



**REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2020

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

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FRANKLIN COUNTY
JUNE 30, 2020**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Reynoldsburg City School District
Franklin County
7244 East Main Street
Reynoldsburg, Ohio 43068

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying modified cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Reynoldsburg City School District, Franklin County, Ohio (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the modified cash accounting basis Note 2 describes. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Reynoldsburg City School District, as of June 30, 2020, and the respective changes in modified cash financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

Ohio Administrative Code § 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements. The financial statements are prepared on the modified cash basis of accounting, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Emphasis of Matter

As discussed in Note 20 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Matters

Supplementary Information

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

We applied no procedures to management's discussion & analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

January 12, 2021

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**REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

This 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 year ended June 30, 2020, within the limitations of the District's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for the fiscal year are as follows:

- Net Position of the District decreased by approximately \$3.0 million, or 3.8%, in comparison with the prior fiscal year. The fund most affected by the decrease in cash and cash equivalents was the Building Fund, which decreased by approximately \$2.1 million.
- The District's general receipts are primarily property taxes and unrestricted grants and entitlements. These receipts represent respectively 31.1% and 43.6% of the total cash received for Governmental activities during the year.
- As of the close of the current fiscal year, unassigned fund balance for the general fund was approximately \$38.7 million.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the District's modified cash basis of accounting.

Report Components

The statement of net position and the statement of activities provide information about the modified cash activities of the District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide additional explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The District has elected to present its financial statements on the modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the District's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid, with the exception of investment purchases and sales of investments.

**REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

As a result of using the modified cash basis of accounting, certain noncash assets and their related revenues (such as accounts receivable) and liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the District as a Whole

The statement of net position and the statement of activities reflect how the District did financially during the fiscal year, within the limitations of the modified cash basis of accounting. The statement of net position presents the cash balances and investments of the Governmental activities of the District at fiscal year-end. The statement of activities compares cash disbursements with program receipts for each Governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each Governmental function draws from the District's general receipts.

These statements report the District's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position is one indicator of whether the District's financial health is improving or deteriorating. When evaluating the District's financial condition, you should also consider other nonfinancial factors as well such as the District's property tax base, the condition of the District's capital assets and infrastructure, the extent of the District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net position and the statement of activities, all of the District's activities are classified as Governmental. The Governmental activities of the District include instruction, support services, extracurricular activities, food service, facilities acquisition and construction, and other non-instructional services. State and federal grants and income and property taxes finance most of these activities. Benefits provided through Governmental activities are not necessarily paid for by the people receiving them.

Reporting the District's Most Significant Funds

Fund financial statements provide detailed information about the District's major funds – not the District as a whole. The District establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the District are split into three categories: governmental, proprietary and fiduciary.

**REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

Governmental Funds - Most of the District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the District's programs. The District's significant Governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The District's major Governmental funds are the General Fund and Debt Service Fund. The programs reported in Governmental funds are closely related to those reported in the Governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the Governmental fund financial statements.

Proprietary Funds – When the District charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The District has no enterprise funds. When the services are provided to other departments of the District, the service is reported as an internal service fund. The District has one internal service fund to account for self-insurance activities.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected on the Government-wide financial statements because the resources of these funds are not available to support the District's programs.

District-wide Financial Analysis

The table below provides a summary of the District's modified cash basis net position for 2020 and 2019.

	<u>2020</u>	<u>2019</u>	<u>Percent Change</u>
Assets			
Cash and Investments	\$ 74,694,636	\$ 77,656,630	-3.81%
Total Assets	<u>74,694,636</u>	<u>77,656,630</u>	-3.81%
Net Position			
Restricted	10,230,701	11,848,607	-13.65%
Unrestricted	64,463,935	65,808,023	-2.04%
Total Net Position	<u>\$ 74,694,636</u>	<u>\$ 77,656,630</u>	-3.81%

The significant decrease in cash and investments and restricted net position are primarily the result of the District spending down bond proceeds to construct, improve, furnish, and equip school facilities.

**REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

The table below shows the change in modified cash basis net position for fiscal years 2020 and 2019.

	<u>2020</u>	<u>2019</u>	<u>Percent Change</u>
Program Receipts			
Charges for Services and Sales	\$ 5,805,015	\$ 6,554,707	-11.44%
Operating Grants and Contributions	9,436,162	7,902,771	19.40%
Capital Grants and Contributions	104,794	161,827	-35.24%
General Receipts			
Property Taxes	31,002,152	30,689,358	1.02%
Income Taxes	6,001,879	5,780,394	3.83%
Payment in Lieu of Taxes	2,119,099	2,554,430	-17.04%
Grants and Entitlements	43,549,558	43,898,654	-0.80%
Investment Earnings	1,446,128	1,741,019	-16.94%
Miscellaneous	482,192	1,310,760	-63.21%
Total Receipts	<u>99,946,979</u>	<u>100,593,920</u>	-0.64%
Program Disbursements			
Instructional	52,732,590	48,328,559	9.11%
Support Services	34,979,372	31,161,148	12.25%
Non-instructional	4,251,531	4,306,380	-1.27%
Extracurricular Activities	1,024,683	1,156,230	-11.38%
Facilities Acquisition and Construction	616,219	8,045,628	-92.34%
Debt Service			
Principal	5,328,769	4,925,000	8.20%
Interest and Fiscal Charges	3,975,809	4,170,090	-4.66%
Total Disbursements	<u>102,908,973</u>	<u>102,093,035</u>	0.80%
Change in Net Position	<u>(2,961,994)</u>	<u>(1,499,115)</u>	
Net Position at Beginning of Year	<u>77,656,630</u>	<u>79,155,745</u>	
Net Position at End of Year	<u>\$ 74,694,636</u>	<u>\$ 77,656,630</u>	

The significant increase in operating grants and contributions is the result of the District receiving grants for the Student Wellness and Success from the State of Ohio starting in fiscal year 2020.

The significant decrease in facilities acquisition and construction expenditures is the result of the District spending a significant amount more in the prior fiscal year to construct, improve, furnish, and equip school facilities than in the current fiscal year. The District completed the HVAC project in the prior fiscal year.

**REYNOLDSBURG CITY SCHOOL DISTRICT
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
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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.

	Total Cost of Services 2020	Total Cost of Services 2019	Net Cost of Services 2020	Net Cost of Services 2019
Program expenses				
Instructional	\$ 52,732,590	\$ 48,328,559	\$ 44,065,343	\$ 39,830,640
Support Services	34,979,372	31,161,148	32,734,326	30,047,147
Non-instructional	4,251,531	4,306,380	162,852	(112,126)
Extracurricular Activities	1,024,683	1,156,230	679,684	567,351
Facilities Acquisition and Construction	616,219	8,045,628	616,219	8,045,628
Debt Service				
Principal	5,328,769	4,925,000	5,328,769	4,925,000
Interest and Fiscal Charges	3,975,809	4,170,090	3,975,809	4,170,090
Total	<u>\$ 102,908,973</u>	<u>\$ 102,093,035</u>	<u>\$ 87,563,002</u>	<u>\$ 87,473,730</u>

The dependence upon tax and other general revenues is apparent, as 84 percent of instructional activities are supported through taxes and other general revenues. For all Governmental activities, support from general receipts is 85 percent. The District's taxpayers and unrestricted grants and entitlements from the State are by far the primary support for the District's students.

The District's Funds

The District's Governmental funds reported a combined fund balance of approximately \$62.9 million.

The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2020 and 2019.

