

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

*GENERAL PURPOSE FINANCIAL STATEMENTS  
(AUDITED)  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2001*

**MITCHELL BIEDERMAN, TREASURER**





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

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
Columbus, Ohio 43215  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-728-7398  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Board of Education  
Reynoldsburg City School District  
6549 E. Livingston Ave  
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, 2000 through June 30, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

**JIM PETRO**  
Auditor of State

January 4, 2002

**This Page is Intentionally Left Blank.**

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

TABLE OF CONTENTS

Independent Auditor’s Report .....	1
Combined Balance Sheet - All Fund Types and Account Groups .....	2 - 3
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund .....	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual Comparison (Non-GAAP Budgetary Basis) - All Governmental Fund Types .....	5
Combined Statement of Revenues, Expenses and Changes in Retained Earnings (Accumulated Deficit)/Fund Balance - All Proprietary Fund Types and Nonexpendable Trust Fund .....	6
Combined Statement of Cash Flows - All Proprietary Fund Types and Nonexpendable Trust Fund .....	7
Notes to the General Purpose Financial Statements. ....	8 - 49
Supplemental Data	
Schedule of Expenditures of Federal Awards. ....	50
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of the General Purpose Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> . . . . .	51 - 52
Report on Compliance With Requirements Applicable to Its Major Federal Programs and Internal Control Over Compliance in Accordance With <i>OMB Circular A-133</i> . . . . .	53 - 54
Schedule of Findings <i>OMB Circular A-133</i> .....	55 - 56

# 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 fiscal year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Reynoldsburg City School District, Franklin County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2001, 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 6, 2001

**REYNOLDSBURG CITY SCHOOL DISTRICT**  
**FRANKLIN COUNTY, OHIO**  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 2001

	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	
<b>ASSETS AND OTHER DEBITS</b>									
<b>ASSETS:</b>									
Equity in pooled cash and cash equivalents . . . . .	\$11,557,385	\$599,487	\$67,082	\$581,748	\$173,491	\$1,763,559	\$144,350		\$14,887,102
Equity in pooled cash and cash equivalents - non-expendable trust fund . . . . .							25,422		25,422
Cash in segregated accounts . . . . .	5,293								5,293
Receivables (net of allowances of uncollectibles):									
Taxes - current & delinquent . . . . .	17,495,682		1,863,908	886,080	4,408				20,245,670
Accounts . . . . .	5,029	2,120							11,557
Accrued interest . . . . .	106,993								106,993
Due from other governments . . . . .		238,984							238,984
Prepayments . . . . .	33,453								33,453
Materials and supplies inventory . . . . .	106,800				1,983				108,783
Restricted assets:									
Equity in pooled cash and cash equivalents . . . . .	172,006								172,006
Property, plant and equipment (net of accumulated depreciation where applicable) . . . . .					228,747			\$52,744,605	52,973,352
<b>OTHER DEBITS:</b>									
Amount available in debt service fund . . . . .								\$315,716	315,716
Amount to be provided for retirement of general long-term obligations . . . . .								22,063,576	22,063,576
Total assets and other debits . . . . .	\$29,482,641	\$840,591	\$1,930,990	\$1,467,828	\$408,629	\$1,763,559	\$169,772	\$52,744,605	\$111,187,907

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, 2001

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types		Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>										
<b>LIABILITIES:</b>										
Accounts payable . . . . .	\$243,603	\$73,003		\$41,615	\$1,498					\$359,719
Accrued wages and benefits . . . . .	4,355,965	122,936		5	186,915				\$2,236,916	4,665,821
Compensated absences payable . . . . .	75,273				24,971				280,288	2,337,160
Pension obligation payable . . . . .	551,696	5,264			47,920					885,168
Deferred revenue . . . . .	14,072,570	186,898	\$1,615,274	768,337	639					16,643,718
Due to other governments . . . . .		58					\$10,457			10,515
Due to students . . . . .							88,953			88,953
Claims payable . . . . .						\$467,949				467,949
Energy conservation notes payable . . . . .								820,000		820,000
General obligation bonds payable . . . . .								18,281,520		18,281,520
Capital lease obligation payable . . . . .								760,568		760,568
<b>Total liabilities . . . . .</b>	<b>19,299,107</b>	<b>388,159</b>	<b>1,615,274</b>	<b>809,957</b>	<b>261,943</b>	<b>467,949</b>	<b>99,410</b>	<b>22,379,292</b>		<b>45,321,091</b>
<b>EQUITY AND OTHER CREDITS:</b>										
Investment in general fixed assets . . . . .										
Contributed capital . . . . .					812,140			\$52,744,605		52,744,605
Retained earnings (accumulated deficit): unreserved . . . . .					(665,454)	1,295,610				630,156
<b>Fund balances:</b>										
Reserved for encumbrances . . . . .	337,332	191,372		167,343			3,244			699,291
Reserved for prepayments . . . . .	33,453									33,453
Reserved for materials and supplies inventory . . . . .	106,800									106,800
Reserved for debt service . . . . .			67,380							67,380
Reserved for tax revenue unavailable for appropriation . . . . .	2,108,804			117,220						2,474,360
Reserved for principal endowment Designated for budget stabilization . . . . .	2,513,224						25,000			2,513,224
Reserved for BWC refunds . . . . .	172,006									172,006
Unreserved-undesignated . . . . .	4,911,915	261,060		373,308			42,118			5,588,401
<b>Total equity and other credits . . . . .</b>	<b>10,183,534</b>	<b>452,432</b>	<b>315,716</b>	<b>657,871</b>	<b>146,686</b>	<b>1,295,610</b>	<b>70,362</b>	<b>52,744,605</b>		<b>65,866,816</b>
<b>Total liabilities, equity and other credits . . . . .</b>	<b>\$29,482,641</b>	<b>\$840,591</b>	<b>\$1,930,990</b>	<b>\$1,467,828</b>	<b>\$408,629</b>	<b>\$1,763,559</b>	<b>\$169,772</b>	<b>\$52,744,605</b>	<b>\$22,379,292</b>	<b>\$111,187,907</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, 2001

