

**REYNOLDSBURG CITY  
SCHOOL DISTRICT**  
**FRANKLIN COUNTY, OHIO**  
**BASIC FINANCIAL STATEMENTS**  
*(Audited)*  
*FOR THE FISCAL YEAR ENDED*  
*JUNE 30, 2003*

**MITCHELL BIEDERMAN, TREASURER**





**Auditor of State  
Betty Montgomery**

Board of Education  
Reynoldsburg City School District  
7244 E. Main Street  
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, 2002 through June 30, 2003. 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.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

March 31, 2004

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**REYNOLDSBURG CITY SCHOOL DISTRICT**  
**FRANKLIN COUNTY, OHIO**  
 BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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# TRIMBLE, JULIAN & GRUBE, INC.

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## Independent Auditor's Report

Board of Education  
Reynoldsburg City School District  
7244 E. Main Street  
Reynoldsburg, Ohio 43068-3585

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Reynoldsburg City School District, Franklin County (the "District") as of and for the fiscal year ended June 30, 2003, which collectively comprise the District's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Reynoldsburg City School District, Franklin County, Ohio, as of June 30, 2003, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 3 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, GASB Statement No. 37, Basic Financial Statements for State and Local Governments: Omnibus, GASB Statement No. 38, Certain Financial Statement Note Disclosures GASB Interpretation No. 6 Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements, and GASB Statement No. 41, Budgetary Comparison Schedule - Perspective Differences for the fiscal year ended June 30, 2003. In addition, the District had a change in accounting principle for its threshold for fixed assets as described in Note 2H.

Independent Auditor's Report  
Reynoldsburg City School District

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2004, 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.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming opinions on the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District, taken as a whole. The accompanying schedule of receipts and 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Trimble, Julian & Grube, Inc.  
February 27, 2004



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
UNAUDITED

The discussion and analysis of the Reynoldsburg City School District's ("the District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2003. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2003 are as follows:

- In total, net assets of governmental activities decreased \$223,476 which represents a 1.22% decrease from 2002.
- General revenues accounted for \$47,787,099 in revenue or 91.04% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$4,703,903 or 8.96% of total revenues of \$52,491,002.
- The District had \$52,714,478 in expenses related to governmental activities; only \$4,703,903 of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$47,787,099 were not adequate to provide for these programs.
- The District's major governmental funds had \$106,667,583 in revenues and other financing sources and \$82,001,187 in expenditures and other financing uses. The fund balance of the major governmental funds increased \$24,658,238 from \$12,866,419 to \$37,524,657.

**Using this Financial Report**

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

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. The District reports three major funds: the general fund, debt service fund, and building fund.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
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**Reporting the District as a Whole**

***Statement of Net Assets and the Statement of Activities***

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2003?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the Governmental Activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

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

***Fund Financial Statements***

The analysis of the District's major governmental funds begins on page 10. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, debt service fund and building fund.

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the Statement of Net Assets and the Statement of Activities) and governmental *funds* is reconciled in the basic financial statements.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
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***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented in two private purpose trust funds. The District also acts in a trustee capacity as an agent for individuals. These activities are reported in agency funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets and Changes in Fiduciary Net Assets on pages 25 and 26. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**The District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the District as a whole. This is the first year for government-wide financial statements using the full accrual basis of accounting, therefore a comparison with prior years is not available. A comparative analysis will be provided in future years when prior year information is available.

The table below provides a summary of the District's net assets for 2003.

	<b>Net Assets</b>
	Governmental Activities 2003
<b><u>Assets</u></b>	
Current and other assets	\$ 106,274,593
Capital assets	29,776,265
Total assets	136,050,858
<b><u>Liabilities</u></b>	
Current liabilities	66,727,642
Long-term liabilities	51,163,660
Total liabilities	117,891,302
<b><u>Net Assets</u></b>	
Invested in capital assets, net of related debt	6,978,739
Restricted	1,814,650
Unrestricted	9,366,167
Total net assets	\$ 18,159,556

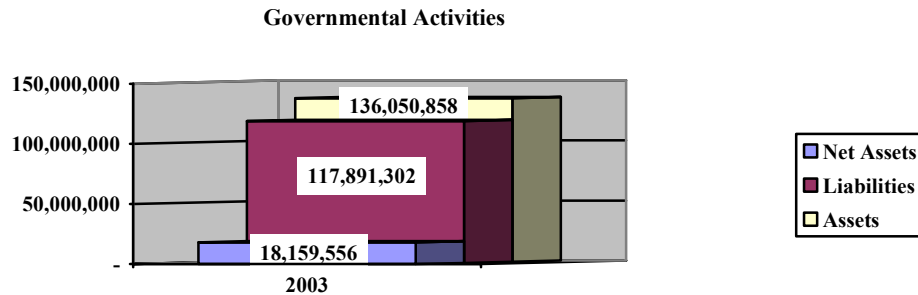
Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2003, the District's assets exceeded liabilities by \$18,159,556.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
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At year-end, capital assets represented 21.89% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2003, was \$6,978,739. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$1,814,650, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$9,366,167 may be used to meet the District's ongoing obligations to the students and creditors.



The table below shows the change in net assets for fiscal year 2003. Since this is the first year the District has prepared government-wide financial statements using the full accrual basis of accounting, revenue and expense comparisons to fiscal year 2002 are not available. A comparative analysis will be provided in future years when prior year information is available.

**Change in Net Assets**

	Governmental Activities 2003
<b><u>Revenues</u></b>	
Program revenues:	
Charges for services and sales	\$ 1,881,492
Operating grants and contributions	2,818,817
Capital grants and contributions	3,594
General revenues:	
Property taxes	22,309,444
Grants and entitlements	24,343,920
Investment earnings	660,526
Miscellaneous	473,209
Total revenues	<u>52,491,002</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
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**Change in Net Assets**

	Governmental Activities <u>2003</u>
<b><u>Expenses</u></b>	
Program expenses:	
Instruction:	
Regular	24,121,381
Special	3,103,343
Vocational	222,930
Other	203
Support services:	
Pupil	4,937,080
Instructional staff	1,727,064
Board of education	108,673
Administration	4,805,120
Fiscal	802,876
Business	242,544
Operations and maintenance	5,266,899
Pupil transportation	2,073,794
Central	561,571
Operations of non-instructional services	34,147
Food service operations	1,489,750
Extracurricular activities	1,133,966
Intergovernmental pass through	349,056
Interest and fiscal charges	<u>1,734,081</u>
Total expenses	<u>52,714,478</u>
Decrease in net assets	<u>\$ (223,476)</u>

**Governmental Activities**

Net assets of the District's governmental activities decreased by \$223,476. Total governmental expenses of \$52,714,478 were offset by program revenues of \$4,703,903 and general revenues of \$47,787,099. Program revenues supported 8.92% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, income taxes and grants and entitlements. These three revenue sources represent 88.88% of the total governmental revenue. Real Estate property is reappraised every six years as well as a triennial update every three years which is usually not as significant. The most recent yearly increase to the valuation of the district was 12.8%.

In November of 1989 voters approved a .5% school district income tax that generates approximately \$3.5 million each fiscal year. This represents an estimated 8% of the general fund revenue each year.

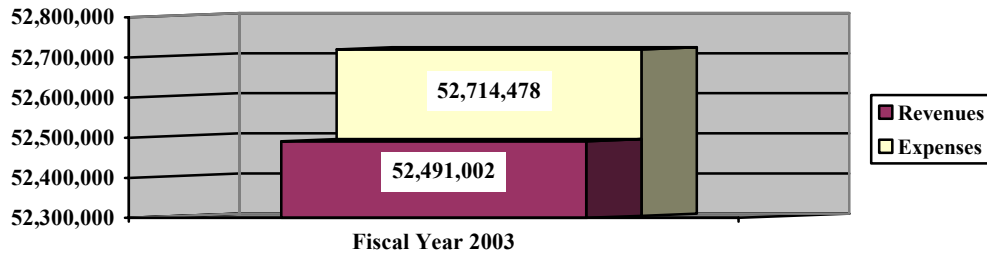
The District's financial condition has improved significantly since fiscal year end 1998. Increases in state funding, including parity aide has helped the District financially, along with steady growth in tax collections. The opening of two new schools in 2006 will impact the District's expenditures significantly in the years to come.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
UNAUDITED**

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2003.

**Governmental Activities - Revenues and Expenses**



The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. Comparisons to 2002 have not been presented since they are not available.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
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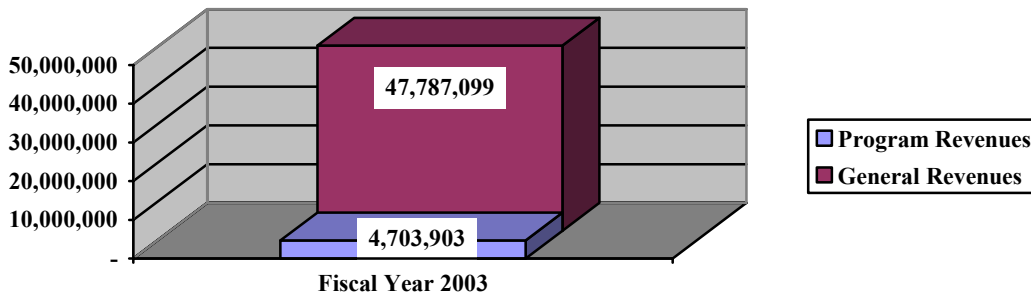
**Governmental Activities**

	Total Cost of Services <u>2003</u>	Net Cost of Services <u>2003</u>
<b>Program expenses</b>		
Instruction:		
Regular	\$ 24,121,381	\$ 23,516,911
Special	3,103,343	2,575,472
Vocational	222,930	222,930
Other	203	203
Support services:		
Pupil	4,937,080	4,755,074
Instructional staff	1,727,064	1,063,742
Board of education	108,673	108,673
Administration	4,805,120	4,300,703
Fiscal	802,876	802,459
Business	242,544	221,915
Operations and maintenance	5,266,899	5,251,548
Pupil transportation	2,073,794	2,073,359
Central	561,571	501,910
Operations of non-instructional services	34,147	4,383
Food service operations	1,489,750	119,864
Extracurricular activities	1,133,966	719,655
Intergovernmental pass through	349,056	37,693
Interest and fiscal charges	<u>1,734,081</u>	<u>1,734,081</u>
Total expenses	<u>\$ 52,714,478</u>	<u>\$ 48,010,575</u>

The dependence upon tax and other general revenues for governmental activities is apparent, 95.87% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 91.08%. The District's taxpayers, as a whole, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2003.

