 3                    | 1,520,000                | 168,150             | 1,688,150            |
| 2026 - 2028                    | 3                    | <u>4,845,000</u>         | <u>221,025</u>      | <u>5,066,025</u>     |
| Total                          |                      | <u>\$ 11,660,000</u>     | <u>\$ 1,423,450</u> | <u>\$ 13,083,450</u> |



**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

**C. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2020, are a voted debt margin of \$40,507,394 (including available funds of \$1,461,300) and an unvoted debt margin of \$563,401.

**NOTE 10 - 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.

The 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 pension and postemployment benefits payable on both the accrual and modified accrual bases of accounting.

**BEXLEY CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***Plan Description - School Employees Retirement System (SERS)***

Plan Description - The District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. 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 Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

|                              | Eligible to<br>Retire on or before<br>August 1, 2017 *                                | Eligible to<br>Retire after<br>August 1, 2017  |
|------------------------------|---|--|
| Full benefits                | Age 65 with 5 years of services credit; or<br>Any age with 30 years of service credit | Age 67 with 10 years of service credit; or<br>Age 57 with 30 years of service credit |
| Actuarially reduced benefits | Age 60 with 5 years of service credit; or<br>Age 55 with 25 years of service credit   | Age 62 with 10 years of service credit; or<br>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 years of service; 2.2% for the first thirty years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the state of a COLA for future retirees.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% 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% for plan members and 14% 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, 2020, the allocation to pension, death benefits, and Medicare B was 14.0%.

The District's contractually required contribution to SERS was \$590,708 for fiscal year 2020. Of this amount, \$36,835 is reported as pension and postemployment benefits payable.

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description - Licensed teachers 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 website at [www.strsoh.org](http://www.strsoh.org).

**BEXLEY CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 28 years of service, or 33 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% 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, 12% of the 14% member rate goes to the DC Plan and the remaining 2% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member 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 service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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 to 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 fiscal year 2020, plan members were required to contribute 14% of their annual covered salary. The District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2020 contribution rates were equal to the statutory maximum rates.

The District's contractually required contribution to STRS was \$2,549,100 for fiscal year 2020. Of this amount, \$433,528 is reported as pension and postemployment benefits payable.

**BEXLEY CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***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, 2019, 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 projected contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

|  | <u>SERS</u>        | <u>STRS</u>        | <u>Total</u>  |
|--|--------------------|--------------------|---------------|
| Proportion of the net pension liability prior measurement date   | 0.11832130%        | 0.14153248%        |               |
| Proportion of the net pension liability current measurement date | <u>0.12409990%</u> | <u>0.14681776%</u> |               |
| Change in proportionate share                                    | <u>0.00577860%</u> | <u>0.00528528%</u> |               |
| Proportionate share of the net pension liability                 | \$ 7,425,115       | \$ 32,467,865      | \$ 39,892,980 |
| Pension expense  | \$ 1,145,605       | \$ 4,384,849       | \$ 5,530,454  |

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | <u>SERS</u>         | <u>STRS</u>         | <u>Total</u>        |
|---|---------------------|---------------------|---------------------|
| <b>Deferred outflows of resources</b>   |                     |                     |                     |
| Differences between expected and actual experience  | \$ 188,283          | \$ 264,340          | \$ 452,623          |
| Changes of assumptions  | -                   | 3,813,977           | 3,813,977           |
| Difference between employer contributions and proportionate share of contributions/ change in proportionate share | 241,129             | 1,134,467           | 1,375,596           |
| Contributions subsequent to the measurement date  | <u>590,708</u>      | <u>2,549,100</u>    | <u>3,139,808</u>    |
| Total deferred outflows of resources  | <u>\$ 1,020,120</u> | <u>\$ 7,761,884</u> | <u>\$ 8,782,004</u> |
|   | <u>SERS</u>         | <u>STRS</u>         | <u>Total</u>        |
| <b>Deferred inflows of resources</b>  |                     |                     |                     |
| Differences between expected and actual experience  | \$ -                | \$ 140,548          | \$ 140,548          |
| Net difference between projected and actual earnings on pension plan investments                                  | 95,308              | 1,586,853           | 1,682,161           |
| Difference between employer contributions and proportionate share of contributions/ change in proportionate share | <u>105,431</u>      | <u>552,831</u>      | <u>658,262</u>      |
| Total deferred inflows of resources   | <u>\$ 200,739</u>   | <u>\$ 2,280,232</u> | <u>\$ 2,480,971</u> |

