

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

***GENERAL PURPOSE FINANCIAL STATEMENTS  
(AUDITED)  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2000***

**MITCHELL BIEDERMAN, TREASURER**



**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**  

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**JIM PETRO, AUDITOR OF STATE**

35 North Fourth Street, 1<sup>st</sup> Floor  
Columbus, Ohio 43215  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-728-7398

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

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, 1999 to June 30, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

**JIM PETRO**  
Auditor of State

January 4, 2001

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

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# TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 Worthington Woods Boulevard  
Suite B  
Worthington, Ohio 43085

Telephone 614.846.1899  
Facsimile 614.846.2799

## 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, 2000, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with 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, 2000, 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 14, 2000, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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 14, 2000

**REYNOLDSBURG CITY SCHOOL DISTRICT**  
**FRANKLIN COUNTY, OHIO**  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 2000

	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	Total		
										General	Long-Term Obligations	
<b>ASSETS AND OTHER DEBITS</b>												
ASSETS:												
Equity in pooled cash and cash equivalents . . . . .	\$9,357,669	\$878,499	\$208,107	\$894,888	\$108,838	\$1,677,001	\$117,859					\$13,242,861
Equity in pooled cash and cash equivalents - nonexpendable trust fund . . . . .							25,294					25,294
Cash in segregated accounts . . . . .	5,104											5,104
Receivables (net of allowances of uncollectibles):												
Taxes - current & delinquent . . . . .	16,610,728		1,802,263	849,245								19,262,236
Accounts . . . . .					4,042							4,042
Accrued interest . . . . .	150,650											150,650
Due from other governments . . . . .	41,429											41,429
Prepayments . . . . .	18,872											18,872
Materials and supplies inventory . . . . .	92,144				2,089							94,233
Restricted assets:												
Equity in pooled cash and cash equivalents . . . . .	693,363											693,363
Property, plant and equipment (net of accumulated depreciation where applicable) . . . . .					241,507				\$51,088,450			51,329,957
OTHER DEBITS:												
Amount available in debt service fund . . . . .										\$368,447		368,447
Amount to be provided for retirement of general long-term obligations . . . . .										22,904,100		22,904,100
Total assets and other debits . . . . .	\$26,969,959	\$878,499	\$2,010,370	\$1,744,133	\$356,476	\$1,677,001	\$143,153		\$51,088,450	\$23,272,547		\$108,140,588

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, 2000

	Governmental Fund Types				Proprietary Fund Types			Fiduciary	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		
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>											
<b>LIABILITIES:</b>											
Accounts payable . . . . .	\$134,221	\$72,775		\$57,886	\$1,129						\$266,011
Accrued wages and benefits . . . . .	3,940,425	181,023			80,502						4,201,950
Compensated absences payable . . . . .	21,350	646			21,648				\$2,183,059		2,226,703
Pension obligation payable . . . . .	510,634	12,260			45,646				208,782		777,322
Deferred revenue . . . . .	13,990,721	1,000	\$1,641,923	763,424	754						16,397,822
Due to other governments . . . . .							\$5,252				5,252
Due to students . . . . .							79,871				79,871
Claims payable . . . . .						\$367,797					367,797
Energy conservation notes payable . . . . .									955,000		955,000
General obligation bonds payable . . . . .									19,251,520		19,251,520
Capital lease obligation payable . . . . .									674,186		674,186
<b>Total liabilities . . . . .</b>	<b>18,597,351</b>	<b>267,704</b>	<b>1,641,923</b>	<b>821,310</b>	<b>149,679</b>	<b>367,797</b>	<b>85,123</b>	<b>23,272,547</b>			<b>45,203,434</b>
<b>EQUITY AND OTHER CREDITS:</b>											
Investment in general fixed assets . . . . .								\$51,088,450			51,088,450
Contributed capital . . . . .					812,140						812,140
Retained earnings (accumulated deficit): unreserved . . . . .					(605,343)	1,309,204					703,861
Fund balances:											
Reserved for encumbrances . . . . .	870,751	71,703		764,661			2,000				1,709,115
Reserved for prepayments . . . . .	18,872										18,872
Reserved for materials and supplies inventory . . . . .	92,144										92,144
Reserved for debt service . . . . .			208,920								208,920
Reserved for tax revenue unavailable for appropriation . . . . .	1,410,299		159,527	85,368							1,655,194
Reserved for principal endowment . . . . .	693,363						25,000				25,000
Reserved for budget stabilization . . . . .											693,363
Unreserved:											
Designated for budget stabilization . . . . .	1,991,867			72,794			31,030				1,991,867
Unreserved-undesignated (deficit) . . . . .	3,295,312	539,092									3,938,228
<b>Total equity and other credits . . . . .</b>	<b>8,372,608</b>	<b>610,795</b>	<b>368,447</b>	<b>922,823</b>	<b>206,797</b>	<b>1,309,204</b>	<b>58,030</b>	<b>51,088,450</b>			<b>62,937,154</b>
<b>Total liabilities, equity and other credits . . . . .</b>	<b>\$26,969,959</b>	<b>\$878,499</b>	<b>\$2,010,370</b>	<b>\$1,744,133</b>	<b>\$356,476</b>	<b>\$1,677,001</b>	<b>\$143,153</b>	<b>\$51,088,450</b>	<b>\$23,272,547</b>		<b>\$108,140,588</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 FISCAL YEAR ENDED JUNE 30, 2000

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Revenues:</b>						
From local sources:						
Taxes . . . . .	\$15,714,970		\$1,704,732	\$873,211		\$18,292,913
Tuition . . . . .	7,585					7,585
Earnings on investments . . . . .	761,068	\$5,820		31,457	\$1,153	799,498
Extracurricular . . . . .		306,845			8,815	315,660
Other local revenues . . . . .	268,201	75,198				343,399
Other revenue . . . . .		42,000				42,000
Intergovernmental - State . . . . .	16,821,971	1,315,767	199,671	2,110,104		20,447,513
Intergovernmental - Federal . . . . .		914,834				914,834
<b>Total revenues . . . . .</b>	<b>33,573,795</b>	<b>2,660,464</b>	<b>1,904,403</b>	<b>3,014,772</b>	<b>9,968</b>	<b>41,163,402</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular . . . . .	18,534,883	505,684		101,378		19,141,945
Special . . . . .	1,846,448	243,219				2,089,667
Vocational . . . . .	229,946					229,946
Support services:						
Pupil . . . . .	2,067,564	175,339				2,242,903
Instructional staff . . . . .	544,140	248,434				792,574
Board of education . . . . .	50,808					50,808
Administration . . . . .	2,975,690	521,339				3,497,029
Fiscal . . . . .	581,103	11,875	6,520	3,207		602,705
Business . . . . .	137,381					137,381
Operations and maintenance . . . . .	2,906,540	32,247		736,159		3,674,946
Pupil transportation . . . . .	1,588,495	850				1,589,345
Central . . . . .	181,907	60,424				242,331
Community services . . . . .		17,651			4,000	21,651
Extracurricular activities . . . . .	468,357	291,530			1,377	761,264
Facilities acquisition and construction . . . . .		6,919		4,640,019		4,646,938
Capital outlay . . . . .	539,204					539,204
Intergovernmental pass-through . . . . .		285,596				285,596
Debt service:						
Principal retirement . . . . .	80,080		670,000			750,080
Interest and fiscal charges . . . . .	14,598		999,123			1,013,721
<b>Total expenditures . . . . .</b>	<b>32,747,144</b>	<b>2,401,107</b>	<b>1,675,643</b>	<b>5,480,763</b>	<b>5,377</b>	<b>42,310,034</b>
Excess of revenues over expenditures . . . . .	826,651	259,357	228,760	(2,465,991)	4,591	(1,146,632)
Other financing sources (uses):						
Operating transfers in . . . . .	40,299	16,600			10,000	66,899
Operating transfers out . . . . .	(50,531)	(11,368)			(5,000)	(66,899)
Proceeds from of fixed assets . . . . .	600					600
Proceeds of capital lease transaction . . . . .	539,204					539,204
<b>Total other financing sources (uses) . . . . .</b>	<b>529,572</b>	<b>5,232</b>			<b>5,000</b>	<b>539,804</b>
Excess of revenues and other financing sources over expenditures and other financing uses . . . . .	1,356,223	264,589	228,760	(2,465,991)	9,591	(606,828)
Fund balances, July 1, 1999 . . . . .	6,998,909	346,206	139,687	3,388,814	23,145	10,896,761
Increase in reserve for inventory . . . . .	17,476					17,476
<b>Fund balances, June 30, 2000 . . . . .</b>	<b>\$8,372,608</b>	<b>\$610,795</b>	<b>\$368,447</b>	<b>\$922,823</b>	<b>\$32,736</b>	<b>\$10,307,409</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 (DEFICIT)  
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	General			Special Revenue			Debt Service			Capital Projects			Total (Memorandum 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:	\$17,531,823	\$17,554,359	\$22,536				\$1,584,827	\$1,586,790	\$1,963			\$807,668	\$19,948,817	\$25,637	
Tuition:	7,575	7,585	10									7,575	7,585	10	
Earnings on investments:	644,498	665,352	20,854			\$293						31,412	702,999	21,191	
Extracurricular:				\$5,898	306,845	14,538							306,845	14,538	
Other local revenues:	95,326	95,449	123	292,307	71,474	75,029							170,478	3,678	
Intergovernmental - State:	16,758,999	16,780,542	21,543	40,010	42,000	1,990							42,000	1,990	
Intergovernmental - Federal:				1,266,420	1,316,345	49,925							20,406,662	74,689	
Total revenues:	35,038,221	35,103,287	65,066	861,589	917,502	55,913	1,784,251	1,786,461	2,210	2,945,072	2,949,228	4,156	42,305,242	42,502,888	197,646
<b>Expenditures:</b>															
Current:															
Instruction:															
Regular:	18,564,712	18,559,986	4,726	470,196	378,914	91,282							19,137,030	19,040,624	96,406
Special:	1,876,756	1,875,663	1,093	291,070	277,523	13,547							2,167,826	2,153,186	14,640
Vocational:	230,625	230,625	0										230,625	230,625	0
Support services:															
Pupil:	2,057,877	2,057,877	0	199,909	182,866	17,043							2,257,786	2,240,743	17,043
Instructional staff:	549,150	548,915	235	336,954	222,724	114,230							886,104	771,639	114,465
Board of Education:	40,594	38,703	1,891										40,594	38,703	1,891
Administration:	3,023,501	3,021,728	1,773	618,234	534,247	83,987							3,641,735	3,555,975	85,760
Fiscal:	578,910	578,409	501	11,875	11,875	0	11,520	6,520	5,000	5,000	3,205	1,795	607,305	600,009	7,296
Business:	141,716	141,677	39										141,716	141,677	39
Operations and maintenance:	3,565,176	3,522,161	43,015	41,404	31,088	10,316							4,594,415	4,522,446	71,969
Pupil transportation:	1,662,816	1,627,852	34,964	13,601	7,699	5,902							1,676,417	1,635,551	40,866
Central:	208,779	194,319	14,460	65,257	62,027	3,230							274,036	256,346	17,690
Community services:				31,292	22,018	9,274							31,292	22,018	9,274
Extracurricular activities:	478,361	474,546	3,815	327,518	298,751	28,767							805,879	773,297	32,582
Facilities acquisition and construction:				14,823	7,566	7,257							5,927,782	5,916,015	11,767
Intergovernmental pass-through:				428,644	334,030	94,614							428,644	334,030	94,614
Debt service:															
Principal retirement:				670,000	670,000	0							670,000	670,000	0
Interest and fiscal charges:				999,123	999,123	0							999,123	999,123	0
Total expenditures:	32,978,973	32,872,461	106,512	2,850,777	2,371,328	479,449	1,680,643	1,675,643	5,000	7,007,916	6,982,575	25,341	44,518,309	43,902,007	616,302
Excess (deficiency) of revenues over (under) expenditures:	2,059,248	2,230,826	171,578	(313,079)	292,584	605,663	103,608	110,818	7,210	(4,062,844)	(4,033,347)	29,497	(2,213,067)	(1,399,119)	813,948
Other financing sources (uses):															
Refund of prior year's expenditures:	11,817	11,832	15										11,817	11,832	15
Refund of prior year's (receipts):	(342)	0	342	(54,432)	(54,432)								(54,432)	(54,432)	342
Operating transfers in:	35,408	35,454	46	27,698	29,076	1,378							63,106	64,530	1,424
Operating transfers (out):	(51,657)	(51,657)	0	(23,845)	(18,845)	5,000							(70,500)	(70,500)	5,000
Advances in:	56,955	57,028	73	(57,028)	(57,028)	0							56,955	57,028	73
Advances (out):													(57,028)	(57,028)	0
Proceeds of sale of fixed assets:	599	600	1	(107,605)	(101,227)	6,378							599	600	1
Total other financing sources (uses):	52,780	53,257	477	(107,605)	(101,227)	6,378							(54,825)	(47,970)	6,855
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses):	2,112,028	2,284,083	172,055	(420,684)	191,357	612,041	103,608	110,818	7,210	(4,062,844)	(4,033,347)	29,497	(2,267,892)	(1,447,089)	820,803
Fund balances (deficit), July 1, 1999:	6,036,575	6,036,575	0	434,009	434,009	0	97,289	97,289	0	(1,731,755)	(1,731,755)	0	4,836,118	4,836,118	0
Prior year encumbrances appropriated:	614,397	614,397	0	148,656	148,656	0	0	0	0	5,841,675	5,841,675	0	6,604,728	6,604,728	0
Fund balances, June 30, 2000:	\$8,763,000	\$8,935,055	\$172,055	\$161,981	\$774,022	\$612,041	\$200,897	\$208,107	\$7,210	\$47,076	\$76,573	\$29,497	\$9,172,954	\$9,993,757	\$820,803