**Governmental Activities - General and Program Revenues**



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
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**The District's Funds**

The District's governmental funds (as presented on the balance sheet on page 17) reported a combined fund balance of \$38,204,870, which is higher than last year's total of \$14,164,661. The overall increase in fund balance is due to the issuance of \$29,799,979 in general obligation bonds during fiscal year 2003. The June 30, 2002 fund balances have been restated as described in Note 3.A to the basic financial statements. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2003 and 2002.

	Fund Balance <u>June 30, 2003</u>	Restated Fund Balance <u>June 30, 2002</u>	Increase <u>(Decrease)</u>
General	\$ 11,430,608	\$ 12,575,607	\$ (1,144,999)
Debt Service	838,208	171,575	666,633
Building	25,255,841	119,237	25,136,604
Other Governmental	<u>680,213</u>	<u>1,298,242</u>	<u>(618,029)</u>
Total	<u>\$ 38,204,870</u>	<u>\$ 14,164,661</u>	<u>\$24,040,209</u>

**General Fund**

During fiscal year 2003, the District's general fund balance decreased \$1,144,999 (after a restatement to the June 30, 2002, fund balance which is detailed in Note 3.A. to the basic financial statement). The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2003 Amount</u>	<u>2002 Amount</u>	<u>Percentage Change</u>
<b><u>Revenues</u></b>			
Taxes	\$ 18,530,998	\$ 18,428,391	0.56%
Tuition	11,253	15,542	(27.60)%
Earnings on investments	331,623	600,244	(44.75)%
Intergovernmental	23,887,096	22,353,069	6.86%
Other revenues	<u>489,878</u>	<u>314,429</u>	55.80%
Total	<u>\$ 43,250,848</u>	<u>\$ 41,711,675</u>	3.69%
<b><u>Expenditures</u></b>			
Instruction	\$ 25,358,268	\$ 23,924,838	5.99%
Support services	16,932,168	14,158,947	19.59%
Extracurricular activities	642,440	581,850	10.41%
Facilities acquisition and construction	1,050,752	251,339	318.06%
Capital outlay	-	211,021	(100.00)%
Debt service	<u>271,246</u>	<u>253,063</u>	7.19%
Total	<u>\$ 44,254,874</u>	<u>\$ 39,381,058</u>	12.38%



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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
UNAUDITED

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2003, the District amended its general fund budget numerous times. For the general fund, final budgeted revenues of \$44,571,468 were \$358,754 higher than the original budgeted revenues estimate of \$44,212,714. Actual revenues and other financing sources for fiscal year 2003 was \$44,645,877. This represents a \$74,409 increase from the final budgeted revenues.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$44,195,924 were increased to \$44,634,179 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2003 totaled \$44,616,317, which was \$17,862 less than the final budget appropriations. Modifications were made during the fiscal year to expenditure appropriations to offset higher than expected enrollment in the District's health insurance programs, and higher than expected charges for student tuition costs.

***Debt Service***

During fiscal year 2003, the District's debt service fund balance increased by \$666,633, due to additional tax revenue received associated with the bond issuance. The table that follows assists in illustrating the financial activities of the debt service fund.

	<u>2003</u> <u>Amount</u>	<u>2002</u> <u>Amount</u>	<u>Increase</u>
<b><u>Revenues</u></b>			
Taxes	\$ 2,863,689	\$ 1,717,940	\$ 1,145,749
Intergovernmental	347,239	225,320	121,919
Total	<u>\$ 3,210,928</u>	<u>\$ 1,943,260</u>	<u>\$ 1,267,668</u>
<b><u>Expenditures</u></b>			
Fiscal	\$ 37,584	\$ 23,055	\$ 14,529
Debt Service:			
Principal retirement	31,005,000	1,155,000	29,850,000
Interest and fiscal charges	1,352,167	909,346	442,821
Bond issuance costs	324,318	-	324,318
Total	<u>\$32,719,069</u>	<u>\$ 2,087,401</u>	<u>\$ 30,631,668</u>
<b><u>Other Financing Sources</u></b>			
Proceeds from sale of bonds	\$29,799,979	\$ -	\$ 29,799,979
Premium on sale of bonds	324,339	-	324,339
Accrued interest on sale of bonds	50,456	-	50,456
Total	<u>\$30,174,774</u>	<u>\$ -</u>	<u>\$ 30,174,774</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
UNAUDITED

***Building***

During fiscal year 2003, the District's building fund balance increased \$25,136,604 due to the issuance of bonds. The bonds will be used to finance various District building projects. The table that follows assists in illustrating the financial activities of the building fund:

	<u>2003</u> <u>Amount</u>	<u>2002</u> <u>Amount</u>	<u>Increase</u>
<b><u>Revenues</u></b>			
Earnings on investments	\$ 231,033	\$ -	\$ 231,033
<b><u>Expenditures</u></b>			
Facilities acquisition and construction	\$ 4,894,429	\$ 65,196	\$ 4,829,233
Total	\$ 4,894,429	\$ 65,196	\$ 4,829,233
<b><u>Other Financing Sources</u></b>			
Proceeds from sale of notes	\$29,800,000	\$ -	\$29,800,000

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal 2003, the District had \$29,776,265 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. See Note 9 to the basic financial statements for detail. The following table shows fiscal 2003 balances compared to 2002:

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

	<u>Governmental Activities</u>	
	<u>2003</u>	<u>2002</u>
Land	\$ 5,732,607	\$ 627,936
Construction in progress	440,526	-
Land improvements	1,841,023	1,929,973
Building and improvements	20,120,257	21,133,702
Furniture and equipment	565,639	712,005
Vehicles	1,076,213	921,402
Total	\$ 29,776,265	\$ 25,325,018

The primary increase of capital assets occurred in land, resulting from the purchase of 70 acres of property on Waggoner Road and 13 acres of property on Taylor Road, which totaled \$5,104,671. Total additions to capital assets for 2003 were \$5,905,586. There were no disposals to capital assets in 2003. See Note 9 to the basic financial statements for additional capital asset information.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
UNAUDITED

***Debt Administration***

At June 30, 2003, the District had \$47,525,931 in general obligation bonds and energy conservation notes outstanding. Of this total, \$2,090,000 is due within one year and \$45,435,931 is due within greater than one year. See Note 11 to the basic financial statements for detail. The following table summarizes the bonds and notes outstanding.

**Outstanding Debt, at Year End**

	Governmental Activities <u>2003</u>	Governmental Activities <u>2002</u>
General obligation bonds:		
Series 1997	\$ 17,191,796	\$ 18,004,850
Series 2003	<u>29,809,135</u>	<u>-</u>
Total general obligation bonds	<u>47,000,931</u>	<u>18,004,850</u>
Energy conservation notes	<u>525,000</u>	<u>675,000</u>
Total	<u>\$ 47,525,931</u>	<u>\$ 18,679,850</u>

The District issued general obligation refunding bonds on August 27, 1997, in the amount of \$21,236,520. The bonds are comprised of current interest bonds and capital appreciation bonds, bear an annual interest rate ranging from 3.80% to 5.45%, and mature on December 1, 2017.

The District issued general obligation bonds on March 24, 2003, in the amount of \$29,799,979, to provide funds for improvements to school facilities. The bonds are comprised of current interest bonds and capital appreciation bonds, bear an annual interest rate ranging from 2.00% to 5.00%, and mature on December 1, 2030.

The District issued energy conservation notes during fiscal years 1993 and 1999, bearing interest rates of 5.2593% and 5.05%, respectively, for the purpose of providing energy improvements to various District buildings. The 1993 issue matured on December 1, 2002, and the final maturity of the 1999 issue is December 1, 2013.

The District issued \$14,800,000 and \$15,000,000 in bond anticipation notes on December 19, 2002 and January 15, 2003, respectively. The issues both matured on June 19, 2003, and were retired using proceeds of the March 24, 2003, bond issue.

At June 30, 2003, the District's overall legal debt margin was \$12,523,572 with an unvoted debt margin of \$652,070. The District maintains an Aa3 bond rating.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003  
UNAUDITED

**Current Related Financial Activities**

Overall the District is strong financially. The District does rely heavily upon state revenue, tax collections, grants and entitlements. Parity Aide will be a key component to the District's state funding in the upcoming biennial budget along with student enrollment growth in the years to come. Valuation growth within the District will help foster positive tax growth as well.

The district will be opening a new elementary school and a new middle school in 2006. It is not anticipated that it will take a new operational levy to open these two new schools, but the cost to do so will have an impact on the cash balance in the years to come.

The Reynoldsburg Schools Support Association (RSSA) negotiated agreement expires on June 30, 2003 and it is unknown at this time how this will impact the finances of the District. The Reynoldsburg Education Association (REA) negotiated agreement will expire on July 31, 2004 and it is also unknown at this time how this will impact the finances of the District. Double digit increases in insurance costs continue to be a concern.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizen's taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Mitchell Biederman, Treasurer, Reynoldsburg City School District, 7244 E. Main Street, Reynoldsburg, Ohio 43068-3585.