	Fund Balance June 30, 2020	Restated Fund Balance June 30, 2019	Increase/ (Decrease)
Major Funds:			
General	\$ 46,359,236	\$ 45,634,693	\$ 724,543
Debt Service	6,278,554	5,899,507	379,047
Other Governmental Funds	10,230,427	14,143,366	(3,912,939)
Total	<u>\$ 62,868,217</u>	<u>\$ 65,677,566</u>	<u>\$ (2,809,349)</u>

**REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

General Fund

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2020	2019	Percentage Change
<u>Receipts:</u>			
Taxes	\$ 29,195,543	\$ 28,647,375	1.91%
Payment in Lieu of Taxes	2,107,462	2,542,485	-17.11%
Charges for Services	-	215,324	-100.00%
Tuition and Fees	4,592,799	4,782,910	-3.97%
Earnings on Investments	1,417,310	1,617,696	-12.39%
Intergovernmental	42,554,930	42,886,075	-0.77%
Extracurricular	34,812	33,726	3.22%
Other	465,359	1,089,044	-57.27%
Total Receipts	<u>80,368,215</u>	<u>81,814,635</u>	-1.77%
<u>Disbursements:</u>			
Instruction	48,384,292	44,492,288	8.75%
Support Services	27,770,486	27,620,028	0.54%
Other Non-Instructional Services	32,542	1,260	2482.70%
Extracurricular Activities	532,045	412,015	29.13%
Facilities Acquisition and Construction	612,019	241,051	153.90%
Debt Service	1,260,614	1,050,499	20.00%
Total Disbursements	<u>78,591,998</u>	<u>73,817,141</u>	6.47%
Excess of Receipts Over Disbursements	<u>1,776,217</u>	<u>7,997,494</u>	-77.79%
<u>Other Financing Sources (Uses):</u>			
Sale of Capital Assets	60,778	16,832	261.09%
Insurance Proceeds	833	7,034	-88.16%
Transfer In/Out	(951,480)	(934,057)	1.87%
Advance In/Out	(161,805)	(464,395)	-65.16%
Net Change in Fund Balance	<u>\$ 724,543</u>	<u>\$ 6,622,908</u>	-89.06%

The significant decrease in other receipts is the result of a decrease in rental income and energy savings receipts during the year.

The significant increase in debt service expenditures is the result of an increase in debt service payments related to the principal and interest payments becoming due.

**REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

Debt Service Fund

The table that follows assists in illustrating the financial activities of the debt service fund.

	2020	2019	Percentage Change
<u>Receipts</u>			
Taxes	\$ 7,512,817	\$ 7,530,401	-0.23%
Payment in Lieu of Taxes	11,204	11,507	-2.63%
Intergovernmental	994,628	1,012,579	-1.77%
Other	16,172	5	323340.00%
Total Receipts	8,534,821	8,554,492	-0.23%
<u>Disbursements:</u>			
Fiscal	111,810	114,836	-2.64%
Debt Service:			
Principal Retirement	4,500,000	4,305,000	4.53%
Interest and Fiscal Charges	3,543,964	3,739,591	-5.23%
Total Disbursements	8,155,774	8,159,427	-0.04%
Net Change in Fund Balance	\$ 379,047	\$ 395,065	-4.05%

This increase in fund balance represents the amount in which property tax and related receipts outstripped debt service disbursements during the fiscal year.

General Fund Budgetary Highlights

The District's final estimated receipts exceeded the original budget by approximately \$16.0 million. This variance is primarily the result of the budgeting of additional receipts such as income taxes, tuition and fees, payments in lieu of taxes receipts, and other receipts. The final budget exceeded actual receipts by \$265,953. This variance is primarily the result of lower than expected advances to other governmental funds as well as lower than expected rental and energy saving receipts.

The District's original appropriations, totaling \$82.6 million, exceeded final appropriations by approximately \$478,072. The District's final appropriations exceeded actual budgetary expenditures by \$882,447.

**REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
(UNAUDITED)**

Debt

At the end of the fiscal year, the District had total long-term debt outstanding of approximately \$87.8 million, a decrease of approximately \$5.2 million in comparison with the prior fiscal year. This decrease is the result of current year accretion of \$69,900, offset by current year principal payments of approximately \$5.2 million.

More detailed information can be found in Note 11 to the basic financial statements.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, 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 Ms. Tammira Miller, Treasurer, Reynoldsburg City School District, 7244 E. Main Street, Reynoldsburg, Ohio 43068-3585.

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**REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

STATEMENT OF NET POSITION - MODIFIED CASH BASIS
AS OF JUNE 30, 2020

	Primary Government
	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 36,774,314
Investments	37,920,322
Total Assets	74,694,636
 Net Position	
Restricted for:	
Library Support Endowment	27,119
Debt Service	6,278,554
Capital Projects	404,640
Food Service	1,704,787
Locally Funded Programs	120,284
District Managed Student Activities	157,787
State Funded Programs	397,864
Federally Funded Programs	207,507
Classroom Facilities Maintenance	932,159
Unrestricted	64,463,935
Total Net Position	\$ 74,694,636

See accompanying notes to the basic financial statements.

**REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Program Receipts			
	Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Instruction:				
Regular	\$ 36,935,504	\$ 3,458,110	\$ 346,424	\$ -
Special	15,522,473	1,127,740	3,605,951	-
Vocational	78,922	7,491	-	-
Other	195,691	4,783	116,748	-
Support services:				
Pupils	4,911,845	-	950,564	-
Instructional Staff	5,798,923	-	992,544	-
Board of Education	29,415	-	-	-
Administration	7,839,540	-	43,430	-
Fiscal	1,397,982	-	-	-
Business	308,442	-	-	-
Operations and Maintenance	9,590,514	-	188,852	-
Pupil Transportation	4,611,473	-	6,421	-
Central	491,238	-	63,235	-
Operation of Non-Instructional Services:				
Food service Operations	3,768,809	896,169	2,580,826	104,794
Other Non-Operational Services	482,722	-	506,890	-
Extracurricular activities	1,024,683	310,722	34,277	-
Facilities Acquisition and Construction	616,219	-	-	-
Debt Service				
Principal	5,328,769	-	-	-
Interest and Fiscal Charges	3,975,809	-	-	-
Total Governmental Activities	102,908,973	5,805,015	9,436,162	104,794

General Receipts

Property Taxes Levied for:

- General Purposes
- Debt Service
- Facilities Maintenance
- Income Taxes
- Payment in Lieu of Taxes
- Unrestricted Grants and Entitlements
- Investment Earnings
- Miscellaneous

Total General Receipts

Change in Net Position

Net Position Beginning of Year
Net Position End of Year

See accompanying notes to the basic financial statements.

Net (Disbursement)
 Receipt and Changes
 in Net Position
Primary Government

Governmental
 Activities

\$	(33,130,970)
	(10,788,782)
	(71,431)
	(74,160)
	(3,961,281)
	(4,806,379)
	(29,415)
	(7,796,110)
	(1,397,982)
	(308,442)
	(9,401,662)
	(4,605,052)
	(428,003)
	(187,020)
	24,168
	(679,684)
	(616,219)
	(5,328,769)
	<u>(3,975,809)</u>
	<u>(87,563,002)</u>

	23,193,664
	7,512,817
	295,671
	6,001,879
	2,119,099
	43,549,558
	1,446,128
	482,192
	<u>84,601,008</u>
	(2,961,994)
	77,656,630
\$	<u>74,694,636</u>

See accompanying notes to the basic financial statements.

**REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

BALANCE SHEET- MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
AS OF JUNE 30, 2020

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets:				
Cash and Cash Equivalents	\$ 8,438,914	\$ 6,278,554	\$ 10,230,427	\$ 24,947,895
Investments	37,920,322	-	-	37,920,322
Total Assets	\$ 46,359,236	\$ 6,278,554	\$ 10,230,427	\$ 62,868,217
Fund Balances:				
Nonspendable:				
Library Support Endowment	\$ -	\$ -	\$ 25,000	\$ 25,000
Restricted for:				
Library Support Endowment	-	-	2,119	2,119
Debt Service	-	6,278,554	-	6,278,554
Capital Projects	-	-	404,640	404,640
Food Service	-	-	1,704,787	1,704,787
Locally Funded Programs	1,683	-	118,601	120,284
District Managed Student Activities	-	-	157,787	157,787
State Funded Programs	-	-	397,864	397,864
Federally Funded Programs	-	-	207,507	207,507
Classroom Facilities Maintenance	-	-	932,159	932,159
Committed to:				
Instruction	-	-	184,564	184,564
Assigned for:				
Public School Support	131,573	-	-	131,573
Instruction	425,228	-	-	425,228
Support Services	639,943	-	-	639,943
Capital Projects	-	-	6,245,939	6,245,939
Future Appropriations	6,501,830	-	-	6,501,830
Unassigned	38,658,979	-	(150,540)	38,508,439
Total Fund Balances	46,359,236	6,278,554	10,230,427	62,868,217
Total Fund Balances	\$ 46,359,236	\$ 6,278,554	\$ 10,230,427	\$ 62,868,217

See accompanying notes to the basic financial statements.

**REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES - MODIFIED CASH BASIS
AS OF JUNE 30, 2020

Total Governmental Fund Balances \$ 62,868,217

Amounts reported for governmental activities in the statement of net position are different because:

Internal service funds are used by management to charge the cost of insurance to individual funds. The assets of the internal service funds are included in governmental activities on the statement of net position.

11,826,419

Net Position of Governmental Activities

\$ 74,694,636

See accompanying notes to the basic financial statements.

**REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	General Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Receipts:				
From local sources:				
Property Taxes	\$ 23,193,664	\$ 7,512,817	\$ 295,671	\$ 31,002,152
Income Taxes	6,001,879	-	-	6,001,879
Tuition and Fees	4,592,799	-	5,325	4,598,124
Charges for Services	-	-	896,169	896,169
Earnings on Investments	1,417,310	-	28,818	1,446,128
Extracurricular	34,812	-	275,910	310,722
Payments in Lieu of Taxes	2,107,462	11,204	433	2,119,099
Other Local Revenues	465,359	16,172	78,681	560,212
Intergovernmental- Intermediate	-	-	21,977	21,977
Intergovernmental- State	41,975,952	994,628	1,465,904	44,436,484
Intergovernmental- Federal	578,978	-	7,913,444	8,492,422
Total Receipts	80,368,215	8,534,821	10,982,332	99,885,368
Disbursements:				
Instruction:				
Regular	36,388,362	-	474,260	36,862,622
Special	11,866,778	-	3,627,830	15,494,608
Vocational	78,823	-	-	78,823
Other	50,329	-	145,362	195,691
Support services:				
Pupils	4,241,844	-	663,989	4,905,833
Instructional Staff	2,485,333	-	3,310,125	5,795,458
Board of Education	29,415	-	-	29,415
Administration	7,756,775	-	67,561	7,824,336
Fiscal	1,284,641	111,810	-	1,396,451
Business	307,783	-	-	307,783
Operations and Maintenance	6,940,234	-	2,646,900	9,587,134
Pupil Transportation	4,304,303	-	295,064	4,599,367
Central	420,158	-	70,195	490,353
Operation of Non-Instructional Services:				
Food Service Operations	32,542	-	3,728,919	3,761,461
Other Non-Operational Services	-	-	481,727	481,727
Extracurricular Activities	532,045	-	492,424	1,024,469
Facilities Acquisition and Construction	612,019	-	4,200	616,219
Debt Service:				
Principal Retirement	828,769	4,500,000	-	5,328,769
Interest and Fiscal Charges	431,845	3,543,964	-	3,975,809
Total Disbursements	78,591,998	8,155,774	16,008,556	102,756,328
Excess (Deficiency) of Receipts Over (Under) Disbursements	1,776,217	379,047	(5,026,224)	(2,870,960)
Other Financing Sources (Uses):				
Sale of Capital Assets	60,778	-	-	60,778
Insurance Proceeds	833	-	-	833
Transfers In	-	-	951,480	951,480
Transfers Out	(951,480)	-	-	(951,480)
Advances In	585,360	-	747,165	1,332,525
Advances Out	(747,165)	-	(585,360)	(1,332,525)
Total Other Financing Sources (Uses)	(1,051,674)	-	1,113,285	61,611
Net Change in Fund Balances	724,543	379,047	(3,912,939)	(2,809,349)
Fund Balance Beginning of Year	45,634,693	5,899,507	14,143,366	65,677,566
Fund Balance End of Year	<u>\$ 46,359,236</u>	<u>\$ 6,278,554</u>	<u>\$ 10,230,427</u>	<u>\$ 62,868,217</u>

See accompanying notes to the basic financial statements.

**REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

RECONCILIATION OF THE STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES -
MODIFIED CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Net Change in Fund Balances - Total Governmental Funds \$ (2,809,349)

Amounts reported for governmental activities in the statement of activities are different because:

Internal service fund for self-insurance is not reported in the statement of activities. Disbursements and related internal service fund receipts are eliminated. The net receipt/(disbursement) of the internal service funds are allocated among the governmental activities (152,645)

Change in Net Position of Governmental Activities \$ (2,961,994)

See accompanying notes to the basic financial statements.

**REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

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

	Original Budget	Final Budget	Actual	Variance Over/(Under)
Receipts:				
From local sources:				
Property Taxes	\$ 23,200,000	\$ 23,200,000	\$ 23,193,664	\$ (6,336)
Income Taxes	-	6,001,881	6,001,879	(2)
Tuition and Fees	-	4,449,380	4,560,363	110,983
Earnings on Investments	-	1,450,000	1,417,310	(32,690)
Payments in Lieu of Taxes	-	2,112,489	2,107,462	(5,027)
Other Local Revenues	-	640,224	404,409	(235,815)
Intergovernmental- State	41,921,427	41,937,802	41,975,952	38,150
Intergovernmental- Federal	-	530,000	578,978	48,978
Total Receipts	65,121,427	80,321,776	80,240,017	(81,759)
Disbursements:				
Instruction:				
Regular	36,855,871	36,640,612	36,621,420	19,192
Special	12,058,775	11,988,296	12,039,050	(50,754)
Vocational	37,760	37,549	87,187	(49,638)
Other	23,503	23,372	50,329	(26,957)
Support services:				
Pupils	4,341,036	4,315,693	4,240,769	74,924
Instructional Staff	2,550,483	2,535,865	2,509,654	26,211
Board of Education	28,815	28,699	29,415	(716)
Administration	8,207,346	8,159,905	7,873,793	286,112
Fiscal	1,314,962	1,307,359	1,286,991	20,368
Business	295,692	293,960	307,983	(14,023)
Operations and Maintenance	7,054,499	7,015,488	7,204,335	(188,847)
Pupil Transportation	4,710,116	4,683,712	4,465,190	218,522
Central	822,548	817,795	402,638	415,157
Operation of Non-Instructional Services:				
Food Service Operations	32,692	32,500	32,542	(42)
Extracurricular Activities	453,374	450,976	517,079	(66,103)
Facilities Acquisition and Construction	838,597	833,705	612,019	221,686
Debt Service:				
Principal Retirement	833,671	828,769	828,769	-
Interest and Fiscal Charges	434,399	431,845	431,845	-
Total Disbursements	80,894,139	80,426,100	79,541,008	885,092
Excess of Receipts Over Disbursements	(15,772,712)	(104,324)	699,009	803,333
Other Financing Sources (Uses):				
Sale of Capital Assets	-	25,000	60,778	35,778
Insurance Proceeds	-	10,000	833	(9,167)
Transfers Out	(953,608)	(948,000)	(951,480)	(3,480)
Advances In	-	796,165	585,360	(210,805)
Advances Out	(752,425)	(748,000)	(747,165)	835
Total Other Financing Sources (Uses)	(1,706,033)	(864,835)	(1,051,674)	(186,839)
Net Change in Fund Balance	(17,478,745)	(969,159)	(352,665)	616,494
Fund Balances at Beginning of Year	44,189,007	44,189,007	44,189,007	-
Prior Year Encumbrances Appropriated	1,301,858	1,301,858	1,301,858	-
Fund Balances at End of Year	\$ 28,012,120	\$ 44,521,706	\$ 45,138,200	\$ 616,494

See accompanying notes to the basic financial statements.

**REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
AS OF JUNE 30, 2020

	Governmental Activities - Internal Service Fund
Assets:	
Cash and Cash Equivalents	\$ 11,826,419
Total Assets	<u>11,826,419</u>
Net Position:	
Unrestricted	11,826,419
Total Net Position	<u>\$ 11,826,419</u>

See accompanying notes to the basic financial statements.

**REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Governmental Activities - Internal Service Fund
Operating Receipts:	
Charges for Services	\$ 10,794,586
Total Operating Receipts	10,794,586
Operating Disbursements:	
Purchased Services	1,224,530
Claims	9,722,701
Total Operating Disbursements	10,947,231
Change in Net Position and Operating Loss	(152,645)
Net Position Beginning of Year	11,979,064
Net Position End of Year	\$ 11,826,419

See accompanying notes to the basic financial statements.

**REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

STATEMENT OF FIDUCIARY NET POSITION - MODIFIED CASH BASIS
FIDUCIARY FUNDS
AS OF JUNE 30, 2020

	Private-Purpose Trust Scholarship	Agency Fund
Assets:		
Cash and Cash Equivalents	\$ 58,222	\$ 74,842
Total Assets	58,222	74,842
Net Position:		
Held in Trust for Scholarships	58,222	-
Held for Others	-	31,230
Held for Students Activity	-	43,612
Total Net Position	\$ 58,222	\$ 74,842

See accompanying notes to the basic financial statements.

**REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

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

	Private-Purpose Trust
	Scholarship
Additions:	
Gifts and Contributions	\$ 3,110
Total Additions	3,110
 Deductions:	
Scholarships Awarded	8,209
Total Deductions	8,209
 Change in Net Position	 (5,099)
 Net Position at Beginning of Year	 63,321
Net Position at End of Year	\$ 58,222

See accompanying notes to the basic financial statements.

REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT

The 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 employs 263 non-certified and 525 certified employees to provide services to approximately 8,008 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.

A reporting entity is composed of the primary government, component units, and other organizations that are included to insure the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization’s governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization’s resources; 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. The District is also financially accountable for any organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the District, are accessible to the District and are significant in amount to the District.

Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government’s financial statements incomplete or misleading. Based upon the application of these criteria, the District does not have any component units.

REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT (CONTINUED)

The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATION

META Solutions

The District is a member of Meta Solutions. META Solutions is a consortium that provides software, hardware, staff development, and technology integration support for member schools. As one of 20+ ITC-sites around the state, META Solutions is a member of the Ohio Education Computer Network (OECN) which provides fiscal, support, and student services statewide to Ohio's school districts. Beyond these core services, META Solutions also provides additional services to member schools and contracted institutions. Financial information can be obtained from the offices of the Treasurer at 100 Executive Drive, Marion, Ohio, 43302.

PUBLIC ENTITY RISK POOL

Comp Management Group Retrospective Rating Program

The District participates in the Comp Management Group Retrospective Rating Program, a voluntary performance based incentive program. Similar to group rating, companies are grouped together to achieve lower premiums than they could as individuals. However, in this program, employers continue to own individual premiums and the BWC calculates group retro rebates/assessments at 12, 24 and 36 months after the end of the policy. This creates an incentive for participants to control and reduce losses by practicing effective workplace safety and claims management.

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. The modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. Following are the more significant of the District's accounting policies.

REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The District’s basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund(s) is eliminated to avoid “doubling up” receipts and disbursements. The statements distinguish between those activities of the District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The District has no business-type activities.

The statement of net position presents the modified cash balance of the governmental activities of the District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program’s goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the District’s general receipts.

Fund Financial Statements

During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the fund’s principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Fund Accounting

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

Governmental Funds - The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The District's major governmental funds are the General Fund and Debt Service Fund.

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.

The other governmental funds of the District account for grants and other resources whose use is restricted, committed, or assigned 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 - The fiduciary fund category is split into four classifications: private-purpose trust funds, investment trust funds, pension 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 only trust fund is a private-purpose trust that accounts for scholarship programs. Agency funds are custodial in nature and do not involve measurement of results of operations. The District has one agency fund that accounts for student-managed student activities.

REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting

The District’s financial statements are prepared using the modified cash basis of accounting. With the exception of investment purchases and sales, receipts are recorded in the District’s financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of the modified cash basis of accounting, certain noncash assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board’s authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund level for all funds. Budgetary allocations at the function and object level within all funds are made by the Treasurer.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in receipts are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

The appropriation resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

E. Cash and Investments

To improve cash management, cash received by the District is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through District records. Interest in the pool is presented as “Cash and Cash Equivalents”.

Investments of the District’s cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During the fiscal year, the District invested in certificates of deposit, federal agency securities, commercial paper, and a money market fund. Investments are reported at cost, except for the money market fund. The District's money market fund investment is recorded at the amount reported by USBank.

During the fiscal year, the School also invested in STAR Ohio (the State Treasury Asset Reserve of Ohio). 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. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 79, "Certain External Investment Pools and Pool Participants", the School measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis, which approximates fair value.

For the fiscal year 2020, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption rates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during the fiscal year was \$1,417,310, which included \$548,629 assigned from the other District funds.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or 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 law through constitutional provisions or enabling legislation. The District had no restricted assets at fiscal year-end.

G. Inventory and Prepaid Items

The District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Interfund Receivables/Payables

The District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's modified cash basis of accounting.

K. Pensions/Other Postemployment Benefits (OPEB)

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

L. Long-Term Obligations

The District's modified cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

M. Deferred Outflows and Inflows of Resources

The District's modified cash basis financial statements do not report deferred outflows and inflows of resources. The District recognizes the disbursement for deferred outflows when they are paid and proceeds of deferred inflows are reported when cash is received.

N. Net Position

Net position are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. None of the District's net position at fiscal year-end were the result of enabling legislation.

The District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position are available.

REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Balance

In accordance with Governmental Accounting Standards Board Statements No. 54, Fund Balance Reporting, the District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories may be used:

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

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

Assigned – Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies 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 receipts/cash disbursements in proprietary funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

Q. 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 management and are either unusual in nature or infrequent in occurrence. The District did not have either type of transaction during the fiscal year.

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REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE

Ohio Administrative Code, Section 117-2-03 (B), requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit certain assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the modified cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as assigned fund balance (modified cash basis).

The encumbrances outstanding at year-end (budgetary basis) for the General Fund amounted to \$1,065,171.

With the implementation of GASB Statement No. 54, *Fund Balance Reporting*, the District's Public School Support Fund, Uniform School Supplies Fund and Alternative School Fund, no longer meet the special revenue fund type criteria for reporting in the fiscal year-end external financial statements. As such, these funds are presented as part of the District's General Fund in the year-end financial statements. The budgetary comparison information in the fiscal year-end financial statements is the legally adopted budget for the general fund, without modification for the funds no longer meeting the special revenue criteria. The difference between the budgetary basis and the modified cash basis is \$12,037 for the change in fund balance for the reclassified funds above.

REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 5 – DEPOSITS AND INVESTMENTS

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

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

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

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

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, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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 and 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, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitation bonds and other obligations of political subdivisions of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but no limited to, passbook accounts;

REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 5 – DEPOSITS AND INVESTMENTS (CONTINUED)

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Certain banker's acceptance for a period not to exceed one-hundred-eighty days from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time; and commercial paper for a period not to exceed 270 days; and
9. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within 5 years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits with Financial Institutions

Custodial credit risk for deposits is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year-end, the carrying amount of the District's deposits was \$5,920,755, and the bank balance was \$5,965,881. Of the District's bank balance, \$250,000 was covered by the Federal Depository Insurance Corporation (FDIC) and the remaining balance was uninsured and collateralized. The District's financial institution was approved for a reduced collateral rate of 50 percent through the Ohio Pooled Collateral System.

The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

1. Eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
2. Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 5 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

The fair value of these investments is not materially different than the measurement value.