	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 . . . . .	\$18,627,167		\$1,801,495	\$855,422		\$21,284,084
Tuition . . . . .	9,224					9,224
Earnings on investments . . . . .	969,599	\$7,636		12,392	\$1,497	991,124
Extracurricular . . . . .		371,590			12,453	384,043
Other local revenues . . . . .	388,903	79,750		10,000		478,653
Other revenue . . . . .		40,000				40,000
Intergovernmental - State . . . . .	18,349,218	1,468,314	222,747	359,069		20,399,348
Intergovernmental - Federal . . . . .	32,585	823,050				855,635
<b>Total revenues . . . . .</b>	<b>38,376,696</b>	<b>2,790,340</b>	<b>2,024,242</b>	<b>1,236,883</b>	<b>13,950</b>	<b>44,442,111</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular . . . . .	20,208,624	278,745		223,920		20,711,289
Special . . . . .	2,110,832	421,407				2,532,239
Vocational . . . . .	202,455					202,455
Support services:						
Pupil . . . . .	2,772,920	157,487				2,930,407
Instructional staff . . . . .	569,722	749,192		1,438		1,320,352
Board of education . . . . .	19,885					19,885
Administration . . . . .	3,773,945	329,611			532	4,104,088
Fiscal . . . . .	674,115	27,500	11,995	7,562		721,172
Business . . . . .	159,827					159,827
Operations and maintenance . . . . .	3,653,717	5,386		955,932		4,615,035
Pupil transportation . . . . .	1,467,685	13,124				1,480,809
Central . . . . .	201,154	63,894				265,048
Community services . . . . .	1,624	32,142				33,766
Extracurricular activities . . . . .	481,055	328,457			1,214	810,726
Facilities acquisition and construction . . . . .		110,181		312,983		423,164
Capital outlay . . . . .	308,014					308,014
Intergovernmental pass-through . . . . .		443,485				443,485
Debt service:						
Principal retirement . . . . .	221,632		1,105,000			1,326,632
Interest and fiscal charges . . . . .	49,326		959,978			1,009,304
<b>Total expenditures . . . . .</b>	<b>36,876,532</b>	<b>2,960,611</b>	<b>2,076,973</b>	<b>1,501,835</b>	<b>1,746</b>	<b>43,417,697</b>
Excess of revenues over (under) expenditures . . . . .	1,500,164	(170,271)	(52,731)	(264,952)	12,204	1,024,414
Other financing sources (uses):						
Operating transfers in . . . . .		11,908				11,908
Operating transfers out . . . . .	(11,908)					(11,908)
Proceeds of capital lease transaction . . . . .	308,014					308,014
<b>Total other financing sources (uses) . . . . .</b>	<b>296,106</b>	<b>11,908</b>				<b>308,014</b>
Excess of revenues and other financing sources over (under) expenditures and other financing uses . . . . .	1,796,270	(158,363)	(52,731)	(264,952)	12,204	1,332,428
Fund balances, July 1, 2000 . . . . .	8,372,608	610,795	368,447	922,823	32,736	10,307,409
Increase in reserve for inventory . . . . .	14,656					14,656
<b>Fund balances, June 30, 2001 . . . . .</b>	<b>\$10,183,534</b>	<b>\$452,432</b>	<b>\$315,716</b>	<b>\$657,871</b>	<b>\$44,940</b>	<b>\$11,654,493</b>