BASIC  
FINANCIAL STATEMENTS

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

STATEMENT OF NET ASSETS  
JUNE 30, 2003

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . .	\$ 27,008,057
Investments . . . . .	15,989,430
Cash in segregated accounts . . . . .	5,500
Receivables:	
Taxes . . . . .	22,483,500
Accounts . . . . .	7,423
Intergovernmental . . . . .	40,176,120
Accrued interest . . . . .	98,300
Internal loans. . . . .	
Prepayments . . . . .	77,776
Materials and supplies inventory . . . . .	107,065
Unamortized bond issue costs . . . . .	321,422
Capital assets:	
Land . . . . .	5,732,607
Construction in progress . . . . .	440,526
Depreciable capital assets, net . . . . .	<u>23,603,132</u>
Capital assets, net. . . . .	<u>29,776,265</u>
 Total assets. . . . .	 <u>136,050,858</u>
<b>Liabilities:</b>	
Accounts payable. . . . .	54,538
Accrued wages and benefits . . . . .	5,466,741
Pension obligation payable. . . . .	1,020,773
Intergovernmental payable . . . . .	257,499
Deferred revenue . . . . .	59,260,337
Accrued interest payable . . . . .	169,654
Claims payable . . . . .	498,100
Long-term liabilities:	
Due within one year. . . . .	2,747,164
Due within more than one year . . . . .	<u>48,416,496</u>
 Total liabilities . . . . .	 <u>117,891,302</u>
<b>Net Assets:</b>	
Invested in capital assets, net of related debt. . . . .	6,978,739
Restricted for:	
Capital projects . . . . .	635,913
Debt service. . . . .	833,265
Other purposes . . . . .	320,426
Perpetual care:	
Expendable . . . . .	46
Nonexpendable . . . . .	25,000
Unrestricted. . . . .	<u>9,366,167</u>
 Total net assets . . . . .	 <u>\$ 18,159,556</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

		Program Revenues			Net (Expense) Revenue and and Changes in Net Assets
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
<b>Governmental activities:</b>					
Instruction:					
Regular . . . . .	\$ 24,121,381	\$ 259,726	\$ 344,744	\$ -	\$ (23,516,911)
Special . . . . .	3,103,343	1,205	526,666	-	(2,575,472)
Vocational . . . . .	222,930	-	-	-	(222,930)
Other . . . . .	203	-	-	-	(203)
Support services:					
Pupil . . . . .	4,937,080	1,845	180,161	-	(4,755,074)
Instructional staff . . . . .	1,727,064	13,733	649,589	-	(1,063,742)
Board of education . . . . .	108,673	-	-	-	(108,673)
Administration . . . . .	4,805,120	1,975	502,442	-	(4,300,703)
Fiscal . . . . .	802,876	417	-	-	(802,459)
Business . . . . .	242,544	-	20,629	-	(221,915)
Operations and maintenance . . . . .	5,266,899	11,757	-	3,594	(5,251,548)
Pupil transportation . . . . .	2,073,794	435	-	-	(2,073,359)
Central . . . . .	561,571	59,661	-	-	(501,910)
Operation of non-instructional services:					
Food service operations . . . . .	1,489,750	1,100,725	269,161	-	(119,864)
Other non-instructional services . . . . .	34,147	15,702	14,062	-	(4,383)
Extracurricular activities . . . . .	1,133,966	414,311	-	-	(719,655)
Intergovernmental . . . . .	349,056	-	311,363	-	(37,693)
Interest and fiscal charges . . . . .	1,734,081	-	-	-	(1,734,081)
Total governmental activities . . . . .	<u>\$ 52,714,478</u>	<u>\$ 1,881,492</u>	<u>\$ 2,818,817</u>	<u>\$ 3,594</u>	<u>(48,010,575)</u>
<b>General Revenues:</b>					
Taxes levied for:					
General purposes . . . . .					18,527,173
Debt service . . . . .					2,945,450
Capital projects . . . . .					836,821
Grants and entitlements not restricted to specific programs . . . . .					24,343,920
Investment earnings . . . . .					660,526
Miscellaneous . . . . .					473,209
					47,787,099
Total general revenues . . . . .					47,787,099
Change in net assets . . . . .					(223,476)
Net assets at beginning of year . . . . .					18,383,032
Net assets at end of year . . . . .					\$ 18,159,556

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2003

	<u>General</u>	<u>Debt Service</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Equity in pooled cash and cash equivalents . . . . .	\$ 15,203,407	\$ 646,587	\$ 9,266,411	\$ 1,006,923	\$ 26,123,328
Investments . . . . .	-	-	15,989,430	-	15,989,430
Cash in segregated accounts . . . . .	5,500	-	-	-	5,500
Receivables:					
Taxes . . . . .	17,842,499	3,742,020	-	898,981	22,483,500
Accounts . . . . .	2,272	-	-	5,151	7,423
Intergovernmental . . . . .	16,703	-	39,967,939	191,478	40,176,120
Accrued interest . . . . .	42,815	-	55,485	-	98,300
Interfund loans . . . . .	35,302	-	-	-	35,302
Prepayments . . . . .	77,776	-	-	-	77,776
Materials and supplies inventory . . . . .	105,299	-	-	1,766	107,065
Restricted assets:					
Equity in pooled cash and cash equivalents . . . . .	<u>172,006</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>172,006</u>
Total assets . . . . .	<u>\$ 33,503,579</u>	<u>\$ 4,388,607</u>	<u>\$ 65,279,265</u>	<u>\$ 2,104,299</u>	<u>\$ 105,275,750</u>
<b>Liabilities:</b>					
Accounts payable . . . . .	\$ 42,275	\$ -	\$ -	\$ 12,263	\$ 54,538
Accrued wages and benefits . . . . .	5,055,626	-	-	411,115	5,466,741
Compensated absences payable . . . . .	265,470	-	-	3,408	268,878
Pension obligation payable . . . . .	626,740	-	-	24,776	651,516
Intergovernmental payable . . . . .	240,458	-	-	17,041	257,499
Interfund loan payable . . . . .	-	-	-	35,302	35,302
Deferred revenue . . . . .	<u>15,842,402</u>	<u>3,550,399</u>	<u>40,023,424</u>	<u>920,181</u>	<u>60,336,406</u>
Total liabilities . . . . .	<u>22,072,971</u>	<u>3,550,399</u>	<u>40,023,424</u>	<u>1,424,086</u>	<u>67,070,880</u>
<b>Fund Balances:</b>					
Reserved for encumbrances . . . . .	741,312	-	47,891	179,623	968,826
Reserved for materials and supplies inventory . . . . .	105,299	-	-	1,766	107,065
Reserved for prepayments . . . . .	77,776	-	-	-	77,776
Reserved for debt service . . . . .	-	646,587	-	-	646,587
Reserved for tax revenue unavailable for appropriation . . . . .	837,090	191,621	-	45,896	1,074,607
Reserved for perpetual care . . . . .	-	-	-	25,000	25,000
Reserved for BWC refunds . . . . .	172,006	-	-	-	172,006
Unreserved:					
Designation for budget stabilization . . . . .	1,170,609	-	-	-	1,170,609
Undesignated, reported in:					
General fund . . . . .	8,326,516	-	-	-	8,326,516
Special revenue funds . . . . .	-	-	-	321,847	321,847
Capital projects funds . . . . .	-	-	25,207,950	106,035	25,313,985
Permanent fund . . . . .	-	-	-	46	46
Total fund balances . . . . .	<u>11,430,608</u>	<u>838,208</u>	<u>25,255,841</u>	<u>680,213</u>	<u>38,204,870</u>
Total liabilities and fund balances . . . . .	<u>\$ 33,503,579</u>	<u>\$ 4,388,607</u>	<u>\$ 65,279,265</u>	<u>\$ 2,104,299</u>	<u>\$ 105,275,750</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2003

<b>Total governmental fund balances</b>		\$	38,204,870
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			29,776,265
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes	\$	930,520	
Intergovernmental revenue		52,096	
Accrued interest		93,453	
Total			1,076,069
Internal service funds are used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.			214,623
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		2,519,972	
Pension obligation payable		369,257	
General obligation bonds		47,000,931	
Energy conservation notes		525,000	
Capital lease obligation		527,436	
Accrued interest payable		169,654	
Total			(51,112,250)
<b>Net assets of governmental activities</b>			<b>\$ 18,159,577</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>General</u>	<u>Debt Service</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
From local sources:					
Taxes . . . . .	\$ 18,530,998	\$ 2,863,689	\$ -	\$ 837,795	\$ 22,232,482
Tuition . . . . .	11,253	-	-	35,454	46,707
Charges for services . . . . .	-	-	-	1,100,725	1,100,725
Earnings on investments . . . . .	331,623	-	231,033	418	563,074
Extracurricular . . . . .	11,536	-	-	393,991	405,527
Other local revenues . . . . .	478,342	-	-	365,537	843,879
Other revenues . . . . .	-	-	-	3,600	3,600
Intergovernmental - State . . . . .	23,721,693	347,239	-	1,613,019	25,681,951
Intergovernmental - Federal . . . . .	165,403	-	-	1,412,283	1,577,686
Total revenues . . . . .	<u>43,250,848</u>	<u>3,210,928</u>	<u>231,033</u>	<u>5,762,822</u>	<u>52,455,631</u>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular . . . . .	22,539,751	-	-	559,078	23,098,829
Special . . . . .	2,595,886	-	-	520,293	3,116,179
Vocational . . . . .	222,428	-	-	-	222,428
Other . . . . .	203	-	-	-	203
Support services:					
Pupil . . . . .	4,661,082	-	-	224,393	4,885,475
Instructional staff . . . . .	938,221	-	-	797,590	1,735,811
Board of education . . . . .	51,428	-	-	-	51,428
Administration . . . . .	4,106,005	-	-	728,105	4,834,110
Fiscal . . . . .	744,028	37,584	-	12,949	794,561
Business . . . . .	215,024	-	-	23,999	239,023
Operations and maintenance . . . . .	3,523,703	-	-	1,287,331	4,811,034
Pupil transportation . . . . .	2,197,911	-	-	441	2,198,352
Central . . . . .	494,766	-	-	64,326	559,092
Operation of non-instructional services:					
Food service operations . . . . .	-	-	-	1,444,325	1,444,325
Other non-instructional services . . . . .	-	-	-	30,393	30,393
Extracurricular activities . . . . .	642,440	-	-	406,679	1,049,119
Facilities acquisition and construction . . . . .	1,050,752	-	4,894,429	64,252	6,009,433
Intergovernmental pass through . . . . .	-	-	-	349,056	349,056
Debt service:					
Principal retirement . . . . .	236,491	31,005,000	-	-	31,241,491
Interest and fiscal charges . . . . .	34,755	1,352,167	-	-	1,386,922
Bond issuance costs . . . . .	-	324,318	-	-	324,318
Total expenditures . . . . .	<u>44,254,874</u>	<u>32,719,069</u>	<u>4,894,429</u>	<u>6,513,210</u>	<u>88,381,582</u>
Excess of revenues under expenditures . . . . .	<u>(1,004,026)</u>	<u>(29,508,141)</u>	<u>(4,663,396)</u>	<u>(750,388)</u>	<u>(35,925,951)</u>
<b>Other financing sources (uses):</b>					
Transfers in . . . . .	-	-	-	132,815	132,815
Transfers (out) . . . . .	(132,815)	-	-	-	(132,815)
Proceeds from sale of notes . . . . .	-	-	29,800,000	-	29,800,000
Proceeds from sale of bonds . . . . .	-	29,799,979	-	-	29,799,979
Premium on sale of bonds . . . . .	-	324,339	-	-	324,339
Accrued interest on sale of bonds . . . . .	-	50,456	-	-	50,456
Total other financing sources (uses) . . . . .	<u>(132,815)</u>	<u>30,174,774</u>	<u>29,800,000</u>	<u>132,815</u>	<u>59,974,774</u>
Net change in fund balances . . . . .	(1,136,841)	666,633	25,136,604	(617,573)	24,048,823
<b>Fund balances at beginning of year (restated) . . . . .</b>	<b>12,575,607</b>	<b>171,575</b>	<b>119,237</b>	<b>1,298,242</b>	<b>14,164,661</b>
<b>Decrease in reserve for inventory . . . . .</b>	<b>(8,158)</b>	<b>-</b>	<b>-</b>	<b>(456)</b>	<b>(8,614)</b>
<b>Fund balances at end of year . . . . .</b>	<b><u>\$ 11,430,608</u></b>	<b><u>\$ 838,208</u></b>	<b><u>\$ 25,255,841</u></b>	<b><u>\$ 680,213</u></b>	<b><u>\$ 38,204,870</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

<b>Net change in fund balances - total governmental funds</b>	\$	24,048,823
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the current period.		4,451,247
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		(8,614)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		9,010
Repayment of bonds, notes and capital leases are an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		31,241,491
The issuance of debt provides current financial resources to governmental funds, while the repayment of the principal of the related debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets.		(59,599,979)
Premiums on debt issuances are recognized as revenues in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities.		(324,339)
Bond issuance costs are recognized as expenditures in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities.		324,318
Governmental funds report expenditures for interest when it is due. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. The additional interest reported in the statement of activities is due to the accrued interest on bonds and additional accumulated accreted interest on the capital appreciation bonds.		(347,159)
Some expenses reported in the statement of activities, such as compensated absences and pension obligations, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(74,416)
The internal service funds used by management to charge the costs of insurance to individual funds are not reported in the statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds is allocated among the governmental activities.		56,142
		56,142
<b>Change in net assets of governmental activities</b>	<b>\$</b>	<b>(223,476)</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$19,636,232	\$19,530,423	\$19,846,499	\$ 316,076
Tuition . . . . .	11,233	11,420	11,333	(87)
Earnings on investments . . . . .	325,423	330,816	328,309	(2,507)
Extracurricular . . . . .	11,536	11,536	11,536	-
Other local revenues . . . . .	400,384	464,773	478,843	14,070
Intergovernmental - State . . . . .	23,542,751	23,932,897	23,721,694	(211,203)
Intergovernmental - Federal . . . . .	149,366	151,842	150,691	(1,151)
Total revenues . . . . .	<u>44,076,925</u>	<u>44,433,707</u>	<u>44,548,905</u>	<u>115,198</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	22,492,293	22,930,548	22,980,305	(49,757)
Special . . . . .	2,535,910	2,535,910	2,514,455	21,455
Vocational . . . . .	227,446	227,446	227,400	46
Support services:				
Pupil . . . . .	4,568,004	4,568,004	4,567,086	918
Instructional staff . . . . .	975,162	975,162	969,692	5,470
Board of education . . . . .	51,439	51,439	51,429	10
Administration . . . . .	4,085,271	4,085,271	4,084,450	821
Fiscal . . . . .	751,433	751,433	751,282	151
Business . . . . .	195,164	195,164	195,125	39
Operations and maintenance . . . . .	3,719,106	3,719,106	3,718,359	747
Pupil transportation . . . . .	2,225,586	2,225,586	2,225,139	447
Central . . . . .	386,989	386,989	386,911	78
Extracurricular activities . . . . .	616,953	616,953	608,126	8,827
Facilities acquisition and construction . . . . .	1,158,726	1,158,726	1,158,493	233
Total expenditures . . . . .	<u>43,989,482</u>	<u>44,427,737</u>	<u>44,438,252</u>	<u>(10,515)</u>
Excess of revenues over (under) expenditures . . . . .	<u>87,443</u>	<u>5,970</u>	<u>110,653</u>	<u>104,683</u>
<b>Other financing sources (uses):</b>				
Transfers in . . . . .	38,823	40,784	-	(40,784)
Transfers (out) . . . . .	(171,133)	(171,133)	(142,763)	28,370
Advances in . . . . .	96,308	96,308	96,308	-
Advances (out) . . . . .	(35,309)	(35,309)	(35,302)	7
Refund of prior year expenditures . . . . .	558	567	563	(4)
Proceeds from sale of capital assets . . . . .	100	102	101	(1)
Total other financing sources (uses) . . . . .	<u>(70,653)</u>	<u>(68,681)</u>	<u>(81,093)</u>	<u>(12,412)</u>
Net change in fund balance . . . . .	16,790	(62,711)	29,560	92,271
<b>Fund balance at beginning of year (restated) . . . . .</b>	12,757,413	12,757,413	12,757,413	-
<b>Prior year encumbrances appropriated . . . . .</b>	1,761,047	1,761,047	1,761,047	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 14,535,250</u>	<u>\$ 14,455,749</u>	<u>\$ 14,548,020</u>	<u>\$ 92,271</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
JUNE 30, 2003

	<u><b>Governmental Activities - Internal Service Funds</b></u>
<b>Assets:</b>	
Current assets:	
Equity in pooled cash and cash equivalents. . . . .	\$ 712,723
Total assets . . . . .	<u>712,723</u>
<b>Liabilities:</b>	
Claims payable . . . . .	<u>498,100</u>
Total liabilities . . . . .	<u>498,100</u>
<b>Net assets:</b>	
Unrestricted. . . . .	<u>214,623</u>
Total net assets . . . . .	<u><u>\$ 214,623</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<b>Governmental Activities - Internal Service Funds</b>
<b>Operating revenues:</b>	
Charges for services . . . . .	\$ 4,319,581
Total operating revenues . . . . .	<u>4,319,581</u>
 <b>Operating expenses:</b>	
Personal services . . . . .	260,676
Purchased services . . . . .	37,250
Claims. . . . .	<u>3,965,513</u>
Total operating expenses . . . . .	<u>4,263,439</u>
 Operating income . . . . .	<u>56,142</u>
 Change in net assets. . . . .	56,142
 <b>Net assets at beginning of year . . . . .</b>	<u>158,481</u>
 <b>Net assets at end of year . . . . .</b>	<u><u>\$ 214,623</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<b>Governmental Activities - Internal Service Funds</b>
<b>Cash flows from operating activities:</b>	
Cash received from charges for services . . . . .	\$ 4,319,581
Cash payments for personal services. . . . .	(260,676)
Cash payments for purchased services. . . . .	(37,250)
Cash payments for claims. . . . .	<u>(3,973,215)</u>
 Net cash provided by operating activities . . . . .	 <u>48,440</u>
 Net increase in cash and cash equivalents . . . . .	 48,440
 <b>Cash and cash equivalents at beginning of year. . .</b>	 <u>664,283</u>
 <b>Cash and cash equivalents at end of year . . . . .</b>	 <u><u>\$ 712,723</u></u>
 <b>Reconciliation of operating income to net cash provided by operating activities:</b>	
 Operating income . . . . .	 \$ 56,142
 Changes in assets and liabilities:	
Decrease in claims payable . . . . .	<u>(7,702)</u>
 Net cash provided by operating activities . . . . .	 <u><u>\$ 48,440</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2003

	<b>Private Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 62,860	\$ 114,773
Total assets . . . . .	62,860	114,773
<b>Liabilities:</b>		
Accounts payable . . . . .	-	5,407
Intergovernmental payable . . . . .	-	1,020
Due to students . . . . .	-	108,346
Total liabilities . . . . .	-	\$ 114,773
<b>Net Assets:</b>		
Held in trust for scholarships . . . . .	62,860	
Total net assets . . . . .	\$ 62,860	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

	<b>Private Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest . . . . .	\$ 98
Gifts and contributions. . . . .	13,433
	13,531
<b>Deductions:</b>	
Scholarships awarded . . . . .	9,006
	4,525
Change in net assets . . . . .	4,525
Net assets at beginning of year. . . . .	58,335
	58,335
Net assets at end of year . . . . .	\$ 62,860
	62,860

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**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 47<sup>th</sup> largest by enrollment among the 740 public and community school districts in the state. The District employs 235 non-certified and 484 certified employees to provide services to approximately 6,450 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 basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity". The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, preschool and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organizations' government board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access to organizations' resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based upon the application of this criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government). The following organizations are described due to their relationship to the District:

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

*JOINTLY GOVERNED ORGANIZATION*

Metropolitan Education Council (MEC)

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

*PUBLIC ENTITY RISK POOL*

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

The GRP'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 GRP. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**B. Fund Accounting**

The District uses funds 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. 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 focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

*General Fund* - The general fund is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

*Debt Service Fund* - This fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest and certain long-term obligations from governmental resources when the government is obligated in some manner for payment. It is also used to account for the accumulation of resources and payment of general obligation bonds and notes payable.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

*Building Fund* - This fund used to account for monies received and expended in connection with the renovation and construction of District buildings.

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds; and (b) for grants and other resources whose use is restricted to a particular purpose.

*PROPRIETARY FUNDS*

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no enterprise funds. The following is a description of the District's internal service funds:

*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. The internal service funds of the District account for self-insurance programs.

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into two classifications: private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's trust funds include two private purpose trusts which account for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds account for student activities.

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

*Government-wide Financial Statements* - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal Service fund operating activity is eliminated to avoid overstatement of revenues and expenses.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

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

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

Like the government-wide statements, the internal service fund is accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of this fund are included on the statement of fund net assets. The statement of changes in fund net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activity.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the District's internal service funds are charges for services. Operating expenses for internal service funds include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The private purpose trust funds are reported using the economic resources measurement focus. The agency funds do not report a measurement focus as they do not report operations.

**D. Basis of Accounting**

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

*Revenues - Exchange and Non-exchange Transactions* - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

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 an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

*Deferred Revenue* - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2003, but which were levied to finance fiscal year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

*Expenses/Expenditures* - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the Statement of Revenues, Expenditures and Changes in Fund Balances as an expenditure with a like amount reported as intergovernmental revenue. Unused donated commodities are reported as intergovernmental revenue.

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

**E. Budgets**

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2003 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 BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**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 as the final budgeted amount in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2003.
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 appropriations 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 final budget figures, which appear in the statements of budgetary comparisons, represent the permanent appropriation amounts plus all supplemental appropriations legally enacted during the year.
8. At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

**F. Cash and Investments**

To improve cash management, cash received by the District other than in segregated accounts 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 basic financial statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

During fiscal year 2003, investments were limited to federal agency securities, certificates of deposit, a repurchase agreement, and the State Treasury Asset Reserve (STAR Ohio). Investments are reported at fair value, which is based on quoted market prices, with the following exceptions: nonparticipating investment contracts such as repurchase agreements and certificates of deposit are reported at cost.

The District has invested funds in STAR Ohio during fiscal year 2003. 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, 2003.

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 2003, amounted to \$331,623, which includes \$45,477 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 presentation on the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the Treasurer's investments at year-end is provided in Note 4.

**G. Inventory**

On government-wide and fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method on the government-wide statements and the purchase method on the fund financial statements.

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

**H. Capital Assets**

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District increased its capitalization threshold from \$500 to \$5,000 during fiscal year 2003. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>
Land improvements	10 - 20 years
Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 15 years
Vehicles	5 - 15 years

**I. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental type activities columns of the Statement of Net Assets.

**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 June 30, 2003, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees with at least ten years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and severance payments has been calculated using pay rates in effect at June 30, 2003, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

The entire compensated absence liability is reported on the government-wide financial statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

**K. Prepayments**

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

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

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from the internal service fund are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

**M. Fund Reserves/Designations**

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Designated fund balance indicates that portion of fund equity for which management has an intended use of the resources. Fund balances are reserved for encumbrances, materials and supplies inventory, prepayments, debt service, tax advance unavailable for appropriation, perpetual care and Bureau of Workers' Compensation (BWC) refunds. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds. The reserve for tax revenue unavailable for appropriation represents taxes recognized as revenue under GAAP but not available for appropriations under state statute. The amount set-aside by the School Board for budget stabilization is reported as a designation of fund balance in the general fund.

**N. Parochial School**

St. Pius Catholic School operates within the District's boundaries. Current state legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the District, as directed by the parochial schools. These activities are reported as a governmental activity of the District.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

**O. Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include the amount required by state statute to be set aside to create a reserve for budget stabilization. See Note 18 for details.

**P. Estimates**

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

**Q. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

**R. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the fund.

**S. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

**T. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2003.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles and Restatement of Fund Balance**

For fiscal year 2003, the District has implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus", GASB Statement No. 38, "Certain Financial Statement Note Disclosures", GASB Statement No. 41, "Budgetary Comparison Schedule - Perspective Differences", and GASB Interpretation No. 6, "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements". At June 30, 2002, there was no effect on fund balance as a result of implementing GASB Statements Nos. 37, 38 and 41.

GASB Statement No. 37 clarifies certain provisions of Statement No. 34, including the required content of the Management Discussion and Analysis, the classification of program revenues and the criteria for determining major funds. GASB Statement No. 38, modifies, establishes and rescinds certain financial statement note disclosures.

GASB Statement No. 41 allows the presentation of budgetary schedules as required supplementary information based on the fund, organization or program structure that the government uses for its legally adopted budget when significant budgetary perspective differences result in the school district not being able to present budgetary comparison for the general and each major special revenue fund.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures in areas where differences have arisen, or potentially could arise, in interpretation and practice.

The government-wide financial statements show the District's programs for governmental activities. The beginning net asset amount for governmental activities reflects the change in fund balance for governmental funds at June 30, 2002, caused by the elimination of the internal service fund and the conversion to the accrual basis of accounting.

***Governmental Activities - Fund Reclassification and Restatement of Fund Balance*** - Certain funds have been reclassified to properly reflect their intended purpose in accordance with the Standards of GASB Statement No. 34. It was also determined that GASB Interpretation No. 6 had an effect on fund balance as previously reported at June 30, 2002. The beginning balance for the general fund in the Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) has also been restated from \$12,640,081 to \$12,757,413 based on the implementation of GASB Statement No. 34.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

The fund reclassifications and the implementation of GASB Interpretation No. 6 had the following effect on the District's governmental fund balances as previously reported:

	<u>General</u>	<u>Debt Service</u>	<u>Building</u>	<u>Nonmajor</u>	<u>Total</u>
Fund balance June 30, 2002	\$ 12,550,190	\$ 171,575	\$ 119,237	\$ 1,248,895	\$ 14,089,897
Fund reclassifications	203	-	-	49,347	49,550
Implementation of GASB Interpretation No. 6	<u>25,214</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,214</u>
Restated fund balance, June 30, 2002	<u>\$ 12,575,607</u>	<u>\$ 171,575</u>	<u>\$ 119,237</u>	<u>\$ 1,298,242</u>	<u>\$ 14,164,661</u>

The transition from governmental fund balance to net assets of the governmental activities is presented as follows:

	<u>Total</u>
Restated fund balance, June 30, 2002	\$ 14,164,661
GASB 34 adjustments:	
Long-term (deferred) assets	1,067,059
Capital assets	25,325,018
Accrued interest payable	(73,597)
Pension obligation	(305,410)
Long-term liabilities	(21,953,180)
Internal service fund	<u>158,481</u>
Governmental activities net assets, June 30, 2002	<u>\$ 18,383,032</u>

**B. Deficit Fund Balances**

Fund balances at June 30, 2003 included the following individual fund deficits:

<u>Nonmajor Governmental Funds</u>	<u>Deficit</u>
Summer School	\$ 84,624
Auxiliary Services	8,900
Education Management Systems	263
Title I	719
EHA Preschool for Handicapped	4,046

These funds complied with Ohio state law, which does not permit a cash basis deficit at year-end. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by certificates of deposit maturing not more than one year from the date of deposit or by savings accounts, including passbook accounts.

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

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

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



**REYNOLDSBURG CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

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

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

*Cash in Segregated Accounts:* At fiscal year-end, the District had \$5,500 in depository accounts for petty cash bank accounts related to the District's buildings. The balance in these depository accounts are included in the amount of "deposits" reported below.

*Deposits:* At fiscal year-end, the carrying amount of the District's deposits was \$5,556,752, and the bank balance was \$5,688,394. Of the bank balance:

1. \$200,000 was covered by federal depository insurance; and
2. \$5,488,394 was uninsured and uncollateralized 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. Investments in STAR Ohio is not categorized because it is not evidenced by securities that exist in physical or book entry form.

	Category 2	Category 3	Reported Amount	Fair Value
Repurchase agreements	\$ -	\$ 2,180,721	\$ 2,180,721	\$ 2,180,721
Federal agency securities	16,950,214	-	16,950,214	17,031,600
Total	\$ 16,950,214	\$ 2,180,721		
Investment in STAR Ohio			18,411,547	18,411,547
Total investments			\$ 37,542,482	\$ 37,623,868

**REYNOLDSBURG CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

The classification of cash and cash equivalents and investments on the financial statements 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".

The classification of cash and cash equivalents and investments on the basic financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the basic financial statements and the classification per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 27,191,190	\$ 15,989,430
Investments of the cash management pool:		
Federal agency securities	(6,042,170)	6,042,170
Repurchase agreements	(2,180,721)	2,180,721
Investment in STAR Ohio	(18,411,547)	18,411,547
Certificate of deposit	<u>5,000,000</u>	<u>(5,000,000)</u>
GASB Statement No. 3	<u>\$ 5,556,752</u>	<u>\$ 37,623,868</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

A. Interfund balances consisted of the following at June 30, 2003, as reported on the fund statements:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Nonmajor Governmental Funds	\$ 35,302

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2003 are reported on the Statement of Net Assets.

B. Interfund transfers for the year ended June 30, 2003, consisted of the following, as reported on the fund financial statements:

Transfers to Nonmajor Governmental funds from:	
General Fund	\$132,815

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2003 represents collections of calendar year 2002 taxes. Real property taxes received in calendar year 2003 were levied after April 1, 2002, on the assessed value listed as of January 1, 2002, the lien date. Assessed values for real property taxes are established by state law at thirty-five percent of appraised market value. 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. Under certain circumstances, state statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2003 represents collections of calendar year 2002 taxes. Public utility real and tangible personal property taxes received in calendar year 2003 became a lien December 31, 2001, were levied after April 1, 2002 and are collected in 2003 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2003 (other than public utility property) represents the collection of 2003 taxes. Tangible personal property taxes received in calendar year 2003 were levied after April 1, 2002, on the value as of December 31, 2002. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Franklin, Licking and Fairfield Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2003, are available to finance fiscal year 2003 operations. The amount available to be advanced can vary based on the date tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2003 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2003 was \$837,090 in the general fund, \$191,621 in the debt service fund and \$45,896 in the permanent improvement fund. This amount has been recorded as revenue. The amount available as an advance at June 30, 2002 was \$1,990,831 in the general fund, \$224,665 in the debt service fund and \$109,651 in the permanent improvement fund.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

The assessed values upon which the fiscal year 2003 taxes were collected are:

	2002 Second Half Collections		2003 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 438,767,510	92.38	\$ 608,719,510	93.35
Public utility personal	22,525,210	4.75	22,889,550	3.51
Tangible personal property	<u>13,644,436</u>	<u>2.87</u>	<u>20,460,882</u>	<u>3.14</u>
Total	<u>\$ 474,937,156</u>	<u>100.00</u>	<u>\$ 652,069,942</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 55.12		\$ 55.12	

**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 2003 totaled \$3,350,620 and is credited to the general fund.

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2003 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the Statement of Net Assets follows:

<b>Governmental Activities:</b>	
Taxes	\$ 22,483,500
Accounts	7,423
Accrued interest	98,300
Intergovernmental	<u>40,176,120</u>
Total	<u>\$ 62,765,343</u>

Receivables have been disaggregated on the face of the financial statements. All receivables are expected to be collected within one year.

**REYNOLDSBURG CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 9 - CAPITAL ASSETS**

- A. The capital asset balances of the governmental activities have been restated due to a reappraisal, changes in the District's capital asset policy (see Note 2.H. for detail), reclassification of funds and the depreciation of capital assets in accordance with GASB Statement No. 34.

	<u>Balance at 06/30/02</u>	<u>Adjustments</u>	<u>Restated Balance at 06/30/02</u>
<b>Governmental Activities:</b>			
<i>Capital assets, not being depreciated:</i>			
Land	\$ 627,936	\$ -	\$ 627,936
Total capital assets, not being depreciated	<u>627,936</u>	<u>-</u>	<u>627,936</u>
<i>Capital assets, being depreciated:</i>			
Land improvements	3,252,195	448,447	3,700,642
Buildings and improvements	39,937,328	(4,534,931)	35,402,397
Furniture and equipment	8,285,239	(6,895,495)	1,389,744
Vehicles	<u>2,228,403</u>	<u>251,042</u>	<u>2,479,445</u>
Total capital assets, being depreciated	<u>53,703,165</u>	<u>(10,730,937)</u>	<u>42,972,228</u>
<i>Less: accumulated depreciation</i>	<u>-</u>	<u>(18,275,146)</u>	<u>(18,275,146)</u>
Governmental activities capital assets, net	<u>\$ 54,331,101</u>	<u>\$ (29,006,083)</u>	<u>\$ 25,325,018</u>

**REYNOLDSBURG CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

**B.** Capital asset activity for the fiscal year ended June 30, 2003, was as follows:

	Restated Balance at <u>06/30/02</u>	<u>Additions</u>	<u>Deductions</u>	Balance at <u>06/30/03</u>
<b>Governmental Activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 627,936	\$ 5,104,671	\$ -	\$ 5,732,607
Construction in progress	<u>-</u>	<u>440,526</u>	<u>-</u>	<u>440,526</u>
Total capital assets, not being depreciated	<u>627,936</u>	<u>5,545,197</u>	<u>-</u>	<u>6,173,133</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	3,700,642	-	-	3,700,642
Buildings and improvements	35,402,397	-	-	35,402,397
Furniture and equipment	1,389,744	8,890	-	1,398,634
Vehicles	<u>2,479,445</u>	<u>351,499</u>	<u>-</u>	<u>2,830,944</u>
Total capital assets, being depreciated	<u>42,972,228</u>	<u>360,389</u>	<u>-</u>	<u>43,332,617</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(1,770,669)	(88,950)	-	(1,859,619)
Buildings and improvements	(14,268,695)	(1,013,445)	-	(15,282,140)
Furniture and equipment	(677,739)	(155,256)	-	(832,995)
Vehicles	<u>(1,558,043)</u>	<u>(196,688)</u>	<u>-</u>	<u>(1,754,731)</u>
Total accumulated depreciation	<u>(18,275,146)</u>	<u>(1,454,339)</u>	<u>-</u>	<u>(19,729,485)</u>
Governmental activities capital assets, net	<u>\$ 25,325,018</u>	<u>\$ 4,451,247</u>	<u>\$ -</u>	<u>\$ 29,776,265</u>

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 1,040,768
Special	1,166
<u>Support Services:</u>	
Pupil	5,439
Instructional staff	14,725
Board of Education	66,646
Administration	44,157
Operations and maintenance	844
Pupil transportation	208,555
Central	2,479
Food service operations	12,320
Extracurricular activities	<u>57,240</u>
Total depreciation expense	<u>\$ 1,454,339</u>

**REYNOLDSBURG CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 10 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

In a prior year, the District entered into capitalized leases for copiers and telecommunications equipment related to upgrading the District's wide-area network (WAN). These lease agreements meet 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 financial statements for the governmental funds. These expenditures are reported as regular and operations and maintenance function expenditures on the budgetary statements.

Capital assets consisting of equipment have been capitalized 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 is recorded in the government-wide financial statements. Principal payments in fiscal year 2003 totaled \$236,491 by the general fund.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2003:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2004	\$ 264,993
2005	227,850
2006	70,140
2007	<u>7,548</u>
Total minimum lease payments	570,531
Less amount representing interest	<u>(43,095)</u>
Total	<u>\$ 527,436</u>

**NOTE 11 - LONG-TERM OBLIGATIONS**

A. The balance of the District's governmental activities long-term obligations at June 30, 2002 has been restated. The compensated absences liability increased \$141,207 from \$2,455,332 to \$2,596,539 due to the implementation of GASB Interpretation No. 6 and due to fund reclassifications described in Note 3.A. In addition, pension obligations of \$269,459 at June 30, 2002 are not reported as a component of governmental activities long-term obligations as they are paid within one year of fiscal year-end. Pension obligations are reported separately on the statement of net assets. In addition, accreted interest has been recorded on the Series 1997 capital appreciation bonds in the amount of \$733,330 have been restated to properly reflect future debt requirements. The effect on the total governmental activities long-term obligations at July 1, 2002 was an increase of \$605,078 from \$21,435,238 to \$22,040,316. During the fiscal year 2003, the following changes occurred in governmental activities long-term obligations:

**REYNOLDSBURG CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

	Restated Balance at <u>06/30/02</u>	<u>Additions</u>	<u>Reductions</u>	Balance at <u>06/30/03</u>	Amounts Due in <u>One Year</u>
<b>Governmental Activities:</b>					
Energy conservation notes	\$ 675,000	\$ -	\$ (150,000)	\$ 525,000	\$ 35,000
General obligation bonds	18,004,850	30,051,081	(1,055,000)	47,000,931	2,055,000
Bond anticipation notes	-	29,800,000	(29,800,000)	-	-
Capital lease obligation	763,927	-	(236,491)	527,436	238,430
Compensated absences	<u>2,596,539</u>	<u>430,471</u>	<u>(238,160)</u>	<u>2,788,850</u>	<u>418,734</u>
Total governmental activities long-term liabilities	<u>\$ 22,040,316</u>	<u>\$ 60,281,552</u>	<u>\$ (31,479,651)</u>	50,842,217	<u>\$ 2,747,164</u>
Add: Unamortized premium on bond issue				<u>321,443</u>	
Total on statement of net assets				<u>\$ 51,163,660</u>	

Compensated Absences: Compensated absences will be paid from the fund from which the employee's salaries are paid.

Capital Lease Obligation: The capital lease obligation was paid from the general fund. See Note 10 for details.

- B.** During fiscal year 2003, the District issued \$29,800,000 in bond anticipation notes to begin various building projects. The notes were retired using the proceeds from the District's \$29,799,979 bond issue on March 24, 2003. A summary of the bond anticipation note activity for fiscal year 2003 follows:

	Issue <u>Date</u>	Maturity <u>Date</u>	Balance at <u>06/30/02</u>	<u>Additions</u>	<u>Reductions</u>	Balance at <u>06/30/03</u>
Bond anticipation note	12/19/02	06/19/03	\$ -	\$ 14,800,000	\$ (14,800,000)	\$ -
Bond anticipation note	01/15/03	06/19/03	<u>-</u>	<u>15,000,000</u>	<u>(15,000,000)</u>	<u>-</u>
			<u>\$ -</u>	<u>\$ 29,800,000</u>	<u>\$ (29,800,000)</u>	<u>\$ -</u>

- C.** On August 27, 1997, the District issued refunding general obligation bonds. These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the Statement of Net Assets. Payments of principal and interest relating to this bond are recorded as an expenditure in the debt service fund.



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

This issue is comprised of both current interest bonds, par value \$20,625,000, and capital appreciation bonds, par value \$5,860,000. The interest rates on the current interest bonds range from 3.80% to 5.45%. The capital appreciation bonds mature on December 1, 2009 (effective interest 17.25%), December 1, 2010 (effective interest 17.25%), December 1, 2011 (effective interest 17.25%) and December 1, 2012 (effective interest 17.25%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The present value (as of issue date) reported in the Statement of Net Assets at June 30, 2003 was \$611,520. A total of \$975,276 in accreted interest on the capital appreciation bonds has been included in the Statement of Net Assets at June 30, 2003.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2017.

The following is a schedule of activity for fiscal 2003 on the 1997 series general obligation bonds:

	<u>Balance at</u> <u>06/30/02</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>06/30/03</u>
Current interest bonds	\$ 16,660,000	\$ -	\$ (1,055,000)	\$ 15,605,000
Capital appreciation bonds	<u>1,344,850</u>	<u>241,946</u>	<u>-</u>	<u>1,586,796</u>
Total G.O. bonds	<u>\$ 18,004,850</u>	<u>\$ 241,946</u>	<u>\$ (1,055,000)</u>	<u>\$ 17,191,796</u>

The following is a summary of the future debt service requirements to maturity for the 1997 series general obligation bonds:

Year Ended	<u>Current Interest Bonds</u>			<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 1,105,000	\$ 775,380	\$ 1,880,380	\$ -	\$ -	\$ -
2005	1,155,000	722,823	1,877,823	-	-	-
2006	1,210,000	666,943	1,876,943	-	-	-
2007	1,265,000	607,845	1,872,845	-	-	-
2008	1,330,000	545,233	1,875,233	-	-	-
2009 - 2013	1,390,000	2,255,278	3,645,278	5,860,000	-	5,860,000
2014 - 2018	<u>8,150,000</u>	<u>1,157,308</u>	<u>9,307,308</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 15,605,000</u>	<u>\$ 6,730,810</u>	<u>\$ 22,335,810</u>	<u>\$ 5,860,000</u>	<u>\$ -</u>	<u>\$ 5,860,000</u>

- D.** On March 24, 2003, the District issued general obligation bonds to provide funds for improvements to school facilities. These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the Statement of Net Assets. Payments of principal and interest relating to this bond are recorded as an expenditure in the debt service fund.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

This issue is comprised of both current interest bonds, par value \$29,455,000, and capital appreciation bonds, par value \$760,000. The interest rates on the current interest bonds range from 2.00% to 5.00%. The capital appreciation bonds mature on December 1, 2008 (effective interest 14.384%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The present value (as of issue date) reported in the Statement of Net Assets at June 30, 2003 was \$344,979. A total of \$9,156 in accreted interest on the capital appreciation bonds has been included in the Statement of Net Assets at June 30, 2003.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2030.

The following is a schedule of activity for fiscal 2003 on the 2003 series general obligation bonds:

	Balance at <u>06/30/02</u>	<u>Additions</u>	<u>Reductions</u>	Balance at <u>06/30/03</u>
Current interest bonds	\$ -	\$ 29,455,000	\$ -	\$ 29,455,000
Capital appreciation bonds	-	354,135	-	354,135
Total G.O. bonds	<u>\$ -</u>	<u>\$ 29,809,135</u>	<u>\$ -</u>	<u>\$ 29,809,135</u>

The following is a summary of the future debt service requirements to maturity for the 2003 series general obligation bonds:

<u>Year Ended</u>	<u>Current Interest Bonds</u>			<u>Capital Appreciation Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 950,000	\$ 1,175,692	\$ 2,125,692	\$ -	\$ -	\$ -
2005	700,000	1,159,192	1,859,192	-	-	-
2006	715,000	1,145,043	1,860,043	-	-	-
2007	730,000	1,130,592	1,860,592	-	-	-
2008	745,000	1,115,842	1,860,842	-	-	-
2009 - 2013	3,175,000	5,356,544	8,531,544	-	-	-
2014 - 2018	4,620,000	4,631,993	9,251,993	-	-	-
2019 - 2023	5,670,000	3,541,571	9,211,571	760,000	-	760,000
2024 - 2018	7,060,000	2,113,380	9,173,380	-	-	-
2029 - 2031	5,090,000	390,000	5,480,000	-	-	-
Total	<u>\$ 29,455,000</u>	<u>\$ 21,759,849</u>	<u>\$ 51,214,849</u>	<u>\$ 760,000</u>	<u>\$ -</u>	<u>\$ 760,000</u>

- E. During fiscal years 1993 and 1999, the District issued energy conservation notes to provide for energy improvements to various District buildings. The primary source of repayment of these notes is through energy savings as a result of the improvements.

Payments of principal and interest relating to this liability are recorded as expenditures in the debt service fund. The unmatured obligation at year-end is accounted for in the Statement of Net Assets.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

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

The following is a description of the District's energy conservation bonds outstanding as of June 30, 2003:

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance at 06/03/02</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 06/03/03</u>
Energy conservation notes	5.2593%	12/01/92	12/01/02	\$ 115,000	\$ -	\$ (115,000)	\$ -
Energy conservation notes	5.05%	12/01/98	12/01/13	<u>560,000</u>	<u>-</u>	<u>(35,000)</u>	<u>525,000</u>
Total				<u>\$ 675,000</u>	<u>\$ -</u>	<u>\$ (150,000)</u>	<u>\$ 525,000</u>

The following is a summary of the District's future annual debt service requirements to maturity for the energy conservation bonds:

<u>Fiscal Year Ending</u>	<u>Principal on Notes</u>	<u>Interest on Notes</u>	<u>Total</u>
2004	\$ 35,000	\$ 25,629	\$ 60,629
2005	40,000	23,735	63,735
2006	40,000	21,715	61,715
2007	45,000	19,569	64,569
2008	45,000	17,296	62,296
2009 - 2013	260,000	49,743	309,743
2014	<u>60,000</u>	<u>1,515</u>	<u>61,515</u>
Total	<u>\$ 525,000</u>	<u>\$ 159,202</u>	<u>\$ 684,202</u>

**F. 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, 2003, are a voted debt margin of \$12,523,572 (including available funds of \$838,208) and an unvoted debt margin of \$652,070.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**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 - 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. 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	Indiana Insurance	\$ 2,000,000	\$ 0
Aggregate		5,000,000	0
Umbrella liability:			
Each occurrence	Indiana Insurance	5,000,000	
Aggregate		5,000,000	0
Building and contents	Indiana Insurance	89,479,300	5,000
Business auto:			
Each occurrence	Indiana Insurance	1,000,000	
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 2002.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 13 - RISK MANAGEMENT - (Continued)**

**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 \$65,000 per month, and by an annual aggregate stop loss of approximately \$2,062,895 per year. This activity is accounted for as an internal service fund.

Expenses for claims are recorded as other expenses when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. The basis for estimating the liability for unpaid claims is based on past experience and known balances. The liability at June 30, 2003, is not discounted. An actuary was used in determining this liability.

The claims liability is \$498,100 reported in the internal service fund at June 30, 2003, 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 current past fiscal year are as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2003	\$ 505,802	\$ 3,965,513	\$ (3,973,215)	\$ 498,100
2002	467,949	3,296,460	(3,258,607)	505,802

**C. Workers' Compensation**

For fiscal year 2003, 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 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 BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 14 - 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. 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 State Statute 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, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476, 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 at an actuarially determined rate of 14% for 2003, 8.17% was the portion to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The adequacy of the contribution rates is determined annually. The District's required contributions to SERS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$791,270, \$665,239, and \$596,257, respectively; 48.15% has been contributed for fiscal year 2003 and 100% for the fiscal years 2002 and 2001. \$410,252, represents the unpaid contribution for fiscal year 2003.

**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.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%; 13% 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. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employee contributions. The District's required contributions to STRS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$3,160,099, \$2,851,629, and \$2,606,123, respectively; 84.12% has been contributed for fiscal year 2003 and 100% for the fiscal years 2002 and 2001. \$501,708, represents the unpaid contribution for fiscal year 2003.

**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, 2003, certain members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**NOTE 15 - 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 partial reimbursement of monthly Medicare Part B 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 State Teachers Retirement Board allocated employer contributions equal to 1% of covered payroll to the Health Care Reserve fund. For the District, this amount equaled \$225,721 during fiscal 2003.

STRS pays health care benefits from the Health Care Reserve fund. The balance in the Health Care Reserve fund was \$3.011 billion at June 30, 2002 (the latest information available). For the fiscal year ended June 30, 2002 (the latest information available), net health care costs paid by STRS were \$354.697 million and STRS had 105,300 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 percent of the premium.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)**

For this fiscal year, employer contributions to fund health care benefits were 5.83% 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 2003, the minimum pay has been established at \$14,500. 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, 2003 were \$204.91 million and the target level was \$307.4 million. At June 30, 2003, SERS had net assets available for payment of health care benefits of \$303.6 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 \$383,245 during the 2003 fiscal year.

**NOTE 16 - 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 Balance - Budget and Actual (Non-GAAP Budgetary Basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues 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); and
- (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).

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

	<u>General Fund</u>
Budget basis	\$ 29,560
Net adjustment for revenue accruals	(1,298,057)
Net adjustment for expenditure accruals	(599,648)
Net adjustment for other sources/(uses)	(51,722)
Adjustment for encumbrances	<u>783,026</u>
GAAP basis	<u>\$ (1,136,841)</u>



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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 17 - 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 the financial position of the District at June 30, 2003.

**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. School Funding Decision**

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

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...".

The District is currently unable to determine what effect, if any, this decision will have on its future state funding and on its financial operations.

**NOTE 18 - 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. The designation for budget stabilization at June 30, 2002, has been restated from \$2,513,224 to \$1,170,609 due to an error reported in prior years. During the fiscal year ended June 30, 2003, the reserve activity was as follows:

	Textbooks/ Instructional <u>Materials</u>	Capital <u>Acquisition</u>	<u>Budget Stabilization</u>	
			<u>Designated</u>	<u>Reserved</u>
Set-aside cash balance as of June 30, 2002 (restated)	\$ (1,305,079)	\$ (1,180,589)	\$ 1,170,609	\$ 172,006
Current year set-aside requirement	841,688	841,688	-	-
Current year offsets	-	(30,700,904)	-	-
Qualifying disbursements	<u>(1,039,598)</u>	<u>(1,158,439)</u>	<u>-</u>	<u>-</u>
Total	<u>\$ (1,502,989)</u>	<u>\$ (32,198,244)</u>	<u>\$ 1,170,609</u>	<u>\$ 172,006</u>
Balance carried forward to FY 2004	<u>\$ (1,502,989)</u>	<u>\$ (30,138,901)</u>	<u>\$ 1,170,609</u>	<u>\$ 172,006</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

**NOTE 18 - STATUTORY RESERVES - (Continued)**

The District had qualifying disbursements during the year that reduced the set-aside amounts below zero for the textbooks/instructional materials reserve and this extra amount may be used to reduce the set-aside requirement for future years. The negative amount is therefore presented as being carried forward to the next fiscal year. During the fiscal year, the District issued \$29,800,000 related to the Ohio School Facilities Commission undertaken by the District. Those proceeds may be used to reduce the capital acquisition below zero for future years. Therefore, this negative amount is presented as being carried forward to the next fiscal year.

A schedule of the Governmental Fund restricted assets at June 30, 2003 follows:

Amount restricted for BWC refunds	\$ <u>172,006</u>
Total restricted assets	\$ <u>172,006</u>
Amount designated for budget stabilization	\$ <u>1,170,609</u>

**NOTE 19 – THE DISTRICT AS A FISCAL AGENT**

Virtual Community School

The District serves as the fiscal agent for a K-12 Virtual Community School which provides on-line learning programs to students within the State of Ohio. The Virtual Community School consists of an independent four person board which adopts its own budget and is primarily funded through tax revenues provided by the Ohio Department of Education. The District serves strictly as fiscal agent and is not financially accountable for the Virtual Community School's operations. The agreement between the District and the Virtual Community School states the District shall serve as Treasurer and will be compensated two percent (2%) of the per pupil allocation (foundation) paid to the Virtual Community School by the State of Ohio. At June 30, 2003, the District received \$63,868 and had a \$9,929 receivable. Additional information can be obtained from the Treasurer of the Virtual Community School located at 7244 East Main Street, Reynoldsburg, Ohio.

**NOTE 20 - SIGNIFICANT SUBSEQUENT EVENTS**

On July 31, 2003, the District issued \$1,255,000 in energy conservation notes. The notes bear an annual interest rate ranging from 2.00% to 3.80% and mature December 1, 2013.

## **SUPPLEMENTAL DATA**

**REYNOLDSBURG CITY SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(E) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(E) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:</b>						
<b>Nutrition Cluster:</b>						
(A) (C) Food Distribution	10.550	N/A		\$ 21,642		\$ 21,642
(A) (D) School Breakfast Program	10.553	047001-05-PU-2002	\$ 401		\$ 401	
(A) (D) School Breakfast Program	10.553	047001-05-PU-2003	1,353		1,353	
(A) (D) National School Lunch	10.555	047001-LL-P4-2002	59,787		59,787	
(A) (D) National School Lunch	10.555	047001-LL-P4-2003	206,788		206,788	
<b>Total U.S. Department of Agriculture and Nutrition Cluster</b>			<u>268,329</u>	<u>21,642</u>	<u>268,329</u>	<u>21,642</u>
<b>FEDERAL EMERGENCY MANAGEMENT AGENCY PASSED THROUGH THE OHIO EMERGENCY MANAGEMENT AGENCY</b>						
(H) FEMA Disaster Relief	83.554	N/A	3,594		3,594	
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE N/A:</b>						
Smaller Learning Community	84.215L	S215L002037	94,149		91,106	
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:</b>						
Title I - Grants to Local Educational Agencies	84.010	047001-C1-S1-2003	160,029		160,029	
<b>Special Education Cluster:</b>						
(B) Title VI-B - Special Education: Grants to States	84.027	047001-6B-SF-2002-P	110,879		64,782	
(B) Title VI-B - Special Education: Grants to States	84.027	047001-6B-SF-2003-P	415,499		427,959	
<b>Total Title VI-B</b>			<u>526,378</u>		<u>492,741</u>	
(B) Special Education: Preschool	84.173	047001-PG-S1-2003-P	15,233		15,233	
<b>Total Special Education Cluster</b>			<u>541,611</u>		<u>507,974</u>	
Safe and Drug-Free Schools	84.186	047001-DR-S1-2001	5,796		17,247	
(F) Safe and Drug-Free Schools	84.186	047001-DR-S1-2002	(12,578)		3,833	
Safe and Drug-Free Schools	84.186	047001-DR-S1-2003	37,024		47,276	
<b>Total Safe and Drug-Free Schools</b>			<u>30,242</u>		<u>68,356</u>	
(G) Eisenhower Professional Development	84.281	047001-MS-S1-2002	(388)		11,111	
(F) Title VI - Innovative Educational Program Strategies	84.298	047001-C2-S1-2002	(6,354)		-	
Title VI - Innovative Educational Program Strategies	84.298	047001-C2-S1-2003	40,969		54,102	
<b>Total Title VI</b>			<u>34,615</u>		<u>54,102</u>	
Technology Literacy Challenge	84.318	047001-TJ-S1-2003	4,378		-	
Advanced Placement Program	84.330	047001-AV-S1-2003	550		550	
Title VI-R - Class Size Reduction	84.340	047001-CR-S1 2002	-		354	
School Renovation, IDEA and Technology	84.352A	047001-AT-S2-2002	4,970		4,970	
School Renovation, IDEA and Technology	84.352A	047001-AT-S3-2002	11,827		11,560	
School Renovation, IDEA and Technology	84.352A	047001-AT-S4-2002	6,627		6,627	
<b>Total School Renovation, IDEA and Technology</b>			<u>23,424</u>		<u>23,157</u>	
English Language Acquisition	84.365	047001-T3-S1 2003	22,136		17,707	
Improving Teacher Quality	84.367	047001-TR-S1 2003	100,769		82,451	
<b>Total U.S. Department of Education</b>			<u>917,366</u>		<u>925,791</u>	
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH THE OHIO DEPARTMENT OF MENTAL RETARDATION AND DEVELOPMENTAL DISABILITIES:</b>						
Community Alternative Funding System Program (CAFS)	93.778	N/A	150,691		150,691	
<b>Total Federal Financial Assistance</b>			<u>\$ 1,434,129</u>	<u>\$ 21,642</u>	<u>\$ 1,439,511</u>	<u>\$ 21,642</u>

- (A) Included as part of "Nutrition Grant Cluster" in determining major programs.  
 (B) Included as part of "Special Education Grant Cluster" in determining major programs.  
 (C) The Food Distribution Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices.  
 (D) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.  
 (E) This schedule was prepared on the cash basis of accounting.  
 (F) Amounts repaid to the Ohio Department of Education based upon expiration of period of availability.  
 (G) Amount of \$388 carried over into fiscal year 2003 grant period and changed to CFDA number 84.367 based on Ohio Department of Education administrative action.  
 (H) A pass-through number was not available for the federal award.

# TRIMBLE, JULIAN & GRUBE, INC.

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## **Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Basic Financial Statements Performed in Accordance With *Government Auditing Standards***

Board of Education  
Reynoldsburg City School District  
7244 E. Main Street  
Reynoldsburg, Ohio 43068-3585

We have audited the financial statements of the governmental activities, each major fund, and the remaining aggregate fund information of the Reynoldsburg City School District, Franklin County, (the "District") as of and for the fiscal year ended June 30, 2003, and have issued our report thereon dated February 27, 2004. During the fiscal year ended June 30, 2003, the Reynoldsburg City School District implemented Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; GASB Statement No. 37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus; GASB Statement No. 38, Certain Financial Statement Note Disclosures; GASB Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements, and GASB Statement No. 41, Budgetary Comparison Schedule - Perspective Differences. In addition, the District had a change in accounting principle for its threshold for fixed assets as described in Note 2H. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the governmental activities, each major fund, and the aggregate remaining fund information 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*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated February 27, 2004.

Board of Education  
Reynoldsburg City School District

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District 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 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 basic 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 we have reported to the management of the District in a separate letter dated February 27, 2004.

This report is intended for the information of the Board and management of the Reynoldsburg City School District, 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.  
February 27, 2004

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## **Report on Compliance With Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance With *OMB Circular A-133***

Board of Education  
Reynoldsburg City School District  
7244 E. Main Street  
Reynoldsburg, Ohio 43068-3585

### Compliance

We have audited the compliance of the Reynoldsburg City School District, Franklin County, (the "District") with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each major federal program for the fiscal year ended June 30, 2003. The District implemented Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments; GASB Statement No. 37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus; GASB Statement No. 38, Certain Financial Statement Note Disclosures; GASB Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements and GASB Statement No. 41, Budgetary Comparison Schedule - Perspective Differences. In addition, the District had a change in accounting principle for its threshold for fixed assets. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States 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 the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

Board of Education  
Reynoldsburg City School District

In our opinion, the 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, 2003.

Internal Control Over Compliance

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

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.  
February 27, 2004



**REYNOLDSBURG CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO  
JUNE 30, 2003**

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

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs:	Nutrition Cluster: Food Distribution CFDA # 10.550 School Breakfast Program CFDA # 10.553 National School Lunch CFDA # 10.555; Community Alternative Funding Systems CFDA # 93.778.
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

**REYNOLDSBURG CITY SCHOOL DISTRICT  
FRANKLIN COUNTY, OHIO  
JUNE 30, 2003**

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

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

None.

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

None.



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**REYNOLDSBURG CITY SCHOOL DISTRICT**

**FRANKLIN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 20, 2004**