At fiscal year-end, the District had the following investments and maturities:

Investment Type	Measurement Value	Percent of Total	Investment Maturities		
			Less than one year	1 to 3 years	Greater than 3 years
STAR Ohio (NAV)	\$ 30,970,750	44.95%	\$ 30,970,750	\$ -	\$ -
Money Market Funds	15,873	0.02%	15,873	-	-
Commercial Paper	6,003,085	8.71%	6,003,085	-	-
Federal Agency Securities	13,100,896	19.01%	1,607,934	9,344,199	2,148,763
Negotiable CD's	18,816,341	27.31%	5,943,959	11,141,871	1,730,511
Total	<u>\$ 68,906,945</u>	<u>100%</u>	<u>\$ 44,541,601</u>	<u>\$ 20,486,070</u>	<u>\$ 3,879,274</u>

Interest Rate Risk: Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: Of the District's investments, the Federal Agency Securities were rated AA and the Commercial Paper was rated A by Standard & Poor's. The District's investments in negotiable certificates of deposit and the money market funds were unrated. The District's policy does not address credit risk.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The District's policy does not limit the amount invested in U.S. Treasury securities or those instruments guaranteed by the U.S. Treasury. Investments in Federal Agency Instruments/Government Sponsored Enterprise securities and investments in repurchase agreements and certificates of deposit may be made up of 25% and 50%, respectively, of the District's total portfolio.

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REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 5 – DEPOSITS AND INVESTMENTS (CONTINUED)

C. Reconciliation of Deposits and Investments to the Statement of Net Position

The following is a reconciliation of deposits and investments as reported in the note above to cash and investments as reported on the statement of net position at fiscal year-end:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 5,920,755
Investments	68,906,945
Total	<u>\$ 74,827,700</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 74,694,636
Private-purpose trust funds	58,222
Agency fund	74,842
Total	<u>\$ 74,827,700</u>

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REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 6 – PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2020 represent the collection of calendar year 2019 taxes. Real property taxes received in calendar year 2020 were levied after April 1, 2019, on the assessed values as of January 1, 2019, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2020 represent the collection of calendar year 2018 taxes. Public utility real and tangible personal property taxes received in calendar year 2020 became a lien on December 31, 2020, were levied after April 1, 2020, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Franklin, Licking and Fairfield Counties. The County Auditors periodically advance to the District their portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2020, are available to finance fiscal year 2020 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

	<u>2019 Second Half Collections</u>		<u>2020 First Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and other real estate	\$ 718,476,850	97.04%	\$ 726,051,500	96.60%
Public Utility Personal	21,927,020	2.96%	25,565,810	3.40%
Total	<u>\$ 740,403,870</u>	<u>100.00%</u>	<u>\$ 751,617,310</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$ 71.85		\$ 71.55	

REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 7 – TAX ABATEMENTS

Under tax abatement agreements entered into by the Ohio EPA, the District’s property tax revenues were reduced by \$53,057.

NOTE 8 – INCOME TAXES

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 of Ohio makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. The District’s income tax receipts are credited to the General Fund.

NOTE 9 – INTERFUND ACTIVITY

During the fiscal year, the District transferred \$951,480 from the General Fund to the Other Governmental Funds. These transfers represent monies assigned to capital acquisitions, maintenance, and operating subsidies, respectively.

At fiscal year-end, the General Fund had unpaid interfund cash advances in the amount of \$824,505, which represents short-term loans made to other funds of the District. These loans are expected to be repaid within one year.

NOTE 10 – CONTRACTUAL COMMITMENTS

Significant encumbrances as of fiscal year-end were as follows:

	<u>Encumbrances</u>
General Fund	\$ 1,065,171
Capital Projects Fund	376,017
Other Governmental Funds	<u>253,252</u>
Total	<u><u>\$ 1,694,440</u></u>

The significant amount of encumbrances in the General Fund is due to the District’s contractual commitments outstanding at fiscal year end such as E. Lee Construction, Weatherproofing Technologies, Summit Construction, and Tierney Brothers. These encumbrances will be liquidated over the period of the contracts.

REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 11 – LONG-TERM OBLIGATIONS

The changes in the District’s long-term obligations during the fiscal year were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Series 2013 Bonds					
Serial/Term Bonds	\$ 16,785,000	\$ -	\$ (1,085,000)	\$ 15,700,000	\$ 1,135,000
Series 2014 Bonds					
Serial/Term Bonds	15,790,000	-	(805,000)	14,985,000	845,000
Series 2015 Bonds					
Serial/Term Bonds	47,325,000	-	(2,610,000)	44,715,000	2,700,000
Capital Appreciation	44,987	-	-	44,987	-
Accreted Interest	273,128	69,900	-	343,028	-
Series 2017 Bonds					
Serial/Term Bonds	12,795,000	-	(735,000)	12,060,000	760,000
Total long-term obligations	\$ 93,013,115	\$ 69,900	\$ (5,235,000)	\$ 87,848,015	\$ 5,440,000

A. Series 2003 Bonds

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. Payments of principal and interest relating to this bond are recorded as expenditures in the debt service fund.

This issue is comprised of both current interest bonds, par value \$29,455,000, and capital appreciation bonds, par value \$344,979. The interest rates on the current interest bonds range from 2.00% to 5.00%. The capital appreciation bonds matured on December 1, 2008 (approximate initial offering yield at maturity 2.86%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date.

In November 2013, the outstanding amount of these bonds were refunded by the Series 2013 Bonds.

REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 11 – LONG-TERM OBLIGATIONS (CONTINUED)

B. Series 2005 Bonds

On April 6, 2005, the District issued general obligation bonds to provide funds for construction and improvements to school facilities in the amount of \$23,950,000 with a variable interest rate from 3.00% to 5.00%. These bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Payments of principal and interest relating to this bond are recorded as expenditures in the debt service fund.

In October 2014, the outstanding amount of these bonds were refunded by the Series 2014 Bonds.

C. Series 2007 Bond Anticipation Notes

On November 29, 2007, the District issued bond anticipation notes in the amount of \$9,540,000 to refund the callable portion of the 1997 series general obligation refunding bonds. These bond anticipation notes were subsequently purchased by Dexia Credit Local (Dexia) and a swap option was exercised obligating Dexia to pay the variable interest rate due on the notes in return for a fixed rate to be received by the District (see Note 11.I for detail).

D. Series 2008 Bonds

On July 9, 2008, the District issued general obligation bonds to provide funds for construction and 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. Payments of principal and interest relating to this bond are recorded as expenditures in the debt service fund.

This issue is comprised of both current interest bonds, par value \$55,935,000, and capital appreciation bonds, par value \$64,988. The interest rates on the current interest bonds range from 3.00% to 5.25%. The capital appreciation bonds mature on December 1, 2016 (approximate initial offering yield at maturity 4.30%) and December 1, 2017 (approximate initial offering yield at maturity 4.42%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$2,500,000 and the accreted value at fiscal year-end was \$0.

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, 2032.

In May 2015, \$47,670,000 of the current interest bonds were refunded by the Series 2015 Bonds.

REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 11 – LONG-TERM OBLIGATIONS (CONTINUED)

E. Series 2013 Bonds

In November 2013, the District issued \$21,580,000 in general obligation refunding current interest bonds with an interest cost of 4.919% for the purpose of currently refunding the outstanding principal amount of the 2003 general obligation bonds and terminating an interest rate hedge agreement with Dexia Credit Local. The District received \$25,758,320 in bond proceeds, which included a \$4,178,320 premium. The bonds will be retired from the debt service fund. The incremental benefit of this refunding was \$49,462. The refunding did not increase the overall debt of the District; however, since funds were needed to terminate the interest rate hedge agreement, the District lost the opportunity to capitalize on lower interest rates.

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 September 1, 2030.