**BEXLEY CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

\$3,139,808 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, 2021.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

|                             | SERS              | STRS                | Total               |
|-----------------------------|-------------------|---------------------|---------------------|
| Fiscal Year Ending June 30: |                   |                     |                     |
| 2021                        | \$ 284,163        | \$ 1,987,720        | \$ 2,271,883        |
| 2022                        | (103,198)         | 467,365             | 364,167             |
| 2023                        | (6,342)           | 85,189              | 78,847              |
| 2024                        | 54,050            | 392,278             | 446,328             |
| Total                       | <u>\$ 228,673</u> | <u>\$ 2,932,552</u> | <u>\$ 3,161,225</u> |

***Actuarial Assumptions - SERS***

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of 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, 2019, are presented below:

|  |   |
|--|---|
| Wage inflation                               | 3.00%   |
| Future salary increases, including inflation | 3.50% to 18.20%                                       |
| COLA or ad hoc COLA                          | 2.50%   |
| Investment rate of return                    | 7.50% net of investments expense, including inflation |
| Actuarial cost method                        | Entry age normal (level percent of payroll)           |

**BEXLEY CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

For 2019, the 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% of male rates, and 110% of female rates. Mortality among disabled members was based upon the 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.

The most recent experience study was completed for the five year period ended June 30, 2015.

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 average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

| Asset Class            | Target<br>Allocation | Long-Term Expected<br>Real Rate of Return |
|------------------------|----------------------|---|
| Cash                   | 1.00 %               | 0.50 %                                    |
| US Equity              | 22.50                | 4.75                                      |
| International Equity   | 22.50                | 7.00                                      |
| Fixed Income           | 19.00                | 1.50                                      |
| Private Equity         | 10.00                | 8.00                                      |
| Real Assets            | 15.00                | 5.00                                      |
| Multi-Asset Strategies | 10.00                | 3.00                                      |
| Total                  | <u>100.00 %</u>      |   |

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

|  | 1% Decrease   | Current<br>Discount Rate | 1% Increase  |
|--|---------------|--------------------------|--------------|
| District's proportionate share<br>of the net pension liability | \$ 10,405,240 | \$ 7,425,115             | \$ 4,925,906 |

**BEXLEY CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***Actuarial Assumptions - STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation are presented below:

|                                      | July 1, 2019  |
|--------------------------------------|---|
| Inflation                            | 2.50%   |
| Projected salary increases           | 12.50% at age 20 to<br>2.50% at age 65                    |
| Investment rate of return            | 7.45%, net of investment<br>expenses, including inflation |
| Payroll increases                    | 3.00%   |
| Cost-of-living adjustments<br>(COLA) | 0.00%   |

For the July 1, 2019, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS Ohio's investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

| Asset Class          | Target<br>Allocation* | Long-Term Expected<br>Real Rate of Return ** |
|----------------------|-----------------------|--|
| Domestic Equity      | 28.00 %               | 7.35 %                                       |
| International Equity | 23.00                 | 7.55   |
| Alternatives         | 17.00                 | 7.09   |
| Fixed Income         | 21.00                 | 3.00   |
| Real Estate          | 10.00                 | 6.00   |
| Liquidity Reserves   | 1.00                  | 2.25   |
| Total                | <u>100.00 %</u>       |  |

\*Target weights will be phased in over a 24-month period concluding on July 1, 2019.

\*\*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**BEXLEY CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)**

**Discount Rate** - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2019. 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, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

**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 7.45%, 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 (6.45%) or one-percentage-point higher (8.45%) than the current rate:

|  | 1% Decrease   | Current<br>Discount Rate | 1% Increase   |
|--|---------------|--------------------------|---------------|
| District's proportionate share<br>of the net pension liability | \$ 47,448,168 | \$ 32,467,865            | \$ 19,786,272 |

**NOTE 11 - DEFINED BENEFIT OPEB PLANS**

***Net OPEB Liability/Asset***

The net OPEB liability/asset reported on the statement of net position represents a liability/asset to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net OPEB liability/asset represents the District's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability/asset 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 these estimates annually.

The 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 OPEB are financed; however, the District does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability/asset. Resulting adjustments to the net OPEB liability/asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.



**BEXLEY CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

***Plan Description - School Employees Retirement System (SERS)***

Health Care Plan Description - The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established 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.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2020, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. 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 2020, the District's surcharge obligation was \$50,545.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$50,545 for fiscal year 2020. This entire amount is reported as pension and postemployment benefits payable.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)**

***Plan Description - State Teachers Retirement System (STRS)***

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

***OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability/asset was measured as of June 30, 2019, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

Following is information related to the proportionate share and OPEB expense:

|   | <u>SERS</u>        | <u>STRS</u>        | <u>Total</u> |
|---|--------------------|--------------------|--------------|
| Proportion of the net OPEB liability/asset prior measurement date   | 0.11990500%        | 0.14153248%        |              |
| Proportion of the net OPEB liability/asset current measurement date | <u>0.12446970%</u> | <u>0.14681776%</u> |              |
| Change in proportionate share                                       | <u>0.00456470%</u> | <u>0.00528528%</u> |              |
| Proportionate share of the net OPEB liability                       | \$ 3,130,151       | \$ -               | \$ 3,130,151 |
| Proportionate share of the net OPEB asset                           | \$ -               | \$ 2,431,654       | \$ 2,431,654 |
| OPEB expense  | \$ 58,083          | \$ (752,239)       | \$ (694,156) |

**BEXLEY CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)**

At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|  | SERS                | STRS                | Total               |
|--|---------------------|---------------------|---------------------|
| <b>Deferred outflows of resources</b>  |                     |                     |                     |
| Differences between expected and actual experience   | \$ 45,948           | \$ 220,448          | \$ 266,396          |
| Net difference between projected and actual earnings on OPEB plan investments                                    | 7,512               | -                   | 7,512               |
| Changes of assumptions   | 228,622             | 51,113              | 279,735             |
| Difference between employer contributions and proportionate share of contributions/change in proportionate share | 100,327             | 129,223             | 229,550             |
| Contributions subsequent to the measurement date   | 50,545              | -                   | 50,545              |
| Total deferred outflows of resources   | <u>\$ 432,954</u>   | <u>\$ 400,784</u>   | <u>\$ 833,738</u>   |
|  | SERS                | STRS                | Total               |
| <b>Deferred inflows of resources</b>   |                     |                     |                     |
| Differences between expected and actual experience   | \$ 687,673          | \$ 123,715          | \$ 811,388          |
| Net difference between projected and actual earnings on OPEB plan investments                                    | -                   | 152,724             | 152,724             |
| Changes of assumptions   | 175,404             | 2,666,028           | 2,841,432           |
| Difference between employer contributions and proportionate share of contributions/change in proportionate share | 222,492             | 118,014             | 340,506             |
| Total deferred inflows of resources  | <u>\$ 1,085,569</u> | <u>\$ 3,060,481</u> | <u>\$ 4,146,050</u> |

\$50,545 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

|                             | SERS                | STRS                  | Total                 |
|-----------------------------|---------------------|-----------------------|-----------------------|
| Fiscal Year Ending June 30: |                     |                       |                       |
| 2021                        | \$ (219,520)        | \$ (588,220)          | \$ (807,740)          |
| 2022                        | (122,373)           | (588,220)             | (710,593)             |
| 2023                        | (120,171)           | (527,010)             | (647,181)             |
| 2024                        | (120,527)           | (505,540)             | (626,067)             |
| 2025                        | (89,150)            | (462,771)             | (551,921)             |
| Thereafter                  | (31,419)            | 12,064                | (19,355)              |
| Total                       | <u>\$ (703,160)</u> | <u>\$ (2,659,697)</u> | <u>\$ (3,362,857)</u> |

**BEXLEY CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)**

***Actuarial Assumptions - SERS***

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each 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 terminations). 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 OPEB liability in the latest actuarial valuation date of June 30, 2019 are presented below:

|  |  |
|--|--|
| Wage inflation   | 3.00%  |
| Future salary increases, including inflation   | 3.50% to 18.20%  |
| Investment rate of return  | 7.50% net of investments<br>expense, including inflation |
| Municipal bond index rate:   |  |
| Measurement date   | 3.13%  |
| Prior measurement date   | 3.62%  |
| Single equivalent interest rate, net of plan investment expense,<br>including price inflation: |  |
| Measurement date   | 3.22%  |
| Prior measurement date   | 3.70%  |
| Medical trend assumption:  |  |
| Measurement date   |  |
| Medicare   | 5.25 to 4.75%  |
| Pre-Medicare   | 7.00 to 4.75%  |
| Prior measurement date   |  |
| Medicare   | 5.375 to 4.75%   |
| Pre-Medicare   | 7.25 to 4.75%  |

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120% of male rates and 110% of female rates. RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

**BEXLEY CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)**

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

| Asset Class            | Target<br>Allocation | Long-Term Expected<br>Real Rate of Return |
|------------------------|----------------------|---|
| Cash                   | 1.00 %               | 0.50 %                                    |
| US Equity              | 22.50                | 4.75                                      |
| International Equity   | 22.50                | 7.00                                      |
| Fixed Income           | 19.00                | 1.50                                      |
| Private Equity         | 10.00                | 8.00                                      |
| Real Assets            | 15.00                | 5.00                                      |
| Multi-Asset Strategies | 10.00                | 3.00                                      |
| Total                  | <u>100.00 %</u>      |   |

**Discount Rate** - The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22%. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13%, as of June 30, 2019 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.62% was used as of June 30, 2018. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

**Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.22%) and higher (4.22%) than the current discount rate (3.22%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)**

|   | <u>1% Decrease</u> | <u>Current<br/>Discount Rate</u> | <u>1% Increase</u> |
|---|--------------------|----------------------------------|--------------------|
| District's proportionate share<br>of the net OPEB liability | \$ 3,799,410       | \$ 3,130,151                     | \$ 2,598,012       |

|   | <u>1% Decrease</u> | <u>Current<br/>Trend Rate</u> | <u>1% Increase</u> |
|---|--------------------|-------------------------------|--------------------|
| District's proportionate share<br>of the net OPEB liability | \$ 2,507,885       | \$ 3,130,151                  | \$ 3,955,747       |

***Actuarial Assumptions - STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation, compared with July 1, 2018, are presented below:

|                                      | <u>July 1, 2019</u>                                       |          | <u>July 1, 2018</u>                                       |          |
|--------------------------------------|---|----------|---|----------|
| Inflation                            | 2.50%   |          | 2.50%   |          |
| Projected salary increases           | 12.50% at age 20 to<br>2.50% at age 65                    |          | 12.50% at age 20 to<br>2.50% at age 65                    |          |
| Investment rate of return            | 7.45%, net of investment<br>expenses, including inflation |          | 7.45%, net of investment<br>expenses, including inflation |          |
| Payroll increases                    | 3.00%   |          | 3.00%   |          |
| Cost-of-living adjustments<br>(COLA) | 0.00%   |          | 0.00%   |          |
| Discounted rate of return            | 7.45%   |          | 7.45%   |          |
| Blended discount rate of return      | N/A   |          | N/A   |          |
| Health care cost trends              |   |          |   |          |
|                                      | Initial   | Ultimate | Initial   | Ultimate |
| Medical                              |   |          |   |          |
| Pre-Medicare                         | 5.87%   | 4.00%    | 6.00%   | 4.00%    |
| Medicare                             | 4.93%   | 4.00%    | 5.00%   | 4.00%    |
| Prescription Drug                    |   |          |   |          |
| Pre-Medicare                         | 7.73%   | 4.00%    | 8.00%   | 4.00%    |
| Medicare                             | 9.62%   | 4.00%    | -5.23%  | 4.00%    |

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

**NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)**

***Assumption Changes Since the Prior Measurement Date*** - There were no changes in assumptions since the prior measurement date of June 30, 2018.

***Benefit Term Changes Since the Prior Measurement Date*** - There was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

| Asset Class          | Target<br>Allocation* | Long-Term Expected<br>Real Rate of Return ** |
|----------------------|-----------------------|--|
| Domestic Equity      | 28.00 %               | 7.35 %                                       |
| International Equity | 23.00                 | 7.55   |
| Alternatives         | 17.00                 | 7.09   |
| Fixed Income         | 21.00                 | 3.00   |
| Real Estate          | 10.00                 | 6.00   |
| Liquidity Reserves   | 1.00                  | 2.25   |
| Total                | <u>100.00 %</u>       |  |

\* Target weights will be phased in over a 24-month period concluding on July 1, 2019.

\*\*10-Year geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

***Discount Rate*** - The discount rate used to measure the total OPEB asset was 7.45% as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2019.

***Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate*** - The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45%) or one percentage point higher (8.45%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)**

|   | <u>1% Decrease</u> | <u>Current<br/>Discount Rate</u> | <u>1% Increase</u> |
|---|--------------------|----------------------------------|--------------------|
| District's proportionate share<br>of the net OPEB asset | \$ 2,074,933       | \$ 2,431,654                     | \$ 2,731,574       |
|   | <u>1% Decrease</u> | <u>Current<br/>Trend Rate</u>    | <u>1% Increase</u> |
| District's proportionate share<br>of the net OPEB asset | \$ 2,757,384       | \$ 2,431,654                     | \$ 2,032,714       |

**NOTE 12 - RISK MANAGEMENT**

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 through commercial insurance providers. There has been no significant 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.

**NOTE 13 - JOINTLY GOVERNED ORGANIZATION**

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 Ashley Widby, Interim CFO, 100 Executive Drive, Marion, Ohio 43302.

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);



**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a restricted, committed or assigned fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Investments are reported at fair value (GAAP basis) as opposed to cost (budget basis);
- (e) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (f) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

**Net Change in Fund Balance**

|   | <u>General fund</u>   |
|---|-----------------------|
| Budget basis                            | \$ (539,365)          |
| Net adjustment for revenue accruals     | (8,664,665)           |
| Net adjustment for expenditure accruals | 527,397               |
| Net adjustment for other sources/uses   | (395,936)             |
| Funds budgeted elsewhere                | 19,680                |
| Adjustment for encumbrances             | <u>1,495,099</u>      |
| GAAP basis                              | <u>\$ (7,557,790)</u> |

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. For the District this includes the public school support fund, unclaimed money fund, district agency fund, and employee benefits agency fund.

**NOTE 15 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement 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 District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

The District is a party to legal proceedings seeking damages or injunctive relief generally incidental to its operations and spending projects. The District management is of the opinion that disposition of the claim and legal proceedings will not have a material effect, if any, on the financial condition of the District.

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 15 – CONTINGENCIES – (Continued)**

**C. Foundation Funding**

District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2020 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the District.

**NOTE 16 - STATUTORY RESERVES**

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years.

The following cash-basis information describes the change in the fiscal year-end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

|   | <u>Capital<br/>Improvements</u> |
|---|---------------------------------|
| Set-aside balance June 30, 2019             | \$ -                            |
| Current year set-aside requirement          | 444,072                         |
| Current year offsets                        | <u>(705,070)</u>                |
| Total                                       | <u>\$ (260,998)</u>             |
| Balance carried forward to fiscal year 2021 | <u>\$ -</u>                     |
| Set-aside balance June 30, 2020             | <u><u>\$ -</u></u>              |

Although the District had offsets during the year that reduced the set-aside amount below zero, this extra amount may not be used to reduce the set-aside requirement for future years. The negative amount is therefore not presented as being carried forward to the next fiscal year.

**NOTE 17 - COVID-19**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. The District's investment portfolio and the investments of the pension and other employee benefit plans are subject to increased market volatility, which could result in a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**NOTE 18 - OTHER COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are for subsequent-year expenditures and may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds, net of any amounts reported as payable, were as follows:

| <u>Fund Type</u>   | <u>Year-End<br/>Encumbrances</u> |
|--------------------|----------------------------------|
| General fund       | \$ 1,349,205                     |
| Other governmental | <u>319,182</u>                   |
| Total              | <u><u>\$ 1,668,387</u></u>       |

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## REQUIRED SUPPLEMENTARY INFORMATION

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST SEVEN FISCAL YEARS

|  | <u>2020</u>  | <u>2019</u>  | <u>2018</u>  | <u>2017</u>  |
|--|--------------|--------------|--------------|--------------|
| District's proportion of the net pension liability   | 0.12409990%  | 0.11832130%  | 0.12814950%  | 0.12335970%  |
| District's proportionate share of the net pension liability  | \$ 7,425,115 | \$ 6,776,480 | \$ 7,656,650 | \$ 9,028,792 |
| District's covered payroll   | \$ 4,247,319 | \$ 3,899,279 | \$ 4,125,571 | \$ 4,018,536 |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 174.82%      | 173.79%      | 185.59%      | 224.68%      |
| Plan fiduciary net position as a percentage of the total pension liability                         | 70.85%       | 71.36%       | 69.50%       | 62.98%       |

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| <u>2016</u>  | <u>2015</u>  | <u>2014</u>  |
|--------------|--------------|--------------|
| 0.12416000%  | 0.12457800%  | 0.12457800%  |
| \$ 7,084,661 | \$ 6,304,822 | \$ 7,408,254 |
| \$ 3,737,845 | \$ 3,620,000 | \$ 3,529,140 |
| 189.54%      | 174.17%      | 209.92%      |
| 69.16%       | 71.70%       | 65.52%       |

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST SEVEN FISCAL YEARS

|  | <u>2020</u>   | <u>2019</u>   | <u>2018</u>   | <u>2017</u>   |
|--|---------------|---------------|---------------|---------------|
| District's proportion of the net pension liability   | 0.14681776%   | 0.14153248%   | 0.13820600%   | 0.14206800%   |
| District's proportionate share of the net pension liability  | \$ 32,467,865 | \$ 31,119,815 | \$ 32,831,208 | \$ 47,554,365 |
| District's covered payroll   | \$ 17,791,614 | \$ 16,085,593 | \$ 19,779,107 | \$ 17,190,021 |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 182.49%       | 193.46%       | 165.99%       | 276.64%       |
| Plan fiduciary net position as a percentage of the total pension liability                         | 77.40%        | 77.31%        | 75.30%        | 66.80%        |

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



| <u>2016</u>   | <u>2015</u>   | <u>2014</u>   |
|---------------|---------------|---------------|
| 0.14380600%   | 0.14787800%   | 0.14787800%   |
| \$ 39,743,761 | \$ 35,969,059 | \$ 42,846,108 |
| \$ 15,003,743 | \$ 15,109,054 | \$ 17,678,292 |
| 264.89%       | 238.06%       | 242.37%       |
| 72.10%        | 74.70%        | 69.30%        |

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

|  | LAST TEN FISCAL YEARS |                  |                  |                  |
|--|-----------------------|------------------|------------------|------------------|
|  | <u>2020</u>           | <u>2019</u>      | <u>2018</u>      | <u>2017</u>      |
| Contractually required contribution                                  | \$ 590,708            | \$ 573,388       | \$ 545,899       | \$ 577,580       |
| Contributions in relation to the contractually required contribution | <u>(590,708)</u>      | <u>(573,388)</u> | <u>(545,899)</u> | <u>(577,580)</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>           | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| District's covered payroll   | \$ 4,219,343          | \$ 4,247,319     | \$ 3,899,279     | \$ 4,125,571     |
| Contributions as a percentage of covered payroll                     | 14.00%                | 13.50%           | 14.00%           | 14.00%           |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| <u>2016</u>      | <u>2015</u>      | <u>2014</u>      | <u>2013</u>      | <u>2012</u>      | <u>2011</u>      |
|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ 562,595       | \$ 492,648       | \$ 501,732       | \$ 488,433       | \$ 488,417       | \$ 484,298       |
| <u>(562,595)</u> | <u>(492,648)</u> | <u>(501,732)</u> | <u>(488,433)</u> | <u>(488,417)</u> | <u>(484,298)</u> |
| <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| \$ 4,018,536     | \$ 3,737,845     | \$ 3,620,000     | \$ 3,529,140     | \$ 3,631,353     | \$ 3,852,808     |
| 14.00%           | 13.18%           | 13.86%           | 13.84%           | 13.45%           | 12.57%           |

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

|  | LAST TEN FISCAL YEARS |                    |                    |                    |
|--|-----------------------|--------------------|--------------------|--------------------|
|  | <u>2020</u>           | <u>2019</u>        | <u>2018</u>        | <u>2017</u>        |
| Contractually required contribution                                  | \$ 2,549,100          | \$ 2,490,826       | \$ 2,251,983       | \$ 2,769,075       |
| Contributions in relation to the contractually required contribution | <u>(2,549,100)</u>    | <u>(2,490,826)</u> | <u>(2,251,983)</u> | <u>(2,769,075)</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>           | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        |
| District's covered payroll   | \$ 18,207,857         | \$ 17,791,614      | \$ 16,085,593      | \$ 19,779,107      |
| Contributions as a percentage of covered payroll                     | 14.00%                | 14.00%             | 14.00%             | 14.00%             |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| <u>2016</u>        | <u>2015</u>        | <u>2014</u>        | <u>2013</u>        | <u>2012</u>        | <u>2011</u>        |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| \$ 2,406,603       | \$ 2,100,524       | \$ 1,964,177       | \$ 2,298,178       | \$ 2,243,642       | \$ 2,299,552       |
| <u>(2,406,603)</u> | <u>(2,100,524)</u> | <u>(1,964,177)</u> | <u>(2,298,178)</u> | <u>(2,243,642)</u> | <u>(2,299,552)</u> |
| <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        |
| \$ 17,190,021      | \$ 15,003,743      | \$ 15,109,054      | \$ 17,678,292      | \$ 17,258,785      | \$ 17,688,862      |
| 14.00%             | 14.00%             | 13.00%             | 13.00%             | 13.00%             | 13.00%             |

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST FOUR FISCAL YEARS

|   | <u>2020</u>  | <u>2019</u>  | <u>2018</u>  | <u>2017</u>  |
|---|--------------|--------------|--------------|--------------|
| District's proportion of the net OPEB liability   | 0.12446970%  | 0.11990500%  | 0.12919400%  | 0.13029160%  |
| District's proportionate share of the net OPEB liability  | \$ 3,130,151 | \$ 3,326,489 | \$ 3,647,228 | \$ 3,713,792 |
| District's covered payroll  | \$ 4,247,319 | \$ 3,899,279 | \$ 4,125,571 | \$ 4,018,536 |
| District's proportionate share of the net OPEB liability as a percentage of its covered payroll | 73.70%       | 85.31%       | 88.41%       | 92.42%       |
| Plan fiduciary net position as a percentage of the total OPEB liability                         | 15.57%       | 13.57%       | 12.46%       | 11.49%       |

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY/ASSETS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST FOUR FISCAL YEARS

|   | <u>2020</u>    | <u>2019</u>    | <u>2018</u>   | <u>2017</u>   |
|---|----------------|----------------|---------------|---------------|
| District's proportion of the net OPEB liability/asset   | 0.14681776%    | 0.14153248%    | 0.13820600%   | 0.14206800%   |
| District's proportionate share of the net OPEB liability/(asset)                                      | \$ (2,431,654) | \$ (2,274,282) | \$ 5,392,301  | \$ 7,597,834  |
| District's covered payroll  | \$ 17,791,614  | \$ 16,085,593  | \$ 19,779,107 | \$ 17,190,021 |
| District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll | 13.67%         | 14.14%         | 27.26%        | 44.20%        |
| Plan fiduciary net position as a percentage of the total OPEB liability/asset                         | 174.70%        | 176.00%        | 47.10%        | 37.30%        |

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

|  | LAST TEN FISCAL YEARS |                 |                 |                 |
|--|-----------------------|-----------------|-----------------|-----------------|
|  | <u>2020</u>           | <u>2019</u>     | <u>2018</u>     | <u>2017</u>     |
| Contractually required contribution                                  | \$ 50,545             | \$ 84,495       | \$ 84,518       | \$ 68,897       |
| Contributions in relation to the contractually required contribution | <u>(50,545)</u>       | <u>(84,495)</u> | <u>(84,518)</u> | <u>(68,897)</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>           | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     |
| District's covered payroll   | \$ 4,219,343          | \$ 4,247,319    | \$ 3,899,279    | \$ 4,125,571    |
| Contributions as a percentage of covered payroll                     | 1.20%                 | 1.99%           | 2.17%           | 1.67%           |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



| <u>2016</u>     | <u>2015</u>     | <u>2014</u>     | <u>2013</u>     | <u>2012</u>     | <u>2011</u>     |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| \$ 29,737       | \$ 27,660       | \$ 32,580       | \$ 31,409       | \$ 45,392       | \$ 94,394       |
| <u>(29,737)</u> | <u>(27,660)</u> | <u>(32,580)</u> | <u>(31,409)</u> | <u>(45,392)</u> | <u>(94,394)</u> |
| <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     | <u>\$ -</u>     |
| \$ 4,018,536    | \$ 3,737,845    | \$ 3,620,000    | \$ 3,529,140    | \$ 3,631,353    | \$ 3,852,808    |
| 0.74%           | 0.74%           | 0.90%           | 0.89%           | 1.25%           | 2.45%           |

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

|  | LAST TEN FISCAL YEARS |               |               |               |
|--|-----------------------|---------------|---------------|---------------|
|  | <u>2020</u>           | <u>2019</u>   | <u>2018</u>   | <u>2017</u>   |
| Contractually required contribution                                  | \$ -                  | \$ -          | \$ -          | \$ -          |
| Contributions in relation to the contractually required contribution | <u>-</u>              | <u>-</u>      | <u>-</u>      | <u>-</u>      |
| Contribution deficiency (excess)                                     | <u>\$ -</u>           | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   |
| District's covered payroll   | \$ 18,207,857         | \$ 17,791,614 | \$ 16,085,593 | \$ 19,779,107 |
| Contributions as a percentage of covered payroll                     | 0.00%                 | 0.00%         | 0.00%         | 0.00%         |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| <u>2016</u>   | <u>2015</u>   | <u>2014</u>   | <u>2013</u>   | <u>2012</u>   | <u>2011</u>   |
|---------------|---------------|---------------|---------------|---------------|---------------|
| \$ -          | \$ -          | \$ 151,091    | \$ 176,783    | \$ 172,588    | \$ 176,889    |
| -             | -             | (151,091)     | (176,783)     | (172,588)     | (176,889)     |
| <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   | <u>\$ -</u>   |
| \$ 17,190,021 | \$ 15,003,743 | \$ 15,109,054 | \$ 17,678,292 | \$ 17,258,785 | \$ 17,688,862 |
| 0.00%         | 0.00%         | 1.00%         | 1.00%         | 1.00%         | 1.00%         |

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**PENSION**

---

*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. There were no changes in benefit terms from the amounts previously reported for fiscal years 2019-2020.

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, (g) mortality among disabled members 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 and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2018-2020.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero. There were no changes in benefit terms from amounts previously reported for fiscal years 2019-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.

(Continued)

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal years 2017-2020.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) 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 the following: 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, (g) mortality among disabled members was updated to the following: 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, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%. For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. For fiscal year 2020, STRS increase the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate. For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.

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**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED June 30, 2020**

| <b>FEDERAL GRANTOR<br/>Pass Through Grantor<br/>Program Title</b> | <b>Federal<br/>CFDA<br/>Number</b> | <b>Expenditures</b>               |
|---|------------------------------------|-----------------------------------|
| <b>U.S. DEPARTMENT OF AGRICULTURE</b>                             |                                    |                                   |
| <b><i>Passed Through Ohio Department of Education</i></b>         |                                    |                                   |
| Child Nutrition Cluster   |                                    |                                   |
| Non-Cash Assistant School Lunch (Food Distribution)               |                                    |                                   |
| School Breakfast Program  | 10.553                             | \$ 9,470                          |
| National School Lunch Program                                     | 10.555                             | 34,023                            |
| Cash Assistance   |                                    |                                   |
| COVID-19 School Breakfast Program                                 | 10.553                             | 13,213                            |
| COVID-19 School Lunch Program                                     | 10.555                             | 28,639                            |
| School Breakfast Program  | 10.553                             | 17,982                            |
| National School Lunch Program                                     | 10.555                             | 83,434                            |
| Total Nutrition Cluster   |                                    | <u>\$ 186,761</u>                 |
| <b>Total U.S. Department of Agriculture</b>                       |                                    | <u><b>\$ 186,761</b></u>          |
| <b>U.S. DEPARTMENT OF EDUCATION</b>                               |                                    |                                   |
| <b><i>Passed Through Ohio Department of Education</i></b>         |                                    |                                   |
| Special Education Cluster   |                                    |                                   |
| Special Education - Grants to States                              | 84.027                             | \$ 657,945                        |
| Special Education - Preschool Grants                              | 84.173                             | 11,842                            |
| Total Special Education Cluster                                   |                                    | <u>669,787</u>                    |
| Title I Grants to Local Educational Agencies                      | 84.010                             | 201,690                           |
| Supporting Effective Instruction State Grants                     | 84.367                             | 41,354                            |
| English Language Acquisition State Grants                         | 84.365                             | 3,404                             |
| Title IV - Student Support and Academic Enrichment Program        | 84.424                             | <u>25,636</u>                     |
| <b>Total U.S. Department of Education</b>                         |                                    | <u><b>\$ 941,871</b></u>          |
| <b>Total</b>  |                                    | <u><u><b>\$ 1,128,632</b></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, 2020**

**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) under programs of the federal government for the year ended June 30, 2020. 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, changes in net position, or cash flows 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 Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE D - 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 E – 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.





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CentralRegion@ohioauditor.gov

**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, (the District) as of and for the year ended June 30, 2020, 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 2, 2021, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We further noted the financial impact of COVID-19 and the continuing emergency measures that may impact subsequent periods of the District.

***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

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

Blank Signature

Signature name  
Signature Title  
Columbus, Ohio

March 2, 2021



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**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 (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, 2020. 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 program.

***Auditor's Responsibility***

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and 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, 2020.

### ***Report on Internal Control Over Compliance***

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with 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.

*Blank Signature*  
Signature name  
Signature Title  
Columbus, Ohio

March 2, 2021

**BEXLEY CITY SCHOOL DISTRICT  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2020**

**1. SUMMARY OF AUDITOR'S RESULTS**

|                     |   |  |
|---------------------|---|--|
| <b>(d)(1)(i)</b>    | <b>Type of Financial Statement Opinion</b>  | Unmodified                                 |
| <b>(d)(1)(ii)</b>   | <b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>      | No   |
| <b>(d)(1)(ii)</b>   | <b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b> | No   |
| <b>(d)(1)(iii)</b>  | <b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>                        | No   |
| <b>(d)(1)(iv)</b>   | <b>Were there any material weaknesses in internal control reported for major federal programs?</b>                    | No   |
| <b>(d)(1)(iv)</b>   | <b>Were there any significant deficiencies in internal control reported for major federal programs?</b>               | No   |
| <b>(d)(1)(v)</b>    | <b>Type of Major Programs' Compliance Opinion</b>   | Unmodified                                 |
| <b>(d)(1)(vi)</b>   | <b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>  | No   |
| <b>(d)(1)(vii)</b>  | <b>Major Programs (list):</b>   | Special Education Cluster                  |
| <b>(d)(1)(viii)</b> | <b>Dollar Threshold: Type A/B Programs</b>  | Type A: > \$ 750,000<br>Type B: all others |
| <b>(d)(1)(ix)</b>   | <b>Low Risk Auditee under 2 CFR § 200.520?</b>  | No   |

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None