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)/FUND BALANCE  
 ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	Proprietary Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
Operating revenues:				
Tuition and fees . . . . .	\$52,529			\$52,529
Sales/charges for services. . . . .	922,100	\$2,620,129		3,542,229
Interest revenue . . . . .			\$294	294
Donations. . . . .			25,000	25,000
<b>Total operating revenues. . . . .</b>	<b>974,629</b>	<b>2,620,129</b>	<b>25,294</b>	<b>3,620,052</b>
Operating expenses:				
Personal services . . . . .	595,879	425,593		1,021,472
Purchased services . . . . .	17,985	27,160		45,145
Materials and supplies. . . . .	515,340			515,340
Depreciation. . . . .	20,074			20,074
Claims expense . . . . .		1,933,892		1,933,892
Other . . . . .	1,440			1,440
<b>Total operating expenses. . . . .</b>	<b>1,150,718</b>	<b>2,386,645</b>		<b>3,537,363</b>
Operating income (loss) . . . . .	(176,089)	233,484	25,294	82,689
Nonoperating revenues:				
Operating grants . . . . .	183,275	17,356		200,631
Federal commodities. . . . .	16,285			16,285
Interest revenue . . . . .	630			630
Other nonoperating revenue . . . . .		29,496		29,496
<b>Total nonoperating revenues . . . . .</b>	<b>200,190</b>	<b>46,852</b>		<b>247,042</b>
Net income . . . . .	24,101	280,336	25,294	329,731
Retained earnings (accumulated deficit)/ fund balance, July 1, 1999 . . . . .	(629,444)	1,028,868	0	399,424
Retained earnings (accumulated deficit)/ fund balance, June 30, 2000. . . . .	(\$605,343)	\$1,309,204	\$25,294	\$729,155

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 AND NONEXPENDABLE TRUST FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	Proprietary Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
Cash flows from operating activities:				
Cash received from tuition and fees . . . . .	\$51,235			\$51,235
Cash received from sales/charges for services . . . . .	918,652	\$2,643,959		3,562,611
Cash received from other operating revenues . . . . .			\$25,000	25,000
Cash payments for personal services . . . . .	(622,114)	(425,593)		(1,047,707)
Cash payments for purchased services . . . . .	(17,985)	(27,160)		(45,145)
Cash payments for materials and supplies . . . . .	(507,203)			(507,203)
Cash payments for claims . . . . .		(1,858,103)		(1,858,103)
Cash payments for other expenses . . . . .	(1,440)			(1,440)
Net cash provided by (used in) operating activities. . . . .	<u>(178,855)</u>	<u>333,103</u>	<u>25,000</u>	<u>179,248</u>
Cash flows from noncapital financing activities:				
Cash received from operating grants . . . . .	183,305	17,356		200,661
Cash received from nonoperating activities. . . . .		29,496		29,496
Net cash provided by noncapital financing activities . . . . .	<u>183,305</u>	<u>46,852</u>		<u>230,157</u>
Cash flows from investing activities:				
Interest received . . . . .	630		294	924
Net cash provided by investing activities . . . . .	<u>630</u>		<u>294</u>	<u>924</u>
Net increase (decrease) in cash and cash equivalents . . . . .	5,080	379,955	25,294	410,329
Cash and cash equivalents at beginning of year . . . . .	103,758	1,297,046	0	1,400,804
Cash and cash equivalents at end of year. . . . .	<u>\$108,838</u>	<u>\$1,677,001</u>	<u>\$25,294</u>	<u>\$1,811,133</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss). . . . .	(\$176,089)	\$233,484	\$25,294	\$82,689
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation . . . . .	20,074			20,074
Federal donated commodities . . . . .	16,285			16,285
Interest reported as operating income . . . . .			(294)	(294)
Changes in assets and liabilities:				
Decrease (increase) in accounts receivable . . . . .	(3,448)	23,830		20,382
Increase in materials and supplies inventory . . . . .	(151)			(151)
Increase in accounts payable . . . . .	1,129			1,129
Decrease in accrued wages and benefits. . . . .	(24,292)			(24,292)
Decrease in compensated absences payable. . . . .	(9,259)			(9,259)
Decrease in pension obligation payable. . . . .	(3,311)			(3,311)
Increase in claims payable. . . . .		75,789		75,789
Increase in deferred revenue. . . . .	207			207
Net cash provided by (used in) operating activities. . . . .	<u>(178,855)</u>	<u>\$333,103</u>	<u>\$25,000</u>	<u>\$179,248</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 FISCAL YEAR ENDED JUNE 30, 2000**

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

The Reynoldsburg City School District (the “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 56<sup>th</sup> largest by enrollment among the 660 public and community school districts in the State. The District employs 191 non-certified and 409 certified employees to provide services to approximately 5,900 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  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**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 FISCAL YEAR ENDED JUNE 30, 2000

**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 FISCAL YEAR ENDED JUNE 30, 2000

**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 an expendable trust fund, a nonexpendable trust fund and agency funds. The expendable trust fund is accounted for in the same manner as governmental funds. The nonexpendable trust fund is accounted for in the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency funds are presented on a budget basis, with note disclosure identifying items which would be subject to accrual for other fund types (See Note 3.B.).

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**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 and nonexpendable trust 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  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**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, 2000, and which are intended to finance fiscal 2001 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 and nonexpendable trust 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.

**REYNOLDSBURG CITY SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**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 2000.
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.) Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. 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 FISCAL YEAR ENDED JUNE 30, 2000

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

5. Any revisions that alter the total of any fund appropriation 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. 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 Cash Equivalents" on the combined balance sheet.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

During fiscal year 2000, 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 2000. 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, 2000.

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 2000 amounted to \$761,068, which includes \$265,179 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 FISCAL YEAR ENDED JUNE 30, 2000

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

**F. Materials and Supplies 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 FISCAL YEAR ENDED JUNE 30, 2000

**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

Non-Reimbursable Grants

Special Revenue Funds

Title VI-B  
EHA Preschool Grant for the Handicapped  
Educational Management Information System

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

*Non-Reimbursable Grants - (cont'd)*

Special Revenue Funds - (cont'd)

- Local Professional Development
- Auxiliary Services
- Eisenhower Grant
- Title I
- Title VI
- Pathwise Grant
- Data Communication Grant
- Leadership for Literacy
- SchoolNet Professional Development
- Ohio Reads
- Summer Intervention
- Alternative Schools
- Character Education
- Safe School Helpline
- Drug Free Coordinator
- Title VI-R Class Size Reduction
- Continuous Improvement
- Ohio Principal's Coalition
- Alternative Education

Capital Projects Fund

- Classroom Facilities

*Reimbursable Grants*

General Fund

- Driver Education Reimbursement

Special Revenue Fund

- Telecommunications

Enterprise Funds

- National School Lunch Program
- Federal Donated Commodities
- National School Breakfast Program

**REYNOLDSBURG CITY SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

Grants and entitlements amounted to approximately 48% of the District's operating revenue during the 2000 fiscal year.

**I. Interfund Transactions**

During the course of normal operations, the District may have numerous transactions between funds. The most significant may 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 no short-term interfund loans receivable or payable at June 30, 2000.
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, 2000.

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 FISCAL YEAR ENDED JUNE 30, 2000

**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 FISCAL YEAR ENDED JUNE 30, 2000

**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, prepayments, materials and supplies inventory, debt service, tax revenue unavailable for appropriation, principal endowment, and budget stabilization. Although the nonexpendable trust fund uses the total economic resources measurement focus, fund equity is reserved for the amount of the principal endowment. The reserve for tax advance unavailable for appropriation represents taxes recognized as revenue under GAAP but not available for appropriation under State statute. 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  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**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, 2000.

**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 FISCAL YEAR ENDED JUNE 30, 2000

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

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

Fund balances/retained earnings at June 30, 2000 included the following individual fund deficits:

	<u>Deficit Fund Balances</u>
<u>Special Revenue Funds</u>	
Ohio Reads	\$ 18,908
Summer Intervention	35,296
Venture Capital	4
EHA Preschool Grants for the Handicapped	52
Educational Management Information System	1,392
<u>Enterprise Fund</u>	
Food Service	651,461

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

The deficit fund balance in the Ohio Reads special revenue fund is caused by the reporting of accounts payable as a liability in accordance with GAAP. This deficit will be eliminated by intergovernmental revenues and other resources not recognized at June 30.

The deficit fund balances in the Summer Intervention, Venture Capital, EHA Preschool Grants for the Handicapped and Educational Management Information System 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.

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

**REYNOLDSBURG CITY SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

**B. Agency Funds**

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

LIABILITIES

Accounts payable	\$1,807
------------------	---------

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

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.

**REYNOLDSBURG CITY SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

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;
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.

**REYNOLDSBURG CITY SCHOOL DISTRICT  
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NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

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, including nonnegotiable certificates of deposit was \$1,178,082, (including monies of \$5,104 held in segregated accounts) and the bank balance, including nonnegotiable certificates of deposit, was \$1,601,809 (including monies of \$5,158 held in segregated accounts). Of the bank balance:

1. \$601,809 was covered by federal depository insurance; and
2. \$1,000,000 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.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

*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 2	Reported Amount	Fair Value
Federal Agency Securities	<u>\$9,366,432</u>	\$ 9,366,432	\$ 9,366,432
Investment in State Treasurer's Investment Pool		3,422,108	3,422,108
Total Investments		<u>\$12,788,540</u>	<u>\$12,788,540</u>

The federal agency securities have maturities ranging from July, 2000 to May, 2002.

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:

	Cash and Cash Equivalents/Deposits	Investments
Per GASB Statement No. 9	\$13,966,622	\$ ---
Investments of the Cash Management Pool:		
Federal Agency Securities	(9,366,432)	9,366,432
State Treasurer's Investment Pool	(3,422,108)	3,422,108
GASB Statement No. 3	<u>\$ 1,178,082</u>	<u>\$12,788,540</u>

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**NOTE 5 - INTERFUND TRANSACTIONS**

The following is a summarized breakdown of the District's operating transfers for fiscal year 2000:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$40,299	\$50,531
<u>Special Revenue Funds</u>		
Public School Support	5,000	3,616
Venture Capital	---	4,845
Effective School Grant	---	400
Teacher Development	11,600	---
Praxis Grant	---	2,500
Security Grant	---	7
Total Special Revenue Funds	<u>16,600</u>	<u>11,368</u>
<u>Expendable Trust Fund</u>		
Education Foundation	<u>10,000</u>	<u>5,000</u>
Total	<u>\$66,899</u>	<u>\$66,899</u>

**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%.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

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 1999 taxes were collected was \$545,977,797. Agricultural/residential real estate represented \$400,645,560 or 73.38% of this total; Commercial & industrial real estate represented \$106,556,170 or 19.52% of this total; public utility tangible represented \$22,648,101 or 4.15% of this total and general tangible property \$16,127,966 or 2.95% of this total. The voted general tax rate for operations at the fiscal year ended June 30, 2000 was \$49.90 per \$1,000.00 of assessed valuation, \$3.22 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.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2000. 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 \$1,655,194 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, 2000, 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.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**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, 2000 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:

	Amounts
<u>General Fund</u>	
Taxes - current and delinquent	\$16,610,728
Accrued interest	150,650
Due from other governments	41,429
 <u>Debt Service Fund</u>	
Taxes - current and delinquent	1,802,263
 <u>Capital Project Funds</u>	
Taxes - current and delinquent	849,245
 <u>Enterprise Funds</u>	
Accounts	4,042

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**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, 1999</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2000</u>
Land/Improvements	\$ 2,915,931	\$ 259,003	\$ - - -	\$ 3,174,934
Buildings	30,730,343	1,260,522	- - -	31,990,865
Furniture/Equipment	6,419,869	1,193,493	- - -	7,613,362
Vehicles	1,834,509	280,310	(65,000)	2,049,819
Construction In Progress	<u>1,806,914</u>	<u>4,452,556</u>	<u>- - -</u>	<u>6,259,470</u>
Total	<u>\$43,707,566</u>	<u>\$7,445,884</u>	<u>\$(65,000)</u>	<u>\$51,088,450</u>

The construction in progress represents costs incurred and paid by June 30, 2000 for building projects within the District. The projects include renovations and additions to the high school and junior high school. The total cost of the projects is estimated to be \$7,996,634.

**B. Proprietary Fixed Assets**

A summary of enterprise fund fixed assets at June 30, 2000 follows:

Furniture and equipment	\$ 812,140
Less: accumulated depreciation	<u>(570,633)</u>
Net fixed assets	<u>\$ 241,507</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, 1999	\$812,140
Current contributions	<u>- - -</u>
Contributed capital at June 30, 2000	<u>\$812,140</u>

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**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.

The following is a description of the District's long-term obligations outstanding as of June 30, 2000:

	<u>Interest Rates</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Outstanding July 1, 1999</u>	<u>Issued in 2000</u>	<u>Retired in 2000</u>	<u>Outstanding June 30, 2000</u>
School Improvement Bonds	6.6158%	2/15/92	12/01/17	\$19,791,520	\$ - - -	\$(540,000)	\$19,251,520
Energy Conservation Note	5.2593%	12/01/92	12/01/02	430,000	- - -	(100,000)	330,000
Energy Conservation Note	5.05%	12/02/98	12/01/13	<u>655,000</u>	<u>- - -</u>	<u>(30,000)</u>	<u>625,000</u>
Total				<u>\$20,876,520</u>	<u>\$ 0</u>	<u>\$(670,000)</u>	<u>\$20,206,520</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>
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	1,195,000	746,558	1,941,558
2006 - 2010	5,612,632	2,829,002	8,441,634
2011 - 2015	3,643,888	2,083,164	5,727,052
2016 - 2018	<u>5,150,000</u>	<u>430,276</u>	<u>5,580,276</u>
Total	<u>\$20,206,520</u>	<u>\$9,587,172</u>	<u>\$29,793,692</u>

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

C. During the year ended June 30, 2000, the following changes occurred in the liabilities reported in the general long-term obligations account group. Compensated absences and the pension obligation will be paid from the fund in which the employee was paid. Capital lease payments are made from the general fund.

	<u>Balance at July 1, 1999</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at June 30, 2000</u>
Compensated absences	\$ 2,000,894	\$ 341,416	\$ (159,251)	\$ 2,183,059
Pension obligation payable	177,008	208,782	(177,008)	208,782
General obligation bonds	19,791,520	---	(540,000)	19,251,520
Energy conservation notes	1,085,000	---	(130,000)	955,000
Capital lease obligation	<u>215,062</u>	<u>539,204</u>	<u>(80,080)</u>	<u>674,186</u>
Total	<u>\$23,269,484</u>	<u>\$1,089,402</u>	<u>\$(1,086,339)</u>	<u>\$23,272,547</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, 2000 are a voted debt margin of \$30,115,642 (including available funds of \$368,447) and an unvoted debt margin of \$545,978.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**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.

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.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

General fixed assets consisting of equipment and furniture and fixtures have been capitalized in the general fixed assets account group in the amount of \$1,005,272. 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 2000 were \$80,080 and \$14,598, 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.

Fiscal Year Ending <u>June 30,</u>	<u>Amount</u>
2001	\$219,461
2002	166,841
2003	132,836
2004	124,784
2005	<u>124,784</u>
Total minimum lease payments	768,706
Less: amount representing interest	<u>(94,520)</u>
Present value of minimum lease payments	<u><u>\$674,186</u></u>

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**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	\$ 0
Aggregate	Insurance	5,000,000	\$ 0
Umbrella liability:			
Each occurrence	Nationwide	\$ 2,000,000	
Aggregate	Insurance	2,000,000	\$ 0
Building and contents	Wausau Insurance	\$81,099,700	\$5,000
Employee Benefits Liability	Berwanger Overmeyer Associates	\$ 500,000	\$ 0

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction in the amount of insurance coverage from fiscal 1999.

**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 \$50,000 per month, and by an annual aggregate stop loss of approximately \$2,062,895 per year. This activity is accounted for as a proprietary fund type, internal service fund.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

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

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, 2000 is not discounted. An actuary was used in determining this liability.

The claims liability is \$367,797 reported in the internal service fund at June 30, 2000, 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>
2000	\$292,008	\$1,933,892	\$(1,858,103)	\$367,797
1999	\$279,536	\$1,842,889	\$(1,830,417)	\$292,008

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 FISCAL YEAR ENDED JUNE 30, 2000

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

**C. Workers' Compensation**

For fiscal year 2000, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 2.A). 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 FISCAL YEAR ENDED JUNE 30, 2000**

**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, 2000.

	<u>Food Service</u>	<u>Summer School</u>	<u>Total</u>
Operating revenue	\$ 922,100	\$52,529	\$ 974,629
Operating expenses before depreciation	1,130,644	---	1,130,644
Depreciation	20,074	---	20,074
Operating income (loss)	(228,618)	52,529	(176,089)
Operating grants	183,275	---	183,275
Federal donated commodities	16,285	---	16,285
Net income (loss)	(28,428)	52,529	24,101
Net working capital	(59,180)	46,118	(13,062)
Total assets	310,358	46,118	356,476
Total liabilities	149,679	---	149,679
Contributed capital	812,140	---	812,140
Total equity	160,679	46,118	206,797
Encumbrances at June 30, 2000	500	---	500

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**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 defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634, or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute 14 percent for 2000; 5.55 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, 2000, 1999, and 1998 were \$520,179, \$487,788, and \$714,306, respectively; 39 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$317,658 represents the unpaid contribution for fiscal year 2000 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 retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**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 the State Teachers Retirement Board, 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, 2000, 1999, and 1998 were \$2,375,274, \$2,308,884, and \$3,604,892, respectively; 82 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$426,420 represents the unpaid contribution for fiscal year 2000 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, 2000, 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 State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (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. For this fiscal year, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$1,357,300 during fiscal 2000.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2.783 billion at June 30, 1999 (the latest information available). For the year ended June 30, 1999 (the latest information available), net health care costs paid by STRS were \$249.929 million and STRS had 95,796 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 8.45 percent of covered payroll. 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 2000, 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 150 percent of annual health care expenses. Expenses for health care at June 30, 1999 (the latest information available), were \$126.4 million and the target level was \$189.6 million. At June 30, 1999 (the latest information available), SERS had net assets available for payment of health care benefits of \$188.0 million and SERS had approximately 51,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$374,088 during the 2000 fiscal year.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**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); and
- (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 FISCAL YEAR ENDED JUNE 30, 2000

**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:

	Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget basis	\$ 2,284,083	\$191,357	\$110,818	\$(4,033,347)
Net adjustment for revenue accruals	(1,529,492)	(3,448)	117,942	65,544
Net adjustment for expenditure accruals	(847,223)	(144,027)	---	683,497
Net adjustment for other sources/uses	476,315	106,459	---	---
Adjustment for encumbrances	<u>972,540</u>	<u>114,248</u>	<u>---</u>	<u>818,315</u>
GAAP basis	<u>\$1,356,223</u>	<u>\$264,589</u>	<u>\$ 228,760</u>	<u>\$(2,465,991)</u>

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**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, 2000.

**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 Ohio General Assembly 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, 2000, the District received \$12,850,812 of school foundation support for its general fund.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

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

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

As of the date of these financial statements, the 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.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**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, 2000, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside cash balance as of June 30, 1999	\$ 0	\$ 0	\$1,342,615
Current year set-aside requirement	883,900	883,900	273,828
Current year additional set-aside	---	---	1,068,787
Qualifying disbursements	<u>(1,105,314)</u>	<u>(1,539,628)</u>	<u>---</u>
Total	<u><u>(221,414)</u></u>	<u><u>(655,728)</u></u>	<u><u>2,685,230</u></u>
Cash balance/qualifying carry forward to FY 2001	<u><u>\$ 221,414</u></u>	<u><u>\$ 0</u></u>	<u><u>\$2,685,230</u></u>

The amount restricted for budget stabilization at June 30, 1999 was \$419,535. During fiscal year 2000, the District's required set-aside for budget stabilization was \$273,828. The total set-aside required for budget stabilization at June 30, 2000 was \$693,363. This amount is reported as fund balance reserved for budget stabilization on the combined balance sheet.

During fiscal year 1999 and fiscal year 2000, the District set-aside an additional \$923,080 and \$1,068,787, respectively, in excess of the statutory requirement for budget stabilization. These amounts, which total \$1,991,867, are reported as designated fund balance on the combined balance sheet. Assets are not restricted for amounts set-aside in excess of statutory requirements.

The District had qualifying disbursements during the year that reduced the textbook and capital acquisition set-aside amounts below zero. These extra amounts may be used to reduce the set-aside requirements of future years for textbooks and capital acquisitions set-asides.

A schedule of the restricted assets at June 30, 2000 follows:

Amount restricted for budget stabilization	<u>\$693,363</u>
Total restricted assets	<u><u>\$693,363</u></u>

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**NOTE 21 - CONTRACTUAL COMMITMENTS**

As of June 30, 2000, the District had the following contractual commitments outstanding related to the renovations and additions to the high school and junior high school. A summary of the primary contractual commitments follows:

<u>Vendor</u>	<u>Total Contract</u>	<u>Amount Paid</u>	<u>Remaining Commitment at 6/30/00</u>
C&N	\$ 991,267	\$ 922,257	\$69,010
Fox	546,287	494,068	52,219
Scioto Industries	292,735	264,502	28,233
Claypool	472,069	403,617	68,452
Mardis	4,286,287	3,534,042	752,245
LTM	113,419	93,012	20,407
Dalmation	56,573	45,790	10,783
Aggressive	57,958	55,846	2,112
Taylor	170,806	155,708	15,098
Central Fire	58,818	50,856	7,962
Continental	137,529	0	137,529
Fanning/Howey	493,162	58,867	434,295

## **SUPPLEMENTAL DATA**

**REYNOLDSBURG CITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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>						
<b>Nutrition Grant Cluster:</b>						
(A) (B) Food Distribution	10.550	N/A		\$16,282		\$16,285
(A) (C) National School Breakfast Program	10.553	N/A	1,531		1,531	
(A) (C) National School Lunch Program	10.555	N/A	172,488		172,488	
<b>Total Nutrition Grant Cluster and U.S. Department of Agriculture</b>			174,019	16,282	174,019	16,285
<b>U. S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:</b>						
Title I - Grants to Local Educational Agencies	84.010	047001-C1-S1-99	97,392		97,392	
Title I - Grants to Local Educational Agencies	84.010	047001-C1-S1-99 C	29,203		29,203	
Title I - Grants to Local Educational Agencies	84.010	047001-C1-S1-00	160,267		114,597	
<b>Total Title I</b>			286,862		241,192	
<b>Special Education Grant Cluster:</b>						
(E) Title VI-B - Education of the Handicapped Act	84.027	047001-6B-SF-99P	213,894		181,047	
(E) Special Education Preschool Grants	84.173	047001-PG-S1-98P	0		2,652	
(E) Special Education Preschool Grants	84.173	047001-PG-S1-99P	13,730		13,730	
<b>Total Special Education Preschool Grants</b>			13,730		16,382	
<b>Total Special Education Grant Cluster</b>			227,624		197,429	
Goals 2000	84.276	047001-G2-S2-95	(2,100)		0	
Goals 2000	84.276	047001-G2-S2-96	(19,724)		0	
Goals 2000	84.276	047001-G2-S2-97	(29,848)		5,008	
Goals 2000	84.276	047001-G2-S3-98 P	66,240		187,788	
Goals 2000	84.276	047001-G2-S4-99	100,000		55,626	
Goals 2000	84.276	047001-G2-S2-99	108,311		8,922	
<b>Total Goals 2000</b>			222,879		257,344	
Eisenhower Professional Development Grant	84.281	047001-MS-S1-99	0		2,381	
Eisenhower Professional Development Grant	84.281	047001-MS-S1-99 P	16,587		3,500	
Eisenhower Professional Development Grant	84.281	047001-MS-S1-00	15,675		533	
<b>Total Eisenhower Professional Development Grant</b>			32,262		6,414	
Title VI - Innovative Education Programs	84.298	047001-C2-S1-98	0		5,210	
Title VI - Innovative Education Programs	84.298	047001-C2-S1-99 C	4,730		17,075	
Title VI - Innovative Education Programs	84.298	047001-C2-S1-00	31,032		18,882	
<b>Total Title VI</b>			35,762		41,167	
Title VI-R - Class Size Reduction Subsidy	84.340	047001-CR-S1-00	54,984		48,253	
<b>Total U. S. Department of Education</b>			860,373		791,799	
<b>Total Federal Financial Assistance</b>			\$1,034,392	\$16,282	\$965,818	\$16,285

- (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.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 Worthington Woods Boulevard  
Suite B  
Worthington, Ohio 43085

Telephone 614.846.1899  
Facsimile 614.846.2799

## **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, 2000, and have issued our report thereon dated December 14, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether 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 no instances of noncompliance are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of Reynoldsburg City School District in a separate letter dated December 14, 2000.

Board of Education  
Reynoldsburg City School District

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 general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of Reynoldsburg City School District in a separate letter dated December 14, 2000.

This report is intended for the information of the management and the Board of Education 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.  
December 14, 2000

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1445 Worthington Woods Boulevard  
Suite B  
Worthington, Ohio 43085

Telephone 614.846.1899  
Facsimile 614.846.2799

## **REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO ITS MAJOR FEDERAL PROGRAMS 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, 2000. 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

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, 2000.

#### 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.  
December 14, 2000

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

**REYNOLDSBURG CITY SCHOOL DISTRICT  
FRANKLIN COUNTY  
JUNE 30, 2000**

**1. 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>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported non-compliance at the financial statement level (GAGAS)?</i>	No
<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 Programs:</i>	Goals 2000, CFDA #84.276; Nutrition Cluster: Food Distribution, CFDA #10.550; National School Breakfast Program, CFDA #10.553; National School Lunch Program, CFDA #10.555
<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>	Yes

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

**REYNOLDSBURG CITY SCHOOL DISTRICT**  
**FRANKLIN COUNTY**  
**JUNE 30, 2000**

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

None.

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

None.

**REYNOLDSBURG CITY SCHOOL DISTRICT  
FRANKLIN COUNTY  
JUNE 30, 2000**

**STATUS OF PRIOR AUDIT FINDINGS**

<b><u>NONCOMPLIANCE</u></b>	<b><u>STATUS</u></b>	<b><u>EXPLANATION IF NOT FULLY IMPLEMENTED</u></b>
Section 5705.41 (B), Revised Code, requiring that all expenditures of money must be lawfully appropriated. (1999-47001-001)	Corrected	N/A
<b><u>REPORTABLE CONDITION/ MATERIAL WEAKNESS</u></b>		
The District did not implement necessary changes to computer equipment for Year 2000 issues.	Corrected	N/A



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**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.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 18, 2001**