The following is a summary of the future debt service requirements to maturity for the 2013 series general obligation bonds:

Fiscal Year	Principal	Interest	Total
2021	\$ 1,135,000	\$ 744,367	\$ 1,879,367
2022	1,180,000	687,430	1,867,430
2023	1,235,000	628,033	1,863,033
2024	1,290,000	565,931	1,855,931
2025	1,345,000	501,123	1,846,123
2026-2030	7,735,000	1,423,928	9,158,928
2031	1,780,000	21,890	1,801,890
Total	<u>\$ 15,700,000</u>	<u>\$ 4,572,702</u>	<u>\$ 20,272,702</u>

F. Series 2014 Bonds

In December 2014, the District issued \$18,665,000 in general obligation refunding current interest bonds with an interest cost of 4.939% for the purpose of currently refunding the outstanding principal amount of the 2005 general obligation bonds and terminating an interest rate hedge agreement with Dexia Credit Local. The District received \$23,067,514 in bond proceeds, which included a \$4,402,514 premium. The bonds will be retired from the debt service fund. The incremental benefit of this refunding was \$10,600. The refunding did not increase the overall debt of the District; however, since funds were needed to terminate the interest rate hedge agreement, the District lost the opportunity to capitalize on lower interest rates.

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, 2032.

REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 11 – LONG-TERM OBLIGATIONS (CONTINUED)

The following is a summary of the future debt service requirements to maturity for the 2014 series general obligation bonds:

Fiscal Year	Principal	Interest	Total
2021	\$ 845,000	\$ 719,242	\$ 1,564,242
2022	890,000	676,396	1,566,396
2023	930,000	631,451	1,561,451
2024	980,000	584,283	1,564,283
2025	1,030,000	534,646	1,564,646
2026-2030	5,965,000	1,837,925	7,802,925
2031-2033	4,345,000	310,046	4,655,046
Total	<u>\$ 14,985,000</u>	<u>\$ 5,293,989</u>	<u>\$ 20,278,989</u>

G. Series 2015 Bonds

In May 2015, the District issued \$47,669,987 in general obligation refunding bond anticipation notes with an interest cost of 4.178% for the purpose of currently refunding \$47,670,000 of the 2008 general obligation bonds. The District received \$53,480,648 in bond proceeds, which included a \$5,810,661 premium. The bonds will be retired from the debt service fund. The refunding did not increase the overall debt of the District.

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, 2032.

The following is a summary of the future debt service requirements to maturity for the 2015 series general obligation bonds:

Fiscal Year	Current Interest Bonds- Series 2015			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 2,700,000	\$ 1,866,150	\$ 4,566,150	\$ -	\$ -	\$ -
2022	3,010,000	1,723,400	4,733,400	-	-	-
2023	2,950,000	1,574,400	4,524,400	-	-	-
2024	3,100,000	1,423,150	4,523,150	-	-	-
2025	3,425,000	1,276,875	4,701,875	-	-	-
2026-2030	19,060,000	4,067,150	23,127,150	388,015	421,985	810,000
2031-2033	10,470,000	509,500	10,979,500	-	-	-
Total	<u>\$ 44,715,000</u>	<u>\$ 12,440,625</u>	<u>\$ 57,155,625</u>	<u>\$ 388,015</u>	<u>\$ 421,985</u>	<u>\$ 810,000</u>

REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 11 – LONG-TERM OBLIGATIONS (CONTINUED)

H. Series 2017 Bonds

In January 2018, the District issued \$13,415,000 certificates of participation bonds with an interest cost of 3.20% for the purpose of constructing, improving, furnishing, and equipping school facilities through a ground lease agreement with Capital One Public Funding, LLC. The District received \$13,487,131 in bond proceeds, which included a \$72,131 premium. The bonds will be retired from the general fund.

Interest payments on the bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2032.

The following is a summary of the future debt service requirements to maturity for the 2017 series certificates of participation bonds:

Fiscal Year	Principal	Interest	Total
2021	\$ 760,000	\$ 383,668	\$ 1,143,668
2022	785,000	358,311	1,143,311
2023	810,000	332,114	1,142,114
2024	835,000	305,095	1,140,095
2025	865,000	277,172	1,142,172
2026-2030	4,755,000	934,501	5,689,501
2031-2033	3,250,000	162,443	3,412,443
Total	<u>\$ 12,060,000</u>	<u>\$ 2,753,304</u>	<u>\$ 14,813,304</u>

I. Refunding and Sold Options

In 2008, the District entered into an agreement with Dexia for Dexia to purchase bond anticipation notes that were or may be issued to refund a portion of the general obligation bonds discussed in Note 11.A. (2003 issue) and Note 11.B. (2005 issue). These refunding bond anticipation notes, as or if issued, bear or would bear variable interest rates based upon the Securities Industry and Financial Markets Association (SIFMA, formerly the Bond Marketing Association, BMA) Municipal Swap Index plus 29 basis points (0.29%).

Simultaneously, the District entered into options (swap options, or swaptions) which, as or if exercised, would obligate Dexia to pay the variable interest due on the notes and receive a fixed rate from the District. Dexia paid the District \$2,416,000 for these swap options, which, net of fees and expenses of \$899,088, resulted in \$1,516,912 being deposited into the District’s permanent improvement fund, a nonmajor governmental fund, to be used for various capital projects.

The notes related to \$9,540,000 of the 1997 issue were issued November 29, 2007, the notes related to \$21,580,000 of the 2003 issue were issued November 29, 2013, and the notes related to \$18,665,000 of the 2005 issue were issued December 1, 2014.

REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 11 – LONG-TERM OBLIGATIONS (CONTINUED)

The purpose of the interest rate swap transactions with Dexia was to or would be to hedge the exposure of the District against interest rate fluctuations arising from the variable rates borne by these bond anticipation notes. Under the swap agreement, the District is or would be the fixed rate payer, paying fixed rates ranging from approximately 5.38% to 5.45% on the 1997 issue; approximately 4.54% to 5.00% on the 2003 issue, and approximately 4.625% to 4.967% on the 2005 issue. The counterparty, Dexia, is or would be the floating rate payer, paying the actual variable rate borne by the notes. The floating rates are or would be determined in accordance with the weekly SIFMA Swap Index.

During fiscal year 2012, the District terminated the agreement related to 1997 issue through the issuance of the Series 2012 General Obligation Refunding Bonds. The proceeds of the current refunding bonds were used to currently refund the outstanding principal amounts tied to the agreements (\$8,150,000 Series 2007 Bond Anticipation Notes) and terminate the interest rate hedge agreement at a net cost of \$1,063,718. This refunding did not increase the overall general obligation debt of the District and resulted in a savings of \$111,203.

During fiscal year 2014, the District terminated the agreement related to 2003 issue through the issuance of the Series 2013 General Obligation Refunding Bond Anticipation Notes. The proceeds of the current refunding bonds were used to currently refund the outstanding principal amounts tied to the agreements (\$21,580,000 Series 2003 Bond Anticipation Notes) and terminate the interest rate hedge agreement at a net cost of \$4,178,320. This refunding did not increase the overall general obligation debt of the District and the incremental benefit of this refunding was \$49,462.

During fiscal year 2015, the District terminated the agreement related to 2005 issue through the issuance of the Series 2014 General Obligation Refunding Bond Anticipation Notes. The proceeds of the current refunding bonds were used to currently refund the outstanding principal amounts tied to the agreements (\$18,665,000 Series 2005 Bond Anticipation Notes) and terminate the interest rate hedge agreement at a net cost of \$4,402,514. This refunding did not increase the overall general obligation debt of the District and the incremental benefit of this refunding was \$10,600.

J. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation use in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at fiscal year-end, resulted in no remaining voted debt margin and an unvoted debt margin of \$751,617. The District has been authorized by the Ohio Superintendent of Public Instruction to exceed its overall limitation because it has been designated a "special needs" school district as permitted by Ohio Revised Code Section 133.06(E).

REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 12 – LEASE OBLIGATIONS

The District has entered into capital leases for copiers.

Due to the District reporting on the cash basis of accounting, the accompanying copiers are not reflected as assets and liabilities within the accompanying financial statements. Principal and interest payments associated with the outstanding lease obligation is paid by the General Fund.

In fiscal year 2020, the District made lease payments totaling \$117,370 in principal and interest.