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

**REYNOLDSBURG CITY SCHOOL DISTRICT**  
**FRANKLIN COUNTY, OHIO**  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Total (Memorandum only)														
	General			Special Revenue			Debt Service			Capital Projects			Total (Memorandum only)		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>															
From local sources:															
Taxes.....	\$17,829,490	\$17,827,648	(\$1,842)										\$20,281,915	\$20,343,199	\$61,284
Tuition.....	9,225	9,224	(1)										9,225	9,224	(1)
Earnings on investments.....	1,046,479	1,046,371	(108)										1,066,925	1,066,399	(526)
Extracurricular.....	177,244	177,227	(17)	\$8,113	\$7,636	(\$477)							419,611	370,091	(49,520)
Other local revenues.....				89,003	77,749	(11,254)							276,201	264,976	(11,225)
Other revenue.....	18,353,413	18,351,518	(1,895)	45,352	40,000	(5,352)							45,352	40,000	(5,352)
Intergovernmental - State.....	32,588	32,585	(3)	1,664,637	1,467,315	(197,322)							20,590,464	20,400,649	(189,815)
Intergovernmental - Federal.....	37,448,439	37,444,573	(3,866)	874,123	770,964	(103,159)							906,711	803,549	(103,162)
Total revenues.....				3,100,839	2,753,755	(367,084)	1,868,865	1,935,948	67,083	1,178,261	1,183,811	5,550	43,596,404	43,298,087	(298,317)
<b>Expenditures:</b>															
Current:															
Instruction:															
Regular.....	20,348,042	19,988,745	359,297	648,446	430,026	218,420							21,224,885	20,647,168	577,717
Special.....	2,009,898	2,058,617	(48,719)	463,271	439,357	23,914							2,473,169	2,497,974	(24,805)
Vocational.....	339,735	202,648	137,087										339,735	202,648	137,087
Support services:															
Pupil.....	2,181,357	2,700,602	(519,245)	262,975	160,730	102,245							2,444,332	2,861,332	(417,000)
Instructional staff.....	788,283	590,387	197,896	828,464	777,200	51,264							1,620,747	1,371,587	249,160
Board of Education.....	48,917	32,527	16,390										48,917	32,527	16,390
Administration.....	3,409,677	3,814,373	(404,696)	467,780	437,679	30,101							3,877,457	4,252,052	(374,595)
Fiscal.....	700,270	674,245	26,025	27,500	27,500	0							754,758	721,302	33,456
Business.....	168,992	154,971	14,021	4,591	4,591	0							173,583	154,971	18,612
Operations and maintenance.....	3,956,274	3,853,776	102,498	20,001	17,244	2,757							5,142,663	4,911,688	230,975
Pupil transportation.....	1,660,476	1,472,958	187,518	10,466	13,222	(2,756)							1,670,942	1,486,180	184,762
Central.....	232,999	225,960	7,039	102,173	66,669	35,504							335,172	292,629	42,543
Community services.....	434,912	495,828	(60,916)	49,861	27,490	22,371							928,637	827,166	101,471
Extracurricular activities.....				493,725	331,338	162,387							704,208	535,463	168,745
Facilities acquisition and construction.....				112,281	110,181	2,100							591,927	425,282	166,645
Intergovernmental pass-through.....				492,894	459,518	33,376							492,894	459,518	33,376
Debt service:															
Principal retirement.....				1,105,000	1,105,000	0							1,105,000	1,105,000	0
Interest and fiscal charges.....				959,984	959,978	6							959,984	959,978	6
Total expenditures.....	36,279,832	36,265,637	14,195	3,984,428	3,298,154	686,274	(1)	2,005,712	1,705,909	299,803	44,346,944	1,000,271	44,346,944	43,346,673	1,000,271
Excess of revenues over (under) expenditures.....	1,168,607	1,178,936	10,329	(883,589)	(564,399)	319,190		(208,107)	(141,025)	67,082	(827,451)	(522,098)	(750,540)	(48,586)	701,954
Other financing sources (uses):															
Refund of prior year's expenditures.....	39,133	39,129	(4)										39,133	39,129	(4)
Refund of prior year's receipts.....	(2,000)	0	2,000										(2,000)	0	2,000
Operating transfers in.....	7,002	7,000	(2)	13,501	11,908	(1,593)							20,503	18,908	1,595
Operating transfers out.....	(20,708)	(22,708)	(2,000)										(20,708)	(22,708)	(2,000)
Total other financing sources (uses).....	23,427	23,421	(6)	13,501	11,908	(1,593)							36,928	35,329	(1,599)
Excess of revenues and other financing sources over (under) expenditures and other financing uses.....	1,192,034	1,202,357	10,323	(870,088)	(552,491)	317,597		(208,107)	(141,025)	67,082	(827,451)	(522,098)	(713,612)	(13,257)	700,355
Fund balances, July 1, 2001.....	8,935,055	8,935,055	0	774,022	774,022	0							9,993,757	9,993,757	0
Prior year encumbrances appropriated.....	972,540	972,540	0	114,248	114,248	0							1,905,103	1,905,103	0
Fund balances, June 30, 2001.....	\$11,099,629	\$11,109,952	\$10,323	\$18,182	\$335,779	\$317,597	\$0	\$67,082	\$67,082	\$67,437	\$372,790	\$305,353	\$11,185,248	\$11,885,603	\$700,355

