

REYNOLDSBURG CITY  
SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO

*GENERAL PURPOSE FINANCIAL STATEMENTS  
(AUDITED)  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 1999*

TRIMBLE, JULIAN & GRUBE, INC.

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REYNOLDSBURG CITY  
SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO

*GENERAL PURPOSE FINANCIAL STATEMENTS  
(AUDITED)  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 1999*

**MITCHELL BIEDERMAN, TREASURER**

REYNOLDSBURG CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO

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OFFICE OF THE AUDITOR

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Board of Education  
Reynoldsburg City School District  
Reynoldsburg, Ohio

We have reviewed the Independent Auditor's Report of the Reynoldsburg City School District, Franklin County, prepared by Trimble, Julian & Grube, Inc., for the audit period July 1, 1998 to June 30, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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



JIM PETRO  
Auditor of State

January 6, 2000

# TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

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## Independent Auditor's Report

Board of Education  
Reynoldsburg City School District  
6549 E. Livingston Avenue  
Reynoldsburg, Ohio 43068-3585

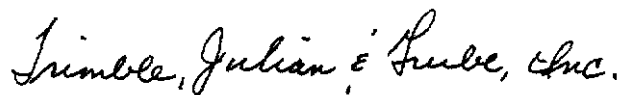
We have audited the accompanying general purpose financial statements of the Reynoldsburg City School District, Franklin County (the "District") as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Reynoldsburg City School District, Franklin County, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 1999 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 grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the District, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.



Trimble, Julian & Grube, Inc.  
December 9, 1999

REYNOLDSBURG CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO  
COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 1999

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types		Account Groups			Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General	Fixed Assets	Long-Term Obligations		
<b>ASSETS AND OTHER DEBITS</b>												
<b>ASSETS:</b>												
Equity in pooled cash and investments . . .	\$6,295,832	\$578,265	\$97,289	\$4,109,921	\$103,758	\$1,297,046	\$128,918					\$12,611,029
Cash in segregated accounts . . . . .	5,476											5,476
Receivables (net of allowances of uncollectibles):												
Taxes - current & delinquent . . . . .	15,751,238											15,751,238
Accounts . . . . .	14,275		140,438	62,677	594	23,830						38,699
Accrued interest . . . . .	79,984											79,984
Interfund loan receivable . . . . .	58,758											58,758
Due from other governments . . . . .		2,246										2,276
Prepayments . . . . .	23,584											23,584
Materials and supplies inventory . . . . .	74,668				1,938							76,606
Restricted assets:												
Equity in pooled cash and cash equivalents . . . . .	419,535											419,535
Property, plant and equipment (net of accumulated depreciation where applicable) . . . . .					261,581				\$43,707,566			43,969,147
<b>OTHER DEBITS:</b>												
Amount available in debt service fund . . .									\$139,687			139,687
Amount to be provided for retirement of general long-term obligations . . . . .										23,129,797		23,129,797
<b>Total assets and other debits . . . . .</b>	<b>\$22,723,350</b>	<b>\$580,511</b>	<b>\$237,727</b>	<b>\$4,172,598</b>	<b>\$367,901</b>	<b>\$1,320,876</b>	<b>\$128,918</b>	<b>\$43,707,566</b>	<b>\$23,269,484</b>	<b>\$23,129,797</b>	<b>\$96,508,931</b>	<b>\$96,508,931</b>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

REYNOLDSBURG CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO  
COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 1999

	Governmental Fund Types			Proprietary Fund Types			Fiduciary Fund Types		Account Groups			Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	Total		
										General	Memorandum Only	
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>												
<b>LIABILITIES:</b>												
Accounts payable	\$140,036	\$38,872		\$741,386								\$920,294
Accrued wages and benefits	3,795,297	107,049			\$104,794							4,007,140
Compensated absences payable	82,942	12,810		30,907					\$2,000,894			2,127,553
Pension obligation payable	448,926	16,816		48,937					177,008			691,707
Interfund loan payable		58,758										58,758
Deferred revenue	11,257,340		\$98,040	42,398	547							11,398,225
Due to other governments							\$13,393					13,393
Due to students							92,380					92,380
Claims payable								\$292,008				292,008
Energy conservation notes payable									1,085,000			1,085,000
General obligation bonds payable									19,791,520			19,791,520
Capital lease obligation payable									215,062			215,062
<b>Total liabilities</b>	<b>15,724,441</b>	<b>234,305</b>	<b>98,040</b>	<b>783,784</b>	<b>185,205</b>	<b>292,008</b>	<b>105,773</b>	<b>23,269,484</b>				<b>40,693,040</b>
<b>EQUITY AND OTHER CREDITS:</b>												
Investment in general fixed assets								\$43,707,566				43,707,566
Contributed capital					812,140							812,140
Retained earnings (accumulated deficit):					(629,444)	1,028,868						399,424
unreserved												
Fund balances:												
Reserved for encumbrances	494,171	110,211		5,100,289			2,000					5,706,671
Reserved for materials and supplies inventory	74,668											74,668
Reserved for prepayments	23,584											23,584
Reserved for debt service			97,789									97,789
Reserved for tax revenue unavailable for appropriation	3,321,521		41,898	19,968								3,383,387
Reserved for budget stabilization	419,535											419,535
Designated for budget stabilization	923,080											923,080
Unreserved-undesignated (deficit)	1,742,350	235,995		(1,731,443)			21,145					268,047
<b>Total equity and other credits</b>	<b>6,998,909</b>	<b>346,206</b>	<b>139,687</b>	<b>3,388,814</b>	<b>182,696</b>	<b>1,028,868</b>	<b>23,145</b>	<b>43,707,566</b>				<b>55,815,891</b>
<b>Total liabilities, equity and other credits</b>	<b>\$22,723,350</b>	<b>\$580,511</b>	<b>\$237,727</b>	<b>\$4,172,598</b>	<b>\$367,901</b>	<b>\$1,320,876</b>	<b>\$128,918</b>	<b>\$43,707,566</b>	<b>\$23,269,484</b>			<b>\$96,508,931</b>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**REYNOLDSBURG CITY SCHOOL DISTRICT**  
**FRANKLIN COUNTY, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND**  
**FOR THE YEAR ENDED JUNE 30, 1999**