The agreement provides for minimum annual rental payments as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 107,213	\$ 20,827	\$ 128,040
2022	112,597	15,443	128,040
2023	118,252	9,788	128,040
2024	124,191	3,849	128,040
2025	10,627	43	10,670
Total	<u>\$ 472,880</u>	<u>\$ 49,950</u>	<u>\$ 522,830</u>

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

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:

Coverage	Insurer	Limits of Coverage	Deductible
General liability:			
Each occurrence	Marsh & McLennan Agency	\$ 1,000,000	\$ -
Aggregate		2,000,000	-
Umbrella liability:			
Each occurrence	Marsh & McLennan Agency	10,000,000	-
Aggregate		10,000,000	-
Building and contents	Marsh & McLennan Agency	235,137,718	5,000
Business auto:			
Each occurrence	Marsh & McLennan Agency	1,000,000	1,000
Employee benefits liability:			
Each occurrence	Marsh & McLennan Agency	1,000,000	1,000
Aggregate		2,000,000	1,000

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 year 2019.

B. Health Care Self-Insurance Program

The District manages employee health benefits on a self-insured basis. The employee health benefit plan provides basic health and dental coverage through Medical Mutual/Guardian, the third party administrator (TPA) of the program, which reviews and pays the claims. A specific excess loss coverage (stop-loss) insurance policy covers claims in excess of \$130,000 per employee per year. The family and single premiums were \$1,744.00 and \$646.00 for medical and \$102.07 and \$81.06 for dental, respectively. The TPA charges the District a medical administration fee of \$53.71 for family and \$22.47 for single per employee per month and a dental administration fee of \$3.90 per employee per month.

This activity is accounted for in an internal service fund. A comparison of internal service fund cash and investments to actuarially-measured liability as of June 30 follows:

June 30,	2020	2019	2018
Cash and Investments	\$ 11,826,419	\$ 11,979,064	\$ 12,171,656
Actuarial Liabilities	961,560	718,697	607,595

REYNOLDSBURG CITY SCHOOL DISTRICT
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NOTE 13 - RISK MANAGEMENT (CONTINUED)

C. Workers' Compensation Retrospective Rating Program

During the fiscal year, the District participated in the Comp Management Group Retrospective Rating Program, a voluntary performance based incentive program. Similar to group rating, companies are grouped together to achieve lower premiums than they could as individuals. However, in this program, employers continue to own individual premiums and the BWC calculates group retro rebates/assessments at 12, 24 and 36 months after the end of the policy. This creates an incentive for participants to control and reduce losses by practicing effective workplace safety and claims management.

NOTE 14 –DEFINED BENEFIT PENSION PLANS

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability (Asset)

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension/OPEB liability (asset) represents the District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities (assets) within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

**REYNOLDSBURG CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

The remainder of this note includes the required pension disclosures. See Note 15 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description – District non-teaching employees participate in SERS, a statewide, cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire before August 1, 2017*	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

*Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first 30 years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0 percent. SERS did not allocate employer contributions to the Health Care Fund for fiscal year 2020.

The District’s contractually required contribution to SERS was \$1,363,514 for fiscal year 2020.

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

NOTE 14 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Plan Description - State Teachers Retirement System (STRS)

Plan Description – District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS’ fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients’ base benefit and past cost-of living increases are not affected by this change. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased in through August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Retirement eligibility for reduced benefits will be five years of service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent goes to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 14 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member’s defined contribution account or the defined contribution portion of a member’s Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2020, plan members were required to contribute 14 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2020 contribution rates were equal to the statutory maximum rates.

The District’s contractually required contribution to STRS was \$5,111,268 for fiscal year 2020.

Net Pension Liability

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The District's proportion of the net pension liability was based on the employer’s share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Date	0.25887230%	0.29695386%	
Prior Measurement Date	<u>0.25474060%</u>	<u>0.28454548%</u>	
Change in Proportionate Share	<u>0.00413170%</u>	<u>0.01240838%</u>	
Proportionate Share of the Net Pension Liability	\$ 15,488,784	\$ 65,669,562	\$ 81,158,346

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

NOTE 14 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Actuarial Assumptions - SERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2035.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2019, are presented below:

Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
COLA or Ad Hoc COLA	2.50 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120 percent of male rates and 110 percent of female rates used. The RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years is used for the period after disability retirement.

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

REYNOLDSBURG CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

The long-term return expectation for the investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The asset allocation, as used in the June 30, 2015 five-year experience study, is summarized as follows:

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

Discount Rate Total pension liability was calculated using the discount rate of 7.50 percent. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 25-year amortization period of the unfunded actuarial accrued liability. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the District's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Reynoldsburg CSD's Proportionate Share of the Net Pension Liability	\$ 21,705,323	\$ 15,488,784	\$ 10,275,437

REYNOLDSBURG CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Actuarial Assumptions - STRS

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

Inflation	2.50 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Projected Payroll Growth	3.00 percent
Cost-of-Living Adjustments	0.00 percent

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

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

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

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

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

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

**REYNOLDSBURG CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Discount Rate. The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at statutory contribution rates of 14 percent each. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS’ fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2019.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table represents the District's proportionate share of the net pension liability as of June 30, 2019, calculated using the current period discount rate assumption of 7.45 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
Reynoldsburg CSD's Proportionate Share of the Net Pension Liability	\$ 95,968,750	\$ 65,669,562	\$ 40,019,749

NOTE 15 – DEFINED BENEFIT OPEB PLANS

See Note 14 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15 – DEFINED BENEFIT OPEB PLANS (CONTINUED)

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2020, SERS did not allocate any employer contributions to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the School District's surcharge obligation was \$161,082.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums.

Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

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

REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15 – DEFINED BENEFIT OPEB PLANS (CONTINUED)

Net OPEB Liability (Asset)

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

	<u>SERS</u>	<u>STRS</u>
Proportion of the Net OPEB Liability (Asset):		
Current Measurement Date	0.26513400%	0.29695400%
Prior Measurement Date	<u>0.25910000%</u>	<u>0.28454500%</u>
Change in Proportionate Share	<u>0.00603400%</u>	<u>0.01240900%</u>
Proportionate Share of the Net OPEB Liability (Asset)	\$ 6,667,557	\$ (4,918,271)

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15 – DEFINED BENEFIT OPEB PLANS (CONTINUED)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2019, are presented below:

Inflation	3.00 percent
Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Measurement Date	3.13 percent
Prior Measurement Date	3.62 percent
Single Equivalent Interest Rate	
Measurement Date	3.22 percent, net of plan investment expense, including price inflation
Prior Measurement Date	3.70 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Pre-Medicare	7.00 percent - 4.75 percent
Medicare	5.25 percent - 4.75 percent

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

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

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

REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15 – DEFINED BENEFIT OPEB PLANS (CONTINUED)

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

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.70 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 2.00 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2029. However, since SERS’ actuaries indicate the fiduciary net position is projected to be depleted at a future measurement date, the single equivalent interest rate is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion by the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13 percent, as of June 30, 2019 (i.e., municipal bond rate).

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Reynoldsburg CSD's Proportionate Share of the Net OPEB Liability	\$ 8,093,156	\$ 6,667,557	\$ 5,534,048
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Reynoldsburg CSD's Proportionate Share of the Net OPEB Liability	\$ 5,342,068	\$ 6,667,557	\$ 8,426,172

**REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE 15 – DEFINED BENEFIT OPEB PLANS (CONTINUED)

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2019, actuarial valuation are presented below:

Inflation	2.50 percent	
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	
Payroll Increases	3.00 percent	
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.45 percent	
Health Care Cost Trend Rates		
Medical	<u>Initial</u>	<u>Ultimate</u>
Pre-Medicare	5.87 percent	4.00 percent
Medicare	4.93 percent	4.00 percent
Prescription Drug		
Pre-Medicare	7.73 percent	4.00 percent
Medicare	9.62 percent	4.00 percent

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

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

The actuarial assumptions used in the June 30, 2019 valuation, were adopted by the board from the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 15 – DEFINED BENEFIT OPEB PLANS (CONTINUED)

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

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

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

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

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

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Reynoldsburg CSD's Proportionate Share of the Net OPEB Liability (Asset)	\$ (4,196,765)	\$ (4,918,271)	\$ (5,524,889)
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
Reynoldsburg CSD's Proportionate Share of the Net OPEB Liability (Asset)	\$ (5,577,093)	\$ (4,918,271)	\$ (4,111,373)

REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 16 – SET ASIDE REQUIREMENTS

The District is required by State law to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end. These amounts must be carried forward and used for the same purposes in future years.