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, 2001

	Proprietary Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
Operating revenues:				
Tuition and fees . . . . .	\$39,598			\$39,598
Sales/charges for services. . . . .	1,039,828	\$2,712,204		3,752,032
Interest revenue . . . . .			\$128	128
<b>Total operating revenues. . . . .</b>	<b>1,079,426</b>	<b>2,712,204</b>	<b>128</b>	<b>3,791,758</b>
Operating expenses:				
Personal services . . . . .	751,611	180,400		932,011
Purchased services . . . . .	7,267	59,306		66,573
Materials and supplies. . . . .	573,202			573,202
Depreciation. . . . .	20,282			20,282
Claims expense . . . . .		2,535,757		2,535,757
Other . . . . .	1,008			1,008
<b>Total operating expenses. . . . .</b>	<b>1,353,370</b>	<b>2,775,463</b>		<b>4,128,833</b>
Operating income (loss) . . . . .	(273,944)	(63,259)	128	(337,075)
Nonoperating revenues:				
Operating grants . . . . .	196,038	24,000		220,038
Federal commodities. . . . .	15,519			15,519
Interest revenue . . . . .	2,276			2,276
Other nonoperating revenue . . . . .		25,665		25,665
<b>Total nonoperating revenues . . . . .</b>	<b>213,833</b>	<b>49,665</b>		<b>263,498</b>
Net income (loss). . . . .	(60,111)	(13,594)	128	(73,577)
Retained earnings (accumulated deficit)/ fund balance, July 1, 2000 . . . . .	(605,343)	1,309,204	25,294	729,155
Retained earnings (accumulated deficit)/ fund balance, June 30, 2001. . . . .	(\$665,454)	\$1,295,610	\$25,422	\$655,578

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, 2001

	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 . . . . .	\$39,598			\$39,598
Cash received from sales/service charges . . . . .	1,039,462	\$2,712,204		3,751,666
Cash payments for personal services . . . . .	(639,601)	(180,400)		(820,001)
Cash payments for purchased services . . . . .	(7,267)	(59,306)		(66,573)
Cash payments for materials and supplies . . . . .	(557,323)			(557,323)
Cash payments for claims . . . . .		(2,435,605)		(2,435,605)
Cash payments for other expenses . . . . .	(1,008)			(1,008)
Net cash provided by (used in) operating activities. . . . .	(126,139)	36,893		(89,246)
Cash flows from noncapital financing activities:				
Cash received from operating grants . . . . .	196,038	24,000		220,038
Cash received from nonoperating activities. . . . .		25,665		25,665
Net cash provided by noncapital financing activities . . . . .	196,038	49,665		245,703
Cash flows from capital and related financing activities:				
Acquisition of capital assets. . . . .	(7,522)			(7,522)
Net cash used in capital and related financing activities . . . . .	(7,522)			(7,522)
Cash flows from investing activities:				
Interest received . . . . .	2,276		\$128	2,404
Net cash provided by investing activities . . . . .	2,276		128	2,404
Net increase in cash and cash equivalents . . . . .	64,653	86,558	128	151,339
Cash and cash equivalents at beginning of year . . . . .	108,838	1,677,001	25,294	1,811,133
Cash and cash equivalents at end of year. . . . .	\$173,491	\$1,763,559	\$25,422	\$1,962,472
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss). . . . .	(\$273,944)	(\$63,259)	\$128	(\$337,075)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation . . . . .	20,282			20,282
Federal donated commodities . . . . .	15,519			15,519
Interest reported as operating income . . . . .			(128)	(128)
Changes in assets and liabilities:				
Increase in accounts receivable . . . . .	(366)			(366)
Decrease in materials and supplies inventory. . . . .	106			106
Increase in accounts payable . . . . .	369			369
Increase in accrued wages and benefits. . . . .	106,413			106,413
Increase in compensated absences payable . . . . .	3,323			3,323
Increase in pension obligation payable . . . . .	2,274			2,274
Increase in claims payable . . . . .		100,152		100,152
Decrease in deferred revenue . . . . .	(115)			(115)
Net cash provided by (used in) operating activities. . . . .	(126,139)	\$36,893	\$0	(\$89,246)

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, 2001**

**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 (five members) and is responsible for the provision of public education to residents of the District.

The District ranks as the 55<sup>th</sup> largest by enrollment among the 682 public and community school districts in the State. The District employs 198 non-certified and 416 certified employees to provide services to approximately 5,925 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.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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

**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 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.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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

*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.

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:

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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

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.

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.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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

*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.C.).

*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.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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

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.

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 60 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, 2001, and which are intended to finance fiscal 2002 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.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the modified accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the resources are available. Revenue from income taxes is recognized in the fiscal year in which the underlying exchange occurred and the resources are available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met and the resources are available.

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.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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

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.

On the accrual basis of accounting, revenue from nonexchange transactions, such as grants, entitlements and donations, is recognized in the fiscal year in which all eligibility requirements have been met. The proprietary funds receive no revenue from property or income taxes.

**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.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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

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 2001.
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.
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.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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

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.

During fiscal year 2001, 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 2001. 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, 2001.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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

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 2001, amounted to \$969,599, which includes \$225,989 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.

**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.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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

**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.

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 to 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.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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

**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

<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>
State Foundation Program	State Tax Property Relief	State Tax Property Relief
School Bus Funding Program		

Non-Reimbursable Grants

Special Revenue Funds

Title VI-B  
EHA Preschool Grant for the Handicapped  
Educational Management Information System  
Local Professional Development  
Teacher 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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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

*Non-Reimbursable Grants - (Continued)*

Special Revenue Funds - (Continued)

Excellence in Education  
Entry Year Programs  
Family Partnership Award  
Continuous Improvement  
Ohio Principal's Coalition

Capital Projects Funds

Permanent Improvements  
Classroom Facilities  
SchoolNet

*Reimbursable Grants*

General Fund

Driver Education Reimbursement  
Community Alternative Funding System

Special Revenue Fund

Telecommunications

Enterprise Funds

National School Lunch Program  
Federal Donated Commodities  
School Breakfast Program

Grants and entitlements amounted to approximately 44% of the District's operating revenue during the 2001 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.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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

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, 2001.
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, 2001.

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.

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.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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

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 year-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.

**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.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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

**M. Fund Equity**

Reserved fund balances indicate that portion of fund equity, which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, prepayments, materials and supplies inventory, debt service, tax revenue unavailable for appropriation, principal endowment, and Bureau of Workers Compensation (BWC) refunds. 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. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds.

Designated fund balance represents planned actions for monies set-a-side by the District for budget stabilization.

**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.

**O. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents that are restricted in use by State statute. A fund balance reserve has also been established. See Note 20 for details.

**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.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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

**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, 2001.

**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.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principle**

GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," was implemented during fiscal 2001. This statement pertains to the financial reporting of certain types of revenue received by the District for which no value is given in return, including derived tax revenues, imposed nonexchange transactions, government-mandated nonexchange transactions, and voluntary nonexchange transactions. The adoption of this statement had no effect on fund balances/retained earnings as previously reported by the District at June 30, 2000.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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

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

Fund balances/retained earnings at June 30, 2001 included the following individual fund deficits:

	<u>Deficit Fund Balances</u>
<u>Special Revenue Funds</u>	
Teacher Development	\$ 1,266
Eisenhower Grant	2,277
Title I	548
Class Size Reduction	7,560
EHA Preschool Grants for the Handicapped	49
Educational Management Information System	131
 <u>Enterprise Funds</u>	
Food Service	585,602
Summer School	79,852

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

The deficit fund balances in the Teacher Development, Eisenhower Grant, Title I, Class Size Reduction, 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 and Summer School enterprise funds are due to accruing wage, benefit and retirement obligations in accordance with GAAP. These deficits will be funded by user charges and other subsidies not recognized at June 30.

**C. Agency Funds**

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

<u>LIABILITIES</u>	
Accounts payable	\$12,116

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**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.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, Notes, Debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed 30 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 180 days in an amount not to exceed 25% of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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

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 \$1,115,564, (including monies of \$5,293 held in segregated accounts) and the bank balance, including nonnegotiable certificates of deposit, was \$1,598,127 (including monies of \$5,281 held in segregated accounts). Of the bank balance:

1. \$200,000 was covered by federal depository insurance; and
2. \$1,398,127 was uninsured and unregistered as defined by GASB although it was secured by collateral held by third party trustees, pursuant to section 135.181 Ohio Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions; these securities not being in the name of the District. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

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

	Category 2	Reported Amount	Fair Value
Federal Agency Securities	\$3,534,520	\$ 3,534,520	\$ 3,534,520
Investment in State Treasurer’s Investment Pool	_____	10,439,739	10,439,739
Total Investments	\$3,534,520	\$13,974,259	\$13,974,259

The federal agency securities have maturities ranging from July, 2001 to March, 2003.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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

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:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
Per GASB Statement No. 9	\$ 15,089,823	\$ 0
Investments of the Cash		
Management Pool:		
Federal Agency Securities	(3,534,520)	3,534,520
State Treasurer's Investment Pool	<u>(10,439,739)</u>	<u>10,439,739</u>
GASB Statement No. 3	<u>\$ 1,115,564</u>	<u>\$13,974,259</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

The following is a summarized breakdown of the District's operating transfers for fiscal year 2001:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ - - -	\$11,908
<u>Special Revenue Fund</u>		
Teacher Development	<u>11,908</u>	<u>- - -</u>
Total	<u>\$11,908</u>	<u>\$11,908</u>

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**NOTE 6 - PROPERTY TAXES**

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

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

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

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

The assessed value upon which the 2000 taxes were collected was \$559,445,337. Agricultural/residential real estate represented \$415,321,150 or 74.24% of this total; Commercial & industrial real estate represented \$105,221,070 or 18.81% of this total; public utility tangible represented \$21,833,250 or 3.90% of this total and general tangible property \$17,069,867 or 3.05% of this total. The voted general tax rate for operations at the fiscal year ended June 30, 2001, was \$49.90 per \$1,000.00 of assessed valuation, \$3.49 per \$1,000.00 of assessed valuation for debt service and \$2.00 per \$1,000.00 of assessed valuation for permanent improvement.

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

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

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes, which became measurable as of June 30, 2001. 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 \$2,474,360 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, 2001, are reflected as a reservation of fund balance for future appropriations. The District is prohibited, by law, from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

**NOTE 7 - INCOME TAX**

The District levies a voted tax of one-half 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 for fiscal year 2001 totaled \$3,441,709 and is credited to the general fund.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2001, consisted of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements that are due from other governments (to the extent eligibility requirements have been met by year-end). 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:

	<u>Amounts</u>
<u>General Fund</u>	
Taxes - current and delinquent	\$17,495,682
Accounts	5,029
Accrued interest	106,993
 <u>Special Revenue Funds</u>	
Accounts	2,120
Due from other governments	238,984
 <u>Debt Service Fund</u>	
Taxes - current and delinquent	1,863,908
 <u>Capital Projects Fund</u>	
Taxes - current and delinquent	886,080
 <u>Enterprise Fund</u>	
Accounts	4,408

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**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, 2000</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2001</u>
Land/Improvements	\$ 3,174,934	\$ 369,715	\$ ---	\$ 3,544,649
Buildings	31,990,865	7,385,836	---	39,376,701
Furniture/Equipment	7,613,362	352,514	(59,836)	7,906,040
Vehicles	2,049,819	113,876	(246,480)	1,917,215
Construction In Progress	<u>6,259,470</u>	<u>775,418</u>	<u>(7,034,888)</u>	<u>0</u>
Total	<u>\$51,088,450</u>	<u>\$8,997,359</u>	<u>\$(7,341,204)</u>	<u>\$52,744,605</u>

**B. Proprietary Fixed Assets**

A summary of enterprise fund fixed assets at June 30, 2001, follows:

Furniture and equipment	\$ 819,662
Less: accumulated depreciation	<u>(590,915)</u>
Net fixed assets	<u>\$ 228,747</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, 2000	\$812,140
Current contributions	<u>---</u>
Contributed capital at June 30, 2001	<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, 2001

**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, 2001:

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Outstanding July 1, 2000</u>	<u>Issued in 2001</u>	<u>Retired in 2001</u>	<u>Outstanding June 30, 2001</u>
School Improvement Bonds	6.6158%	2/15/92	12/01/17	\$19,251,520	\$ - - -	\$ (970,000)	\$18,281,520
Energy Conservation Note	5.2593%	12/01/92	12/01/02	330,000	- - -	(105,000)	225,000
Energy Conservation Note	5.05%	12/02/98	12/01/13	<u>625,000</u>	<u>- - -</u>	<u>(30,000)</u>	<u>595,000</u>
Total				<u>\$20,206,520</u>	<u>\$ 0</u>	<u>\$(1,105,000)</u>	<u>\$19,101,520</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>
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	1,250,000	688,658	1,938,658
2007 - 2011	4,575,893	2,594,619	7,170,512
2012 - 2016	5,060,627	1,865,147	6,925,774
2017 - 2018	<u>3,520,000</u>	<u>194,020</u>	<u>3,714,020</u>
Total	<u>\$19,101,520</u>	<u>\$8,627,196</u>	<u>\$27,728,716</u>

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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

C. During the year ended June 30, 2001, 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, 2000</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance at June 30, 2001</u>
Compensated absences	\$ 2,183,059	\$117,852	\$ (63,995)	\$ 2,236,916
Pension obligation payable	208,782	280,288	(208,782)	280,288
General obligation bonds	19,251,520	---	(970,000)	18,281,520
Energy conservation notes	955,000	---	(135,000)	820,000
Capital lease obligation	<u>674,186</u>	<u>308,014</u>	<u>(221,632)</u>	<u>760,568</u>
Total	<u>\$23,272,547</u>	<u>\$706,154</u>	<u>\$(1,599,409)</u>	<u>\$22,379,292</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, 2001, are a voted debt margin of \$32,834,276 (including available funds of \$315,716) and an unvoted debt margin of \$559,445.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**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 12-month classified employees earn 10 to 20 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, payment equal to twenty-five percent of accumulated unused sick leave. This severance payment is based upon the above schedule utilizing the employees accumulated sick leave, up to a maximum of 244 days for certificated employees and 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, 2001

**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 \$1,313,286. 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 2001, were \$221,632 and \$49,326, 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, 2000.

Fiscal Year Ending <u>June 30,</u>	<u>Amount</u>
2002	\$ 251,264
2003	217,259
2004	209,207
2005	172,064
2006	<u>14,354</u>
Total minimum lease payments	864,148
Less: amount representing interest	<u>(103,580)</u>
Present value of minimum lease payments	<u>\$ 760,568</u>

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**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 Insurance	\$ 2,000,000	\$ 0
Aggregate		5,000,000	0
Umbrella liability:			
Each occurrence	Nationwide Insurance	2,000,000	
Aggregate		2,000,000	0
Building and contents	Wausau Insurance	85,555,800	5,000
Employee Benefits Liability	Core Source	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 2000.

**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, 2001

**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, 2001, is not discounted. An actuary was used in determining this liability.

The claims liability is \$467,949 reported in the internal service fund at June 30, 2001, 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>
2001	\$367,797	\$2,535,757	\$(2,435,605)	\$467,949
2000	292,008	1,933,892	(1,858,103)	367,797

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

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

**C. Workers' Compensation**

For fiscal year 2001, 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, 2001

**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, 2001.

	<u>Food Service</u>	<u>Summer School</u>	<u>Total</u>
Operating revenues	\$1,039,828	\$ 39,598	\$1,079,426
Operating expenses before depreciation	1,167,520	165,568	1,333,088
Depreciation	20,282	---	20,282
Operating loss	(147,974)	(125,970)	(273,944)
Operating grants	196,038	---	196,038
Federal donated commodities	15,519	---	15,519
Net income (loss)	65,859	(125,970)	(60,111)
Net working capital	22,762	(79,852)	(57,090)
Fixed asset additions	7,522	---	7,522
Total assets	379,589	29,040	408,629
Total liabilities	153,051	108,892	261,943
Contributed capital	812,140	---	812,140
Total equity	226,538	(79,852)	146,686
Encumbrances at June 30, 2001	---	2,579	2,579

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**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% of their annual covered salary and the District is required to contribute 14% for 2001; 4.2% 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, 2001, 2000, and 1999 were \$596,257, \$520,179, and \$487,788, respectively; 40.51% has been contributed for fiscal year 2001 and 100% for the fiscal years 2000 and 1999. \$354,708 represents the unpaid contribution for fiscal year 2001 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, 2001

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

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%; 9.5% 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% for members and 14% for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$2,606,123, \$2,375,274, and \$2,308,884, respectively; 82.28% has been contributed for fiscal year 2001 and 100% for the fiscal years 2000 and 1999. \$461,676 represents the unpaid contribution for fiscal year 2001, 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, 2001, certain members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

**NOTE 17 - POSTEMPLOYMENT BENEFITS**

The District provides comprehensive health care benefits to retired teachers and their dependents through STRS, and to retired non-certified employees and their dependents through SERS. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by STRS and SERS based on authority granted by State statute. Both STRS and SERS 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% of covered payroll. For this fiscal year, the Board allocated employer contributions equal 4.5% of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$837,682 during fiscal 2001.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**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 \$3.419 billion at June 30, 2000 (the latest information available). For the year ended June 30, 2000 (the latest information available), net health care costs paid by STRS were \$283.137 million and STRS had 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 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% of the premium.

For this fiscal year, employer contributions to fund health care benefits were 9.8% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2000 (the latest information available), were \$140.7 million and the target level was \$211.0 million. At June 30, 2000 (the latest information available), SERS had net assets available for payment of health care benefits of \$252.3 million and SERS had approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$479,937 during the 2001 fiscal year.

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**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, 2001

**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	\$1,202,357	\$(552,491)	\$(141,025)	\$(522,098)
Net adjustment for revenue accruals	725,664	56,585	88,294	53,072
Net adjustment for expenditure accruals	(935,843)	73,835	---	(4,884)
Net adjustment for other sources/uses	272,685	---	---	---
Adjustment for encumbrances	534,002	263,708	---	208,958
Adjustment for fund classification	<u>(2,595)</u>	<u>---</u>	<u>---</u>	<u>---</u>
GAAP basis	<u>\$1,796,270</u>	<u>\$(158,363)</u>	<u>\$(52,731)</u>	<u>\$(264,952)</u>

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**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, 2001.

**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 September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.

Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of December 6, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

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

**NOTE 20 - STATUTORY RESERVES**

The District is required by State law to set-aside certain general fund revenue amounts, as defined by Statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2001, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization Designated</u>	<u>BWC Refunds</u>
Set-aside cash balance as of June 30, 2000	\$ (221,414)	\$ 0	\$2,685,230	\$ 0
Current year set-aside requirement	867,980	867,980	---	---
Reclassification of budget stabilization	---	---	(172,006)	172,006
Qualifying disbursements	<u>(1,540,226)</u>	<u>(1,726,916)</u>	<u>---</u>	<u>---</u>
Total	<u>\$ (893,660)</u>	<u>\$ (858,936)</u>	<u>\$2,513,224</u>	<u>\$172,006</u>
Cash balance carried forward to FY 2002	<u>\$ (893,660)</u>	<u>\$ (858,936)</u>	<u>\$2,513,224</u>	<u>\$172,006</u>

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

**NOTE 20 - STATUTORY RESERVES - (Continued)**

Effective April 10, 2001, Am. Sub. Senate Bill 345 amended ORC Section 5705.29 effectively eliminating the requirement for the District to establish and maintain a budget stabilization reserve. As of June 30, 2001, the School Board has taken action to designate these funds for a specific use - budget stabilization. Monies representing BWC refunds that were received prior to April 10, 2001, have been shown as a restricted asset and reserved fund balance in the general fund since allowable expenditures are restricted by State statute. The District is still required by state law to maintain the textbook reserve and capital acquisition reserve. Further, via Board Resolution, the District elected to maintain its budget stabilization amount at June 30, 2001.

The District had offsets and qualifying disbursements during the year that reduced the set-aside amount below zero for the textbook and capital acquisition reserves, these extra amounts may be used to reduce the set-aside requirement for future years. The negative amounts are therefore presented as being carried forward to the next fiscal year.

A schedule of the restricted assets at June 30, 2001 follows:

Amount restricted for BWC refunds	<u>\$172,006</u>
Total restricted assets	<u><u>\$172,006</u></u>

## **SUPPLEMENTAL DATA**

**REYNOLDSBURG CITY SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(D) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(D) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
<b>U. S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE <u>OHIO DEPARTMENT OF EDUCATION:</u></b>						
<b>Nutrition Grant Cluster:</b>						
(A) (B) Food Distribution	10.550	N/A		\$15,405		\$15,519
(A) (C) School Breakfast Program	10.553	N/A	\$1,385		\$1,385	
(A) (C) National School Lunch Program	10.555	N/A	212,350		212,350	
<b>Total Nutrition Grant Cluster and U.S. Department of Agriculture</b>			213,735	15,405	213,735	15,519
<b>U. S. DEPARTMENT OF EDUCATION PASSED THROUGH THE <u>N/A</u></b>						
Smaller Learning Communities	84.215L	S215L002037	126,282		80,308	
<b>U. S. DEPARTMENT OF EDUCATION PASSED THROUGH THE <u>OHIO DEPARTMENT OF EDUCATION:</u></b>						
Title I - Grants to Local Educational Agencies	84.010	047001-C1-S1-00	35,544		81,214	
Title I - Grants to Local Educational Agencies	84.010	047001-C1-S1-01	195,811		195,811	
<b>Total Title I</b>			231,355		277,025	
<b>Special Education Grant Cluster:</b>						
(E) Title VI-B - Education of the Handicapped Act	84.027	047001-6B-SF-99P	23,762		82,836	
(E) Title VI-B - Education of the Handicapped Act	84.027	047001-6B-SF-00P	235,449		216,680	
<b>Total Title VI-B</b>			259,211		299,516	
(E) Special Education Preschool Grants	84.173	047001-PG-S1-00P	14,035		14,035	
<b>Total Special Education Grant Cluster</b>			273,246		313,551	
Drug Free Schools	84.186	047001-DR-S1-01	34,794		14,717	
Goals 2000	84.276	047001-G2-S4-99	0		44,374	
Goals 2000	84.276	047001-G2-S2-99	11,689		111,078	
<b>Total Goals 2000</b>			11,689		155,452	
Eisenhower Professional Development Grant	84.281	047001-MS-S1-00	1,742		16,732	
Eisenhower Professional Development Grant	84.281	047001-MS-S1-99 P	0		13,087	
Eisenhower Professional Development Grant	84.281	047001-MS-S1-01	15,350		11,978	
<b>Total Eisenhower Professional Development Grant</b>			17,092		41,797	
Title VI - Innovative Education Programs	84.298	047001-C2-S1-99	0		7,232	
Title VI - Innovative Education Programs	84.298	047001-C2-S1-00	0		12,634	
Title VI - Innovative Education Programs	84.298	047001-C2-S1-01	5,690		2,657	
<b>Total Title VI</b>			5,690		22,523	
Title VI-R - Class Size Reduction Subsidy	84.340	047001-CR-S1-00	6,104		12,834	
Title VI-R - Class Size Reduction Subsidy	84.340	047001-CR-S1-01	66,789		61,614	
<b>Total Title VI-R</b>			72,893		74,448	
<b>Total U. S. Department of Education</b>			773,041		979,821	
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH THE <u>OHIO DEPARTMENT OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES:</u></b>						
Community Alternative Funding System Program	93.778	N/A	32,585		32,585	
<b>Total U. S. Department of Health and Human Services</b>			32,585		32,585	
<b>Total Federal Financial Assistance</b>			\$1,019,361	\$15,405	\$1,226,141	\$15,519

- (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 Over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance With *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, 2001, and have issued our report thereon dated December 6, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

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

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 6, 2001.

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 6, 2001

# 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 With Requirements Applicable to Its Major Federal Program and on 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 its major federal program for the fiscal year ended June 30, 2001. Reynoldsburg City School District's major federal program is 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 program 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; 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, 2001.

#### 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 6, 2001

**REYNOLDSBURG CITY SCHOOL DISTRICT  
FRANKLIN COUNTY  
JUNE 30, 2001**

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

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
--

<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>	Special Education Grant Cluster: Title VI-B, CFDA #84.027; Special Education Preschool Grant, CFDA #84.173
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

**REYNOLDSBURG CITY SCHOOL DISTRICT  
FRANKLIN COUNTY  
JUNE 30, 2001**

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

**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.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

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 22, 2002**