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Revenues:</b>						
<b>From local sources:</b>						
Taxes . . . . .	\$19,167,950		\$1,334,350	\$742,390		\$21,244,690
Tuition . . . . .	6,718					6,718
Earnings on investments . . . . .	577,146	\$4,609		25,367	\$1,000	608,122
Extracurricular . . . . .		242,198				242,198
Other local revenues . . . . .	230,306	201,873			3,774	435,953
Other revenue . . . . .		75,000				75,000
Intergovernmental - State . . . . .	15,087,717	576,349	169,691	4,716,407		20,550,164
Intergovernmental - Federal . . . . .		1,028,974				1,028,974
<b>Total revenues . . . . .</b>	<b>35,069,837</b>	<b>2,129,003</b>	<b>1,504,041</b>	<b>5,484,164</b>	<b>4,774</b>	<b>44,191,819</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular . . . . .	17,608,241	150,812		382,587		18,141,640
Special . . . . .	2,034,950	455,073				2,490,023
Vocational . . . . .	255,580					255,580
<b>Support services:</b>						
Pupil . . . . .	1,702,260	171,593				1,873,853
Instructional staff . . . . .	482,396	198,588				680,984
Board of education . . . . .	24,763				2,000	26,763
Administration . . . . .	2,672,043	260,618			9,332	2,941,993
Fiscal . . . . .	657,892		18,303	3,262		679,457
Business . . . . .	10,034					10,034
Operations and maintenance . . . . .	2,905,871	4,868		10,584		2,921,323
Pupil transportation . . . . .	1,547,704	251		18,222		1,566,177
Central . . . . .	209,271	62,282				271,553
Community services . . . . .		14,018				14,018
Extracurricular activities . . . . .	396,761	284,577			1,000	682,338
Facilities acquisition and construction . . . . .	39	7,115		4,172,164		4,179,318
Intergovernmental pass-through . . . . .		256,273				256,273
<b>Debt service:</b>						
Principal retirement . . . . .	73,796		615,000			688,796
Interest and fiscal charges . . . . .	20,885		999,129			1,020,014
<b>Total expenditures . . . . .</b>	<b>30,602,486</b>	<b>1,866,068</b>	<b>1,632,432</b>	<b>4,586,819</b>	<b>12,332</b>	<b>38,700,137</b>
<b>Excess of revenues over expenditures . . . . .</b>	<b>4,467,351</b>	<b>262,935</b>	<b>(128,391)</b>	<b>897,345</b>	<b>(7,558)</b>	<b>5,491,682</b>
<b>Other financing sources:</b>						
Operating transfers in . . . . .		13,395				13,395
Operating transfers out . . . . .	(13,395)					(13,395)
Proceeds from sale of notes . . . . .				655,000		655,000
<b>Total other financing sources . . . . .</b>	<b>(13,395)</b>	<b>13,395</b>		<b>655,000</b>		<b>655,000</b>
<b>Excess of revenues and other financing sources over expenditures and other financing uses . . . . .</b>	<b>4,453,956</b>	<b>276,330</b>	<b>(128,391)</b>	<b>1,552,345</b>	<b>(7,558)</b>	<b>6,146,682</b>
Fund balances, July 1, 1998 . . . . .	2,542,526	69,876	268,078	1,836,469	30,703	4,747,652
Increase in reserve for inventory . . . . .	2,427					2,427
<b>Fund balances, June 30, 1999 . . . . .</b>	<b>\$6,998,909</b>	<b>\$346,206</b>	<b>\$139,687</b>	<b>\$3,388,814</b>	<b>\$23,145</b>	<b>\$10,896,761</b>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



**REYNOLDSBURG CITY SCHOOL DISTRICT**  
 FRANKLIN COUNTY, OHIO  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE YEAR ENDED JUNE 30, 1999

	General				Special Revenue				Debt Service				Capital Projects				Total (Microsum only)			
	Revised Budget	Actual	Variance: Favorable (Unfavorable)		Revised Budget	Actual	Variance: Favorable (Unfavorable)		Budget Revised	Actual	Variance: Favorable (Unfavorable)		Budget Revised	Actual	Variance: Favorable (Unfavorable)		Budget Revised	Actual	Variance: Favorable (Unfavorable)	
<b>Revenues:</b>																				
From local sources:																				
Taxes:	\$16,046,538	\$16,602,347	\$615,809						\$1,396,634	\$1,396,634	\$0		\$1,041,727	\$773,660	(\$268,067)		\$18,474,979	\$18,822,641	\$347,712	
Tuition:	6,170	6,718	248										34,137	35,367	(\$1,230)		6,470	6,718	248	
Earnings on investments:	591,749	614,458	22,709		55,466	55,468	\$22						134,685	100,000	(\$34,685)		631,352	645,293	13,941	
Other local revenues:	50,973	52,929	1,956		323,336	323,612	276											507,962	476,541	(\$31,421)
Other revenue:					69,724	70,000	276											69,724	70,000	276
Intergovernmental - State:	14,532,926	15,090,617	557,691		412,709	414,342	1,633		169,691	169,691	0						21,506,286	20,200,891	(1,085,395)	
Intergovernmental - Federal:					942,256	946,256	3,730											942,256	946,256	3,730
Total revenues:	31,228,656	32,427,069	1,198,413		1,752,741	1,759,678	6,937		1,556,325	1,556,325	0		7,601,527	5,645,268	(1,956,259)		42,139,249	41,388,340	(750,909)	
<b>Expenditures:</b>																				
Current:																				
Instruction:																				
Regular:	17,035,197	17,022,687	12,510		166,934	152,386	11,548						411,830	396,796	15,032		17,613,981	17,574,871	39,110	
Special:	2,002,590	1,992,939	9,411		514,830	428,216	86,614										2,517,180	2,421,155	96,025	
Vocational:	291,341	283,304	7,937														291,341	283,304	7,937	
Support services:																				
Pupil:	1,672,397	1,647,983	24,414		176,645	171,335	5,310										1,849,042	1,819,318	29,724	
Instructional staff:	489,377	467,211	22,166		240,915	208,588	32,327										730,292	675,789	54,493	
Board of Education:	43,901	37,284	6,617		7,000	7,000	0										45,901	39,284	6,617	
Administration:	2,690,222	2,651,380	38,842		425,629	316,094	109,535										3,115,851	2,967,474	148,377	
Fiscal:	694,782	638,347	56,435						18,303	18,303	0						723,417	666,934	56,483	
Business:	150,382	135,873	14,409														150,282	135,873	14,409	
Operations and maintenance:	3,035,395	2,948,964	86,411		10,500	9,377	1,123										3,273,778	3,050,944	222,834	
Capital transportation:	1,694,190	1,613,360	80,830		1,300	250	1,050										1,695,690	1,413,610	282,080	
Central:	360,117	239,285	120,832		93,441	70,073	23,368										455,558	309,358	146,200	
Community services:																				
Extracurricular activities:	381,773	368,104	13,669		11,329	7,921	3,408										11,329	7,921	3,408	
Facilities services:																				
Intergovernmental pass-through:	200,000	0	200,000		411,955	291,927	119,128										792,828	660,051	132,777	
Debt service:																				
Principal retirement:																				
Interest and fiscal charges:																				
Total expenditures:	30,741,624	30,046,741	694,883		2,342,690	1,929,620	413,070		1,645,089	1,645,089	0		10,095,379	9,721,761	373,618		44,834,782	43,143,211	1,481,571	
Excess of revenues over (under) expenditures:	487,032	2,380,328	1,893,296		(589,949)	(169,942)	420,007		(88,764)	(88,764)	0		(2,493,852)	(4,076,493)	(1,582,641)		(2,685,533)	(1,954,871)	730,662	
Other financing sources (uses):																				
Refund of prior year's expenditures:	52,355	54,331	1,976																	
Refund of prior year's receipts:	(2,000)	0	2,000																	
Operating transfers in:	1,121,386	1,164,421	43,035		13,342	13,395	53													
Operating transfers (out):	(1,184,434)	(1,184,434)	0																	
Advances in:	66,846	69,411	2,565		58,236	58,758	232													
Advances (out):	(50,000)	(48,777)	(8,771)		(62,940)	(60,940)	0													
Proceeds from sale of notes:																				
Total other financing sources (uses):	4,151	44,958	40,807		8,928	9,213	285		881,978	881,978	0		655,000	655,000	0		898,281	711,565	(186,716)	
Excess of revenues and other sources over (under) expenditures and other financing (uses):	491,183	2,425,286	1,934,103		(581,021)	(160,729)	420,292		(88,764)	(88,764)	0		(1,608,850)	(3,419,099)	(1,810,449)		(1,787,252)	(1,243,306)	543,946	
Paid balances, July 1:	3,041,610	3,041,610	0		498,956	498,956	0		969,980	969,980	0		4,696,599	4,696,599	0		4,696,599	4,696,599	0	
Prior year encumbrances appropriated:	569,679	569,679	0		95,782	95,782	0		717,364	717,364	0		1,382,825	1,382,825	0		1,382,825	1,382,825	0	
Fund balances, June 30:	\$4,102,472	\$4,036,575	\$1,934,103		\$13,717	\$434,009	\$420,292		\$78,694	\$78,694	\$0		\$4,293,172	\$4,856,118	\$482,946		\$4,293,172	\$4,856,118	\$562,946	

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**REYNOLDSBURG CITY SCHOOL DISTRICT**  
**FRANKLIN COUNTY, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN RETAINED EARNINGS (ACCUMULATED DEFICIT) -**  
**ALL PROPRIETARY FUND TYPES**  
**FOR THE YEAR ENDED JUNE 30, 1999**

	<u>Proprietary Fund Types</u>		Total (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	
Operating revenues:			
Tuition and fees . . . . .	\$8,594		\$8,594
Sales/charges for services . . . . .	862,971	\$1,953,265	2,816,236
Other operating revenues . . . . .		253	253
	<u>871,565</u>	<u>1,953,518</u>	<u>2,825,083</u>
Total operating revenues. . . . .			
Operating expenses:			
Personal services . . . . .	704,156	389,875	1,094,031
Purchased services . . . . .	2,954	20,241	23,195
Materials and supplies. . . . .	500,906		500,906
Depreciation. . . . .	20,280		20,280
Claims expense . . . . .		1,842,852	1,842,852
Other operating expenses . . . . .	1,440		1,440
	<u>1,229,736</u>	<u>2,252,968</u>	<u>3,482,704</u>
Total operating expenses. . . . .			
Operating loss. . . . .	<u>(358,171)</u>	<u>(299,450)</u>	<u>(657,621)</u>
Nonoperating revenues:			
Operating grants . . . . .	171,343		171,343
Federal commodities. . . . .	12,140		12,140
Interest revenue . . . . .	1,866		1,866
Other nonoperating revenue . . . . .		21,790	21,790
	<u>185,349</u>	<u>21,790</u>	<u>207,139</u>
Total nonoperating revenues . . . . .			
Net loss . . . . .	<u>(172,822)</u>	<u>(277,660)</u>	<u>(450,482)</u>
Retained earnings (accumulated deficit), July 1, 1998 . . . . .	<u>(456,622)</u>	<u>1,306,528</u>	<u>849,906</u>
Retained earnings (accumulated deficit), June 30, 1999 . . . . .	<u>(\$629,444)</u>	<u>\$1,028,868</u>	<u>\$399,424</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**REYNOLDSBURG CITY SCHOOL DISTRICT**  
**FRANKLIN COUNTY, OHIO**  
**COMBINED STATEMENT OF CASH FLOWS**  
**ALL PROPRIETARY FUND TYPES**  
**FOR THE YEAR ENDED JUNE 30, 1999**

	<u>Proprietary Fund Types</u>		Total (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	
Cash flows from operating activities:			
Cash received from tuition and fees . . . . .	\$8,594		\$8,594
Cash received from sales/service charges . . . . .	863,006	\$1,929,165	2,792,171
Cash payments for personal services . . . . .	(573,086)	(389,875)	(962,961)
Cash payments for purchased services . . . . .	(2,954)	(20,241)	(23,195)
Cash payments for materials and supplies . . . . .	(487,224)		(487,224)
Cash payments for claims . . . . .		(1,830,417)	(1,830,417)
Cash payments for other expenses . . . . .	(1,440)		(1,440)
Net cash used in operating activities . . . . .	<u>(193,104)</u>	<u>(311,368)</u>	<u>(504,472)</u>
Cash flows from noncapital financing activities:			
Cash received from operating grants . . . . .	171,313		171,313
Cash received from nonoperating activities . . . . .		21,790	21,790
Net cash provided by noncapital financing activities . . . . .	<u>171,313</u>	<u>21,790</u>	<u>193,103</u>
Cash flows from investing activities:			
Interest received . . . . .	2,216		2,216
Net cash provided by investing activities . . . . .	<u>2,216</u>		<u>2,216</u>
Net decrease in cash and cash equivalents . . . . .	(19,575)	(289,578)	(309,153)
Cash and cash equivalents at beginning of year . . . . .	123,333	1,586,624	1,709,957
Cash and cash equivalents at end of year . . . . .	<u>\$103,758</u>	<u>\$1,297,046</u>	<u>\$1,400,804</u>
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss . . . . .	(\$358,171)	(\$299,450)	(\$657,621)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation . . . . .	20,280		20,280
Federal donated commodities . . . . .	12,140		12,140
Changes in assets and liabilities:			
Decrease (increase) in accounts receivable . . . . .	35	(23,787)	(23,752)
Decrease in materials and supplies inventory . . . . .	2,491		2,491
Decrease in accounts payable . . . . .	(739)	(37)	(776)
Increase in accrued wages and benefits . . . . .	51,206		51,206
Increase in compensated absences payable . . . . .	30,907		30,907
Increase in pension obligation payable . . . . .	48,957		48,957
Increase in claims payable . . . . .		12,472	12,472
Decrease in deferred revenue . . . . .	(210)	(566)	(776)
Net cash used in operating activities . . . . .	<u>(\$193,104)</u>	<u>(\$311,368)</u>	<u>(\$504,472)</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999**

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

The Reynoldsburg City School District ("District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a city school district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District.

The District ranks as the 61st largest by enrollment among the 612 districts in the State. The District employs 154 non-certified and 345 certified employees to provide services to approximately 5,650 students and community groups. The District provides regular, vocational and special instruction. The District also provides support services for the pupils, instructional staff, general and school administration, business and fiscal services, facilities acquisitions and construction services, operation and maintenance of plant, student transportation, food services, extracurricular activities and non-programmed services.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The general purpose financial statements (GPFS) of the District have been prepared in conformity with generally accepted accounting principles (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 also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

**A. Reporting Entity**

The District's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity". When applying GASB Statement No. 14, management has considered all potential component units. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999**

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

Board's ability to exercise significant oversight responsibility. The most significant manifestation of this ability is financial interdependence. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of the governing authority, the designation of management, the ability to significantly influence operations, and the accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, the District has no component units. The following organizations are described due to their relationship with the District:

*JOINTLY GOVERNED ORGANIZATION*

Metropolitan Education Council (MEC) - Is a not for profit educational council whose primary purpose and objective is to contribute to the educational services available to school districts in Franklin County and surrounding areas by cooperative action membership. The governing board consists of a representative from each of the Franklin County districts. Districts outside of Franklin County are associate members and each county selects a single district to represent them on the governing board. MEC is its own fiscal agent.

*PUBLIC ENTITY RISK POOL*

Ohio School Boards Association Workers' Compensation Group Rating Plan - The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the Plan) was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

REYNOLDSBURG CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

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

The Plan's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

**B. Fund Accounting**

The District uses funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

*GOVERNMENTAL FUNDS*

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the District's governmental fund types:

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

Special Revenue Funds - The special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

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

REYNOLDSBURG CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

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

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

*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 where the determination of net income is necessary or useful to sound financial administration. The following are the District's proprietary fund types:

Enterprise Funds - The enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Funds - The internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the district, or to other governments, on a cost-reimbursement basis.

*FIDUCIARY FUNDS*

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include expendable trust funds and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds are presented on a budget basis, with note disclosure, regarding items which, in other fund types, would be subject to accrual. See Note 3. C. for an analysis of agency fund accruals which, if in other fund types, would be recognized on the combined balance sheet.

REYNOLDSBURG CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

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

*ACCOUNT GROUPS*

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of general nature, the following account groups are used:

General Fixed Assets Account Group - This group of accounts is established to account for all fixed assets of the District, other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group - This group of accounts is established to account for all long-term obligations of the District except those accounted for in the proprietary funds.

**C. Measurement Focus/Basis of Accounting**

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

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



REYNOLDSBURG CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

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

The modified accrual basis of accounting is followed for governmental funds and the expendable trust fund. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year end. Revenues accrued at the end of the year include interest, grants, and accounts (student fees and rent). Current property taxes measurable as of June 30, 1999, and which are intended to finance fiscal 2000 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) are recognized as revenue. In proprietary funds, unused donated commodities are reported as deferred revenue.

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

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exceptions: general long-term obligation principal and interest are reported only when due; and the costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense and a like amount is reported as donated commodities revenue.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

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

**D. Budgets**

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable is as follows.

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Franklin County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 1999.
4. By July 1, the Annual Appropriation Resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.

REYNOLDSBURG CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

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

5. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education throughout the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the permanent appropriation amounts plus all supplemental appropriations legally enacted during the year.
8. At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

Encumbrance accounting is utilized with District funds in the normal course of operations for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For governmental fund types, encumbrances outstanding at year end, not recognized as accounts payable, appear as a reserve to the fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 18 provides a reconciliation of the budgetary and GAAP basis of accounting. Encumbrances for enterprise funds are disclosed in Note 15 to the GPFS.

**E. Cash and Investments**

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary 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 combined balance sheet.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999**

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

During fiscal year 1999, investments were limited to federal agency securities and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at fair value which is based on quoted market prices.

The District has invested funds in STAR Ohio during fiscal year 1999. STAR 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 does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 1999.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenues credited to the general fund during fiscal year 1999 amounted to \$577,146, which includes \$275,413 assigned from other District funds.

The District has segregated bank accounts for petty cash monies held separate from the District's central bank account. These interest bearing depository accounts are presented on the combined balance sheet as "cash in segregated accounts" since they are not required to be deposited into the District's treasury.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, 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 Treasurer's investments at year end is provided in Note 4.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

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

**F. Inventory**

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventories are determined by physical count. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of the governmental fund type inventories are recorded as expenditures when purchased (purchase method) rather than when consumed. Reported inventories in these funds are equally offset by a fund balance reserve which indicates they are unavailable for appropriation. Inventories of proprietary funds consist of donated food, purchased food, and general supplies, and are expensed when used.

**G. Fixed Assets and Depreciation**

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the general fixed assets account group. Donated fixed assets are recorded at their fair market value as of the date donated. The District has a policy of not capitalizing assets with a cost of less than \$500. No depreciation is recognized for assets in the general fixed assets account group. The District has not included infrastructure in the general fixed assets account group. Interest on debt issued to construct general fixed assets is not capitalized in the account group. Upon approval by the Board of Education, fixed assets that are no longer in service are retired. A retired general fixed asset is deleted from the property, plant, and equipment balance in the general fixed asset account group at its original cost.

REYNOLDSBURG CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

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

2. Proprietary Funds

Equipment reflected in these funds are stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. The costs of normal maintenance and repairs, that do not add to the value of the asset or materially extend asset lives, are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Depreciation has been provided, where appropriate, on a straight-line basis over an estimated useful life of 8 - 20 years. Upon approval by the Board of Education, fixed assets that are no longer in service are retired. A retired fixed asset that was utilized in a proprietary fund is deleted from the property, plant, and equipment balance in its respective fund at its net depreciated value. Gains or losses on disposal would only be recognized on fixed assets utilized in proprietary funds.

**H. Intergovernmental Revenues**

In governmental funds, entitlements and non-reimbursable grants (to the extent such grants and entitlements relate to the current fiscal year) are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund, operations are recognized as non-operating revenue in the accounting period in which they are earned and become measurable. The District currently participates in various state and federal programs categorized as follows:

Entitlements

General Fund

State Foundation Program  
School Bus Funding Program

REYNOLDSBURG CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

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

Non-Reimbursable Grants

Special Revenue Funds

Title VI-B  
EHA Preschool Grant for the Handicapped  
Educational Management Information System  
Local Professional Development  
Auxiliary Services  
Eisenhower Grant  
Title I  
Title VI  
Pathwise Grant  
Data Communication Grant  
Textbook/Instructional Materials  
Telecommunications Grant  
WOW Grant  
Transforming Learning Communities

Capital Projects Funds

Technology Equity  
Classroom Facilities

Reimbursable Grants

General Fund

Driver Education Reimbursement  
School Bus Reimbursement

Enterprise Funds

National School Lunch Program  
Federal Donated Commodities

Grants and entitlements amounted to approximately 46% of the District's operating revenue during the 1999 fiscal year.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999**

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

**I. Interfund Transactions**

During the course of normal operations, the District has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund. Quasi-external transactions are accounted for as revenues, expenditures or expenses.
3. Short-term interfund loans and accrued interfund reimbursements and accrued operating transfers are reflected as "interfund loans receivable or payable". The District had short-term interfund loans receivable and payable at June 30, 1999.
4. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources. The District had no long-term advances receivable or payable at June 30, 1999.

An analysis of interfund transactions is presented in Note 5.

**J. Compensated Absences**

Compensated absences of the District consist of vacation leave and severance liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.



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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees with at least ten years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and severance payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

Accumulated vacation and severance liability of governmental fund type employees meeting the above requirements have been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the general long-term obligation account group. Vacation and severance liability for employees meeting the above requirements who are paid from proprietary funds is recorded as an expense when earned.

**K. Prepayments**

Prepayments for governmental funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefitting from the advance payment. At period end, since prepayments are not available to finance future governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999**

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

**L. Long-Term Obligations**

Long-term debt is recognized as a liability of a government fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term obligation account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

**M. Fund Balance Reserves/Designations**

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Designated fund balance indicates that portion of fund equity for which management has an intended use of the resources. Designated fund balance is not legally restricted by State statute. Fund balances are reserved for encumbrances, budget stabilization, debt service, materials and supplies inventory, prepayments and tax revenue unavailable for appropriation. Fund balance is designated for budget stabilization to the extent that monies have been set-aside above the legal requirement (See Note 20). The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds.

**N. Parochial Schools**

St. Pius School operates within the District's boundaries. Current state legislation provides funding to this parochial school. These monies are received and disbursed on behalf of the parochial school by the Treasurer of the District, as directed by the parochial school. The fiduciary responsibility of the District for these monies is reflected in a special revenue fund for financial reporting purposes.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999**

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

**O. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by the State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. A fund balance reserve has also been established. See Note 20 for detail of statutory reserves.

**P. Estimates**

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

**Q. Contributed Capital**

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end.

Because the District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1992, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings. See Note 10 for a reconciliation of contributed capital at June 30, 1999.

**R. Memorandum Only - Total Columns**

Total columns on the GPFS are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Deficit Fund Balances/Retained Earnings**

Fund balances/retained earnings at June 30, 1999 included the following individual fund deficits:

	<u>Deficit Fund Balance</u>
<u>Special Revenue Funds</u>	
Data Communication Grant	\$ (168)
Textbook/Instructional Materials	(427)
Title VI-B	(22,608)
Title VI	(95,130)
EHA Preschool Grants for the Handicapped	(237)
 <u>Enterprise Funds</u>	
Food Service	(623,033)
Summer School	(6,411)

These funds compiled with Ohio state law, which does not permit a cash basis deficit at year end.

The deficit fund balance in the Data Communication Grant special revenue fund is caused by the reporting of an "advance in" as a liability rather than as an "other financing source". This deficit will be eliminated as resources are provided for the repayment of the loan.

The deficit fund balance in the Textbook/Instructional Material Subsidy special revenue fund is caused by accruing accounts payable at June 30. This deficit will be eliminated by intergovernmental revenues and other resources not recognized at June 30.

The deficit fund balances in the Title VI-B and EHA Preschool Grants for the Handicapped special revenue funds are caused by accruing wage and benefit obligations in accordance with GAAP. These deficits will be eliminated by intergovernmental revenues and other resources not recognized at June 30.

**REYNOLDSBURG CITY SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

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

The deficit fund balance in the Title VI special revenue fund is caused by accruing wage and benefit obligations in accordance with GAAP and by reporting an "advance in" as a liability rather than as a "other financing source". This deficit will be eliminated by intergovernmental revenues and other resources not recognized at June 30.

The deficit retained earnings in the Food Service and Summer School enterprise funds is due to accruing wage, benefit and retirement obligations in accordance with GAAP. These deficits will be funded by user charges and other subsidies not recognized at June 30.

**B. Accountability and Compliance**

In accordance with the Ohio Revised Code Section 5705.41 the following funds had expenditures plus encumbrances in excess of appropriations for the fiscal year ended June, 30 1999:

<u>Fund Type/ Fund</u>	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Excess</u>
<u>Special Revenue Funds</u>			
Professional Development	\$ 4,206	\$ 5,749	\$1,543
EMIS	9,333	9,458	125
Performance Incentive Grant	8,000	9,045	1,045
Title I	10,079	10,326	247
<u>Capital Projects Fund</u>			
School Net	29,706	29,721	15
Emergency School Repair	318,023	326,034	8011

**C. Agency Funds**

The following are accruals for the agency funds, which, if in another fund type, would be recognized on the combined balance sheet:

<u>LIABILITIES</u>	
Accounts payable	\$1,785

**REYNOLDSBURG CITY SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999**

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS**

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

Active deposits are public deposits necessary to meet certain 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 the Board of Education has identified as not required for use within the current two 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 certificates of deposit maturing not more than one year from the date of deposit or by savings accounts, including passbook accounts.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public money deposited with the institution.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, Notes, Debentures, or any other obligations or securities 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, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

**REYNOLDSBURG CITY SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

3. Written repurchase agreements in the securities listed above provided that the market 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;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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. 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

*Deposits:* At year end, the carrying amount of the District's deposits was \$(136,132) and the bank balance was \$531,222. These amounts include \$5,476 held in segregated accounts.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999**

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

The District did not record a liability due to the "zero balance" nature of the account. Of the bank balance:

1. \$100,000 was covered by federal depository insurance; and
2. \$431,222 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

*Investments:* Investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or securities held by the District. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department, but not in the District's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category <u>2</u>	Reported Amount	Fair Value
Federal Agency Securities	<u>\$9,903,958</u>	\$ 9,903,958	\$ 9,903,958
Investment in State			
Treasurer's Investment Pool		<u>3,268,214</u>	<u>3,268,214</u>
Total Investments		<u>\$13,172,172</u>	<u>\$13,172,172</u>

The federal agency securities have maturities ranging from July, 1999 to November, 2000.

The classification of cash and cash equivalents, and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting".

A reconciliation between the classifications of cash and cash equivalents and investments on the combined balance sheet and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:



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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
Per GASB Statement No. 9	\$ 13,036,040	\$ ---
Investments of the Cash		
Management Pool:		
Federal Agency Securities	(9,903,958)	9,903,958
State Treasurer's Investment Pool	<u>(3,268,214)</u>	<u>3,268,214</u>
GASB Statement No. 3	<u>\$ (136,132)</u>	<u>\$13,172,172</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

- A. Interfund balances at June 30, 1999, consist of the following individual interfund loans receivable and payable:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 58,758	\$ ---
<u>Special Revenue Funds</u>		
Other Grant	---	1,562
Data Communication Grant	---	168
Title VI	<u>---</u>	<u>57,028</u>
Total	<u>\$ 58,758</u>	<u>\$ 58,758</u>

- B. The following is a summarized breakdown of the District's operating transfers for fiscal year 1999:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ ---	\$ 13,395
<u>Special Revenue Fund</u>		
Justice Grant	<u>13,395</u>	<u>---</u>
Total	<u>\$ 13,395</u>	<u>\$ 13,395</u>

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District.

Real property taxes and public utility taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 1999.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value except for the personal property of rural electric companies which is assessed 50% of market and railroads which are assessed at 29%.

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value.

The assessed value upon which the 1998 taxes were collected was \$474,937,156. Agricultural/residential real estate represented \$341,289,780 or 71.86% of this total; Commercial & industrial real estate represented \$97,477,730 or 20.53% of this total; public utility tangible represented \$22,525,210 or 4.74% of this total and general tangible property \$13,644,436 or 2.87% of this total. The voted general tax rate for operations at the fiscal year ended June 30, 1999 was \$49.90 per \$1,000.00 of assessed valuation, \$3.20 per \$1,000.00 of assessed valuation for debt service and \$2.00 per \$1,000.00 of assessed valuation for permanent improvement.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20.

The Franklin, Licking and Fairfield County Treasurers collect property tax on behalf of the District. The Franklin, Licking and Fairfield County Auditors periodically remit to the District its portion of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999**

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

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue. A total of \$3,383,387 was available to the District as an advance at June 30 and is recognized as revenue.

Taxes available for advance and recognized as revenue but not received by the district prior to June 30, 1999, are reflected as a reservation of fund balance for future appropriations. The District is prohibited, by law, from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end.

**NOTE 7 - INCOME TAX**

The District levies a voted tax of ½ percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1990 and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund.

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 1999 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, interfund loans and intergovernmental grants and entitlements that are due from other governments (to the extent such grants and entitlements relate to the current fiscal year). Intergovernmental receivables have been reported as "due from other governments" on the combined balance sheet. 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. A summary of the principal items of receivables follows:

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999**

**NOTE 8 - RECEIVABLES - (Continued)**

	<u>Amounts</u>
<u>General Fund</u>	
Taxes - current and delinquent	\$15,751,238
Accounts	14,275
Accrued interest	79,984
Interfund loan	58,758
 <u>Special Revenue Funds</u>	
Due from other governments	2,246
 <u>Debt Service Fund</u>	
Taxes - current and delinquent	140,438
 <u>Capital Project Funds</u>	
Taxes - current and delinquent	62,677
 <u>Internal Service Funds</u>	
Accounts	23,830

**NOTE 9 - FIXED ASSETS**

**A. General Fixed Assets**

A summary of the changes in the general fixed asset account group during the fiscal year follows:

	<u>Balance</u> <u>July 1, 1998</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 1999</u>
Land/				
Improvements	\$ 2,358,295	\$ 557,636	\$ ---	\$ 2,915,931
Buildings	29,529,775	1,200,568	---	30,730,343
Furniture/				
Equipment	5,613,199	836,615	(29,945)	6,419,869
Vehicles	1,422,894	411,615	---	1,834,509
Construction				
In Progress	<u>0</u>	<u>1,806,914</u>	<u>---</u>	<u>1,806,914</u>
Total	<u>\$38,924,163</u>	<u>\$4,813,348</u>	<u>\$(29,945)</u>	<u>\$43,707,566</u>

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

**NOTE 9 - FIXED ASSETS - (Continued)**

The construction in progress represents costs incurred and paid by June 30, 1999 for building projects within the District. The projects include renovations and additions to the high school and junior high school. The building projects are scheduled to be completed in January, 2000, and have an estimated cost of \$8,000,000.

**B. Proprietary Fixed Assets**

A summary of enterprise fund fixed assets at June 30, 1999 follows:

Furniture and equipment	\$ 812,140
Less: accumulated depreciation	<u>(550,559)</u>
Net fixed assets	<u>\$ 261,581</u>

**NOTE 10 - CONTRIBUTED CAPITAL**

The following is a reconciliation of the contributed capital for the Food Service enterprise fund:

Contributed capital at July 1, 1998	\$812,140
Current contributions	<u>    -</u>
Contributed capital at June 30, 1999	<u>\$812,140</u>

**NOTE 11 - LONG-TERM OBLIGATIONS**

A. All general obligations bonds and notes outstanding, issued to provide funds for the acquisition, construction and renovation of District facilities are general obligations of the District for which full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the general long-term obligation account group. Payments of principal and interest relating to these liabilities are recorded as expenditures in the debt service fund.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999**

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

The following is a description of the District's long-term obligations outstanding as of June 30, 1999:

	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Outstanding July 1, 1998</u>	<u>Issued In 1999</u>	<u>Retired In 1999</u>	<u>Outstanding June 30, 1999</u>
School Improvement Bonds	6.6158%	2/15/92	12/01/17	\$20,311,520	\$ ---	\$(520,000)	\$19,791,520
Energy Conservation Note	5.2593%	12/01/92	12/01/02	525,000	---	(95,000)	430,000
Energy Conservation Note	5.05%	12/02/98	12/01/13	---	<u>655,000</u>	---	<u>655,000</u>
<b>Total</b>				<u>\$20,836,520</u>	<u>\$655,000</u>	<u>\$(615,000)</u>	<u>\$20,876,520</u>

B. The following is a description of the District's future annual requirements to amortize the debt outstanding:

<u>Fiscal Year</u>	<u>Principal on G.O. Bonds/ Energy Conservation Notes</u>	<u>Interest on G.O. Bonds/ Energy Conservation Notes</u>	<u>Total</u>
2000	\$ 670,000	\$ 999,123	\$ 1,669,123
2001	1,105,000	959,978	2,064,978
2002	1,155,000	909,346	2,064,346
2003	1,205,000	827,839	2,032,839
2004	1,140,000	801,009	1,941,009
2005 - 2009	6,565,000	3,118,759	9,683,759
2010 - 2014	2,346,520	2,217,323	4,563,843
2015 - 2018	<u>6,690,000</u>	<u>752,918</u>	<u>7,442,918</u>
<b>Total</b>	<u>\$20,876,520</u>	<u>\$10,586,295</u>	<u>\$31,462,815</u>

C. During the year ended June 30, 1999, the following changes occurred in the liabilities reported in the general long-term obligations account group. Compensated absences are presented net of actual increases and decreases due to the practicality of determining these values. Compensated absences and the pension obligation will be paid from the fund in which the employee was paid.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999**

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

	<u>Balance at July 1, 1998</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at June 30, 1999</u>
Compensated absences	\$ 2,235,846	\$ ---	\$(234,952)	\$ 2,000,894
Pension obligation payable	---	177,008	---	177,008
General obligation bonds	20,311,520	---	(520,000)	19,791,520
Energy conservation notes	525,000	655,000	(95,000)	1,085,000
Capital lease obligation	<u>288,858</u>	<u>---</u>	<u>(73,796)</u>	<u>215,062</u>
Total	<u>\$23,361,224</u>	<u>\$832,008</u>	<u>\$(923,748)</u>	<u>\$23,269,484</u>

**D. 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 effects of these debt limitations at June 30, 1999 are a voted debt margin of \$23,092,511 (including available funds of \$139,687) and an unvoted debt margin of \$474,937.

**NOTE 12 - COMPENSATED ABSENCES**

The criteria for determining vested vacation and sick leave components are derived from board policy, board minutes, negotiated agreements and State laws. Only the administrators and twelve-month classified employees earn ten to twenty days of vacation per year, depending upon length of service. School support personnel accumulate vacation based on the following factors:

<u>Length of Service</u>	<u>Vacation Leave</u>
1 to 3 Years	10 Days
4 to 7 Years	12 Days
8 to 12 Years	15 Days
13 to 16 Years	17 Days
Over 17 Years	20 Days

Vacation Pay: Upon separation from employment a full-time employee shall be entitled to compensation at his/her current rate of pay for all lawfully accrued and unused vacation leave to his/her credit at the time of separation.

REYNOLDSBURG CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

**NOTE 12 - COMPENSATED ABSENCES - (Continued)**

Sick Leave: Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 244 days for certificated employees and 242 days for classified employees.

Service Retirement: Upon retirement, employees shall receive in one lump sum, a severance payment. This severance payment is based upon the above schedule utilizing the employees accumulated sick leave, up to a maximum of two hundred forty-four (244) days for certificated employees and two hundred forty-two (242) days for classified employees.

**NOTE 13 - CAPITAL LEASES - LESSEE DISCLOSURE**

The District has entered into capitalized leases for equipment and furniture and fixtures. Each lease meets the criteria of a capital lease as defined by FASB Statement No.13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined financial statements for the government funds. These expenditures are reported as function expenditures on the budgetary statements.

General fixed assets consisting of equipment and furniture and fixtures have been capitalized in the general fixed assets account group in the amount of \$466,068. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal and interest payments made in fiscal year 1999 were \$73,796 and \$20,885, respectively, and are reported as debt service in the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 1999.



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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

**NOTE 13 - CAPITAL LEASES - LESSEE DISCLOSURE - (Continued)**

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2000	\$ 94,678
2001	94,678
2002	42,058
2003	<u>8,052</u>
 Total minimum lease payments	 239,466
 Less: amount representing interest	 <u>(24,404)</u>
 Present value of minimum lease payments	 <u>\$215,062</u>

**NOTE 14 - RISK MANAGEMENT**

**A. Comprehensive**

The District maintains comprehensive insurance coverage with private carriers for liability, real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are 90% coinsured. The following is a description of the District's insurance coverage:

<u>Coverage</u>	<u>Insurer</u>	<u>Limits of Coverage</u>	<u>Deductible</u>
Education liability:			
Each occurrence	Nationwide	\$ 1,000,000	\$ ---
Aggregate	Insurance	5,000,000	\$ ---
Umbrella liability:			
Each occurrence	Nationwide	\$ 2,000,000	
Aggregate	Insurance	2,000,000	\$ ---
Building and contents	Wausau Insurance	\$70,925,200	\$5,000
Employee Benefits Liability	Berwanger Overmeyer Associates	\$ 500,000	\$ ---

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

**NOTE 14 - RISK MANAGEMENT - (Continued)**

Settled claims have not exceeded this commercial coverage in any of the past three years.

**B. Health Care Self-Insurance Program**

The District provides medical coverage for its employees and is self-insured up to a stop loss limit for the cost of providing this coverage. The District is covered by a monthly cumulative stop loss of approximately \$109,000 per month, and by an annual aggregate stop loss of approximately \$1,308,000 per year. This activity is accounted for as a proprietary fund type, internal service fund.

Expenses for claims are recorded as other expenses when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. The basis for estimating the liability for unpaid claims is based on past experience and known balances. The liability at June 30, 1999 is not discounted. An actuary was used in determining this liability.

The claims liability is \$292,008 reported in the internal service fund at June 30, 1999, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims. Changes in claims activity for the past two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
1999	\$279,536	\$1,842,889	\$(1,830,417)	\$292,008
1998	\$302,920	\$1,181,933	\$(1,205,317)	\$279,536

Settled claims have not exceeded this commercial coverage in any of the past three years.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999**

**NOTE 14 - RISK MANAGEMENT - (Continued)**

**C. Workers' Compensation**

For fiscal year 1999, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 2). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999**

**NOTE 15 - SEGMENT INFORMATION - ENTERPRISE FUNDS**

The District maintains two enterprise funds to account for the operations of food service, and summer schools. The table below reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the District as of and for the year ended June 30, 1999.

	<u>Food Service</u>	<u>Summer School</u>	<u>Total</u>
Operating revenue	\$ 862,971	\$ 8,594	\$ 871,565
Operating expenses before depreciation	1,175,998	33,458	1,209,456
Depreciation	20,280	---	20,280
Operating loss	(333,307)	(24,864)	(358,171)
Operating grants	171,343	---	171,343
Federal donated commodities	12,140	---	12,140
Net loss	(147,958)	(24,864)	(172,822)
Net working capital	(26,928)	(6,411)	(33,339)
Total assets	358,413	9,488	367,901
Total liabilities	169,306	15,899	185,205
Contributed capital	812,140	---	812,140
Total equity	189,107	(6,411)	182,696
Encumbrances at June 30, 1999	---	7,660	7,660

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999**

**NOTE 16 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute 14 percent for 1999; 9.02 percent was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by the School Employees Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$487,788, \$714,306 and \$719,990, respectively; 51.8 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$235,020 represents the unpaid contribution for fiscal year 1999 and is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999**

**NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$2,308,884, \$3,604,892, and \$3,417,988, respectively; 82.8 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$396,594 represents the unpaid contribution for fiscal year 1999 and is recorded as a liability within the respective funds.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS have an option to choose Social Security or the SERS/STRS. As of June 30, 1999, certain members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**NOTE 17 - POSTEMPLOYMENT BENEFITS**

The District provides comprehensive health care benefits to retired teachers and their dependents through the STRS, and to retired non-certified employees and their dependents through the SERS. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The Board allocates employer contributions equal to eight percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$1,319,362 during fiscal 1999.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999**

**NOTE 17 - POSTEMPLOYMENT BENEFITS - (Continued)**

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2.156 billion at June 30, 1998 (latest information available). For the year ended June 30, 1998 (latest information available), net health care costs paid by STRS were \$219.224 million and STRS had 91,999 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For this fiscal year, employer contributions to fund health care benefits were 4.98 percent of covered payroll, an increase from 4.21 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 125 percent of annual health care expenses. Expenses for health care at June 30, 1998 (the latest information available), were \$111.901 million and the target level was \$139.9 million. At June 30, 1998 (the latest information available), SERS had net assets available for payment of health care benefits of \$160.3 million and SERS had approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$219,983 during the 1999 fiscal year.

REYNOLDSBURG CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

**NOTE 18 - BUDGETARY BASIS OF ACCOUNTING**

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

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual Comparison (Non-GAAP Budgetary Basis) - All Governmental Fund Types 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 are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (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 reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis).
- (d) Certain funds that are classified as part of the general fund (GAAP basis) are reported in other fund types on a cash basis (budget basis). These items are reflected as "fund reclassifications".



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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

**NOTE 18 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the governmental funds are as follows:

**Excess of Revenues and Other Financing  
Sources Over (Under) Expenditures and Other  
Financing Uses**

	Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget basis	\$ 2,425,286	\$(160,729)	\$ (88,764)	\$(3,419,099)
Net adjustment for revenue accruals	2,503,512	369,325	(52,284)	(161,104)
Net adjustment for expenditure accruals	(1,019,996)	(85,104)	12,657	(706,734)
Net adjustment for other sources/uses	(58,353)	4,182	---	(2,394)
Net adjustment for fund reclassification	(10,890)	---	---	---
Adjustment for encumbrances	<u>614,397</u>	<u>148,656</u>	<u>---</u>	<u>5,841,676</u>
GAAP basis	<u>\$ 4,453,956</u>	<u>\$ 276,330</u>	<u>\$(128,391)</u>	<u>\$ 1,552,345</u>

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999**

**NOTE 19 - 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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 1999.

**B. Litigation**

The District is party to various legal proceedings. The District's management is of the opinion that the ultimate outcome of such litigation will not result in a material adverse effect on the District's financial position.

**C. State School Funding Decision**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 1999, the District received \$11,787,968 of total school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. At this time, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999**

**NOTE 19 - CONTINGENCIES - (Continued)**

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

**NOTE 20 - STATUTORY RESERVES**

The District is required by State law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 1999, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Total</u>
Set-aside cash balance as of June 30, 1998	\$ ---	\$ ---	\$ 172,006	\$172,006
Current year set-aside requirement	495,058	495,058	247,529	1,237,645
Current year additional set-aside	---	---	923,080	923,080
Current year offsets	(82,334)	(495,058)	---	(577,392)
Qualifying disbursements	<u>(412,724)</u>	<u>---</u>	<u>---</u>	<u>(412,724)</u>
Cash balance carried forward to FY 2000	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$1,342,615</u>	<u>\$1,342,615</u>

During fiscal 1999, the District has elected to set-aside \$923,080 in excess of the statutory requirement for budget stabilization. This amount is reported as designated fund balance on the combined balance sheet.

A schedule of the restricted assets at June 30, 1999 follows:

Amount restricted for budget stabilization	<u>\$ 419,535</u>
Total restricted assets	<u>\$ 419,535</u>

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999**

**NOTE 21 - YEAR 2000 ISSUE**

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the District's operations as early as fiscal year 1999.

The District has completed an inventory of computer systems and other equipment necessary to conducting District operations and has identified such systems as being financial reporting, payroll and employee benefits, fixed assets accounting and educational statistics reporting.

The District uses the State of Ohio Uniform School Accounting System software for its financial reporting, the State of Ohio Uniform School Payroll System software for its payroll and employee benefits, the State of Ohio Equipment Inventory System for its fixed assets accounting and the State of Ohio Education Management and Information System (EMIS) for its education statistics reporting. The State is responsible for remediating these systems.

The Ohio Department of Education, Division of Information Management Services, State Software Development Team has addressed the status of the OECN State Software in regards to the compliance requirements for the Year 2000. Their assessment is as follows:

- The payroll processing software supported with the OECN State Software is compliant with the Year 2000 beginning with the September 1997 release of USPS V4.0.
- The accounting software supported with the OECN State Software is compliant with the Year 2000 beginning with the June 1998 release of USAS V6.1.
- The equipment inventory and vehicle inventory system software supported with the OECN State Software is compliant with the Year 2000 beginning with the March 1999 release of SAS V2.0.
- The education management information system software supported with the OECN State Software is compliant with the Year 2000 beginning with the September 1998 release of EMIS V1.7.

Franklin, Licking and Fairfield Counties collect property taxes for distribution to the District. Franklin, Licking and Fairfield Counties are responsible for remediating their respective tax collection systems.

REYNOLDSBURG CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 1999

**NOTE 21 - YEAR 2000 ISSUE - (Continued)**

The State of Ohio distributes a substantial sum of money to the District in the form of basic state aid "school foundation" and federal and state grant payments. Further, the State processes a significant amount of financial and non-financial information about the District through EMIS. The State is responsible for remediating these systems.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the District is or will be Year 2000 ready, that the District's remediation efforts will be successful in whole or in part, or that parties with whom the District does business will be Year 2000 ready.

## **SUPPLEMENTAL DATA**

**REYNOLDSBURG CITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(E) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(E) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
<b>U. S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:</b>						
Nutrition Grant Cluster:						
(A) (B) Food Distribution	10.550	N/A		\$12,296		\$12,140
(A) (C) National School Breakfast Program	10.553	N/A	6,187		6,187	
(A) (C) National School Lunch Program	10.555	N/A	154,938		154,938	
<b>Total Nutrition Grant Cluster</b>			<u>161,125</u>	<u>12,296</u>	<u>161,125</u>	<u>12,140</u>
<b>Total U. S. Department of Agriculture</b>			<u>161,125</u>	<u>12,296</u>	<u>161,125</u>	<u>12,140</u>
<b>U. S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:</b>						
Title I - Grants to Local Educational Agencies	84.010 84.010	047001-C1-S1-98 047001-C1-S1-99	137,174 58,405		140,598 115,433	
<b>Total Title I</b>			<u>195,579</u>		<u>256,031</u>	
Special Education Grant Cluster						
(E) Title VI-B - Education of the Handicapped Act	84.027 84.027 84.027 84.027	047001-6B-SF-96P 047001-6B-SF-97P 047001-6B-SF-98P 047001-6B-SF-99P	125,244 197,556 12,675		1,000 981 125,967 171,328	
(E) Special Education Preschool Grants	84.173 84.173	047001-PG-S1-98P 047001-PG-S1-99P	12,675		4,320 10,023	
<b>Total Special Education Grant Cluster</b>			<u>335,475</u>		<u>313,619</u>	
Title VI - Innovative Education Programs	84.298 84.298	047001-C2-S1-98 047001-C2-S1-99	26,823		2,371 7,245	
<b>Total Title VI</b>			<u>26,823</u>		<u>9,616</u>	
Goals 2000	84.276 84.276 84.276 84.276	047001-G2-S2-96 047001-G2-S2-97 047001-G2-S3-98 047001-G2-SP-99	358,800 3,999		8,507 937 246,826	
<b>Total Goals 2000</b>			<u>362,799</u>		<u>256,270</u>	
Eisenhower Professional Development Grant	84.821 84.281 84.281	047001-MS-S1-96 047001-MS-S1-97 047001-MS-S1-99	16,029		1,057 9,740 13,647	
<b>Total Eisenhower Professional Professional Development Grant</b>			<u>16,029</u>		<u>24,444</u>	
<b>Total U. S. Department of Education</b>			<u>936,705</u>		<u>859,980</u>	
<b>U. S. DEPARTMENT OF JUSTICE</b>						
City of Reynoldsburg: Justice Grant	16.540	95-JJ-IN4-0178	0		140	
<b>Total U. S. Department of Justice</b>			<u>0</u>		<u>140</u>	
<b>Total Federal Financial Assistance</b>			<u>\$1,097,830</u>	<u>\$12,296</u>	<u>\$1,021,245</u>	<u>\$12,140</u>

- (A) Included as part of "Nutrition Grant Cluster" in determining major programs.  
 (B) The Food Distribution Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices.  
 (C) Comingled with state and local revenue from sales of lunches/breakfast assumed expenditures were made on a first-in, first-out basis.  
 (D) This schedule was prepared on the cash basis of accounting.  
 (E) Included as part of "Special Education Grant Cluster" in determining major programs.

# TRIMBLE, JULIAN & GRUBE, INC.

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## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Board of Education  
Reynoldsburg City School District  
6549 E. Livingston Avenue  
Reynoldsburg, Ohio 43068-3585

We have audited the general purpose financial statements of Reynoldsburg City School District as of and for the year ended June 30, 1999, and have issued our report thereon dated December 9, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether Reynoldsburg City School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1999-47001-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of Reynoldsburg City School District in a separate letter dated December 9, 1999.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Reynoldsburg City School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect Reynoldsburg City School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 1999-47001-001.



A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of Reynoldsburg City School District in a separate letter dated December 9, 1999.

This report is intended for the information of the management and the Board of Reynoldsburg City School District, Franklin County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Trimble, Julian & Grube, Inc.*

Trimble, Julian & Grube, Inc.  
December 9, 1999

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## REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Education  
Reynoldsburg City School District  
6549 E. Livingston Avenue  
Reynoldsburg, Ohio 43068-3585

### Compliance

We have audited the compliance of Reynoldsburg City School District with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each major federal program for the fiscal year ended June 30, 1999. Reynoldsburg City School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of Reynoldsburg City School District's management. Our responsibility is to express an opinion on Reynoldsburg City School District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Reynoldsburg City School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Reynoldsburg City School District's compliance with those requirements.

Board of Education  
Reynoldsburg City School District  
Page 2

In our opinion, Reynoldsburg City School District complied, in all material respects, with the requirements referred to above that are applicable to each major federal program for the fiscal year ended June 30, 1999.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the management and the Board of Reynoldsburg City School District, Franklin County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Trimble, Julian & Grube, Inc.*

Trimble, Julian & Grube, Inc.  
December 9, 1999

**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A-133 § .505**

**REYNOLDSBURG CITY SCHOOL DISTRICT**  
**FRANKLIN COUNTY**  
**JUNE 30, 1999**

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

<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iii)</i>	<i>Was there any reported non-compliance at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under § .510?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program:</i>	Title I, CFDA #84.010; Special Education Grant Cluster: Title VI - B, CFDA #84.027; Special Education Preschool Grants, CFDA #84.173.
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	No

**SCHEDULE OF FINDINGS**  
*OMB CIRCULAR A-133 § .505*

**REYNOLDSBURG CITY SCHOOL DISTRICT**  
**FRANKLIN COUNTY**  
**JUNE 30, 1999**

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

Finding Number	1999-47001-001
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Ohio Revised Code Section 5705.41 requires in part that no subdivision is to expend monies unless it has been appropriated.

It was noted during the audit that the District had expenditures plus encumbrances in excess of appropriations in the following funds:

Fund Type Fund	Appropriations	Expenditures Plus Encumbrances	Excess
<u>Special Revenue Funds</u>			
Professional Development	\$ 4,206	\$ 5,749	\$1,543
EMIS	9,333	9,458	125
Performance Incentive Grant	8,000	9,045	1,045
Title I	10,079	10,326	247
<u>Capital Projects Funds</u>			
SchoolNet	\$ 29,706	\$ 29,721	\$ 15
Emergency School Repair	318,023	326,034	8,011

With expenditures plus encumbrances exceeding appropriations, the District is unlawfully expending monies that have not been approved.

We recommend that the District comply with the Ohio Revised Code and Auditor of State Bulletin 97-010 by monitoring expenditures so they do not exceed lawful appropriations. This may be achieved by monitoring the budget more closely on a continued basis and making appropriation amendments as necessary.

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

None

**REYNOLDSBURG CITY SCHOOL DISTRICT  
FRANKLIN COUNTY  
STATUS OF PRIOR AUDIT FINDINGS**

<u>NONCOMPLIANCE</u>	<u>STATUS</u>	<u>EXPLANATION IF NOT FULLY IMPLEMENTED</u>
Section 5705.39, Revised Code, requiring that total estimated resources from each fund be greater than appropriations.	Corrected	N/A
Section 5705.41 (B), Revised Code, requiring that all expenditures of money must be lawfully appropriated.	Not Corrected	The District is aware of this requirement and is attempting to monitor the appropriations and expenditures on a regular basis.
<u>REPORTABLE CONDITION/ MATERIAL WEAKNESS</u>		
The District did not implement necessary changes to computer equipment for Year 2000 issues.	Partially Corrected	The District continues to test and update the system as necessary.
<u>FINDING FOR RECOVERY</u>		
Building receipts not deposited properly by secretary.	Collected in full	N/A



STATE OF OHIO  
OFFICE OF THE AUDITOR

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REYNOLDSBURG CITY SCHOOL DISTRICT  
FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

By: \_\_\_\_\_

*Susan Babbitt*

Clerk of the Bureau

Date: \_\_\_\_\_

**JAN 18 2000**