The following modified cash basis information identifies the changes in the set aside balances for capital improvements:

	Capital Acquisition
Set-aside cash balance	
as of June 30, 2019	\$ -
Current fiscal year set-aside requirement	1,320,321
Current year qualifying disbursements	(1,320,321)
Total	\$ -
Balance carried forward to FY 2021	\$ -
Set Aside Reserve Balance June 30, 2020	\$ -

Capital Acquisition

During fiscal year 2003, the District issued \$29,800,000 in capital related debt based on a building project under taken by the District. During fiscal year 2005, the District issued \$23,950,000 in capital related debt for a new building project. During fiscal year 2009, the District issued \$55,999,988 in capital related debt for a new building project. Those proceeds may be used as qualifying disbursements to reduce the capital acquisition to zero for future years. Therefore, the District still has \$99,809,967 in qualifying disbursements that may be used to reduce the set-aside requirement for future years.

NOTE 17 – CONTINGENCIES

Foundation Funding

District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As the result of fiscal year 2020 reviews, the District is due \$145,084. This amount has not been included in the financial statements.

REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 18 – DEFICIT FUND BALANCE

The following funds had a deficit fund balance at June 30, 2020:

Fund	Deficit Balance
Title VI-B IDEA	(\$141,785)
Improving Teacher Quality	(8,755)
	<u>(\$150,540)</u>

NOTE 19 – RECLASSIFICATION OF FUND BALANCE

The District’s Capital Projects Fund is not required to be reported as a major fund in fiscal year 2020. Therefore the District reclassified the Capital Projects Fund to Other Governmental Funds. The reclassification of the fund balance resulted in changes to beginning of year balances as detailed below:

	Capital Projects Fund	Other Governmental Funds
Fund Balance, June 30, 2019	\$ 6,277,577	\$ 7,865,789
Reclassification of Fund	(6,277,577)	6,277,577
Fund Balance, July 1, 2019	<u>\$ -</u>	<u>\$ 14,143,366</u>

NOTE 19 – CHANGES IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2020, the District has (to the extent it applies to the cash basis of accounting) implemented Governmental Accounting Standards Board (GASB) Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. GASB Statement No. 95 postpones the effective dates of certain provisions in the statements that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following statements are postponed by one year:

- Statement No. 84, *Fiduciary Activities*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 90, *Majority Equity Interests*
- Statement No. 91, *Conduit Debt Obligations*

REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 19 – CHANGES IN ACCOUNTING PRINCIPLES (CONTINUED)

Certain provisions in the following statements are postponed by one year:

- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

The following statement is postponed by 18 months:

- Statement No. 87, *Leases*

NOTE 20 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. The District's investment portfolio and the investments of the pension and other employee benefit plan in which the District participates have incurred a significant decline in fair value, consistent with the general decline in financial markets. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated. The District plans to begin the school year doing all remote learning with any changes made in junction with guidance from the Franklin County Board of Health.

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**REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

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

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster			
Cash Assistance:			
School Breakfast Program	10.553	N/A	467,799
COVID-19 School Breakfast Program	10.553	N/A	37,358
National School Lunch Program	10.555	N/A	1,396,320
National School Lunch Program - Non-Cash Assistance	10.555	N/A	344,390
COVID-19 National School Lunch Program	10.555	N/A	111,725
Summer Food Service Program for Children	10.559	N/A	87,212
COVID-19 Summer Food Service Program for Children	10.559	N/A	391,081
Total Child Nutrition Cluster			<u>2,835,885</u>
Child and Adult Care Food Program	10.558	N/A	11,314
COVID-19 Child and Adult Care Food Program	10.558	N/A	832
Total Child and Adult Care Food Program			<u>12,146</u>
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	104,794
Total U.S. Department of Agriculture			<u><u>2,952,825</u></u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	N/A	2,045,440
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	2,133,260
Special Education - Preschool Grants	84.173	N/A	61,977
Total Special Education Cluster			<u>2,195,237</u>
Twenty-First Century Community Learning Centers	84.287	N/A	154,120
English Language Acquisition Grants	84.365	N/A	132,470
Improving Teacher Quality State Grants	84.367	N/A	302,295
Striving Readers	84.371	N/A	509,359
<i>Passed Through Columbus State Community College</i>			
Investing in Innovation (i3) Fund	84.411	N/A	59,415
<i>Passed Through Ohio Department of Education</i>			
Student Support and Academic Enrichment Program	84.424	N/A	72,832
Total U.S. Department of Education			<u><u>5,471,168</u></u>
Total Expenditures of Federal Awards			<u><u>\$8,423,993</u></u>

The accompanying notes are an integral part of this schedule.

**REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Reynoldsburg City School District (the District's) under programs of the federal government for the year ended June 30, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

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

NOTE D – CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE E – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective programs that benefitted from the use of those donated food commodities.

NOTE F – MATCHING REQUIREMENTS

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Reynoldsburg City School District
Franklin County
7244 East Main Street
Reynoldsburg, Ohio 43068

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the modified cash-basis 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 year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 12, 2021, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statement. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2020-001.

District's Response to Findings

The District's response to the finding identified in our audit is described in the accompanying corrective action plan. We did not subject the District's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

January 12, 2021

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Reynoldsburg City School District
Franklin County
7244 East Main Street
Reynoldsburg, OH 43068-3585

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Reynoldsburg City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Reynoldsburg City School District's major federal programs for the year ended June 30, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

The District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

Opinion on each Major Federal Program

In our opinion, the Reynoldsburg City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

January 12, 2021

**REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2020-001

Material Noncompliance – Annual Financial Reporting

Ohio Rev. Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

REYNOLDSBURG CITY SCHOOL DISTRICT
FRANKLIN COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2020
(Continued)

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

FINDING NUMBER 2020-001 (Continued)

Material Noncompliance – Annual Financial Reporting (Continued)

Ohio Admin. Code § 117-2-03(B), which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

The District prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the basis of cash receipts and cash disbursements, rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to Ohio Rev. Code § 117.38, the District may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the District's ability to evaluate and monitor the overall financial condition of the District. To help provide the users with more meaningful financial statements, the District should prepare its annual financial statements according to generally accepted accounting principles.

We recommend the District consider filing its annual financial report utilizing generally accepted accounting principles, in accordance with the Ohio Revised and Administrative Code Sections stated above.

Officials' Response: Refer to the Corrective Action Plan

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

REYNOLDSBURG CITY SCHOOLS



**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
JUNE 30, 2020**

Finding Number	Finding Summary	Status	Additional Information
2017-001 2018-001 2019-001	Contrary to Ohio Administrative Code Section 117-2-03(B), the District does not prepare its financial report in accordance with accounting principles generally accepted in the United States of America. This citation was first issued during the financial audit for the fiscal year ending June 30, 2011.	Not Corrected	Reissued as finding # 2020-001.

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REYNOLDSBURG CITY SCHOOLS



CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) JUNE 30, 2020

Finding Number: 2020-001
Planned Corrective Action: In light of the higher costs, absence a material benefit, and financial constraints, RCSD has chosen to prepare non-GAAP financial statements.
Anticipated Completion Date: N/A
Responsible Contact Person: Tammira Miller- Treasurer

OHIO AUDITOR OF STATE KEITH FABER



REYNOLDSBURG CITY SCHOOL DISTRICT

FRANKLIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 2/9/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov