



**OBERLIN CITY SCHOOL DISTRICT
LORAIN COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

**OBERLIN CITY SCHOOL DISTRICT
LORAIN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
General-Purpose Financial Statements:	
Combined Balance Sheet - All Fund Types and Account Groups	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund	6
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) All Governmental Fund Types	8
Combined Statement of Revenues, Expenditures, and Changes in Retained Earnings - The Proprietary Fund Type	12
Combined Statement of Cash Flows - The Proprietary Fund Type	13
Notes to the General Purpose Financial Statements	15
Schedule of Federal Awards Receipts and Expenditures	37
Notes to the Schedule of Federal Awards Receipts and Expenditures	38
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	39
Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with OMB Circular A-133	41
Schedule of Findings	43

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Lausche Building, 12th Floor
615 Superior Avenue, NW
Cleveland, Ohio 44113
Telephone 216-787-3665
800-626-2297
Facsimile 216-787-3361
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Board of Education
Oberlin City School District
Lorain County
153 North Main Street
Oberlin, Ohio 44074

We have audited the accompanying general-purpose financial statements of the Oberlin City School District, Lorain County, Ohio, (District) as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Oberlin City School District, Lorain County, Ohio, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

February 1, 2001

This page intentionally left blank.

OBERLIN CITY SCHOOL DISTRICT
 LORAIN COUNTY
 COMBINED BALANCE SHEET –
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and other debits				
Equity in pooled cash and equivalents	\$ 2,358,977	\$ 621,112	\$ 441,724	\$ 538,755
Cash with fiscal agent	-	-	100	-
Restricted cash	385,996	-	-	-
Receivables, net				
Taxes, current	3,462,045	127,196	269,548	246,192
Taxes, delinquent	72,757	2,534	6,108	5,062
School income tax	608,680	-	-	-
Accrued interest	43,270	-	-	-
Interfund receivable	50,000	-	-	-
Inventories	-	-	-	-
Fixed assets	-	-	-	-
Accumulated depreciation	-	-	-	-
Amount available for debt	-	-	-	-
Amount to be provided for debt	-	-	-	-
Amount to be provided for benefits	-	-	-	-
Amount to be provided for capital leases	-	-	-	-
Total assets and other debits	6,981,725	750,842	717,480	790,009
Liabilities, fund equity and other credits				
Liabilities				
Accounts and contracts payable	127,347	19,592	-	128,760
Accrued liabilities				
Salaries and benefits	642,157	23,999	-	-
Due to other governments	140,206	6,404	-	-
Interfund payable	-	50,000	-	-
Due to students	-	-	-	-
Deferred revenue	3,374,945	160,439	221,277	202,558
Matured bonds and coupons	-	-	100	-
Bonds payable	-	-	-	-
Capital lease obligation	-	-	-	-
Compensated absences payable	15,458	-	-	-
Total liabilities	4,300,113	260,434	221,377	331,318
Fund equity and other credits				
Investment in general fixed assets	-	-	-	-
Contributed capital	-	-	-	-
Retained earnings				
Unreserved	-	-	-	-
Fund balances				
Reserved for debt service	-	-	441,724	-
Reserved for budget stabilization	385,996	-	-	-
Reserved for encumbrances	336,226	71,843	-	223,065
Reserved for property tax	731,478	23,604	54,379	48,696
Unreserved	1,227,912	394,961	-	186,930
Total fund equity and other credits	2,681,612	490,408	496,103	458,691
Total liabilities, fund equity and other credits	\$ 6,981,725	\$ 750,842	\$ 717,480	\$ 790,009

See accompanying notes to the financial statements.

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		Trust and Agency	General Fixed Assets	
Enterprise				
\$ 102,790	\$ 44,242	\$ -	\$ -	\$ 4,107,600
-	-	-	-	100
-	-	-	-	385,996
-	-	-	-	4,104,981
-	-	-	-	86,461
-	-	-	-	608,680
-	-	-	-	43,270
-	-	-	-	50,000
4,194	-	-	-	4,194
231,341	-	14,940,697	-	15,172,038
(212,737)	-	-	-	(212,737)
-	-	-	496,103	496,103
-	-	-	559,897	559,897
-	-	-	886,873	886,873
-	-	-	203,827	203,827
125,588	44,242	14,940,697	2,146,700	26,497,283
571	720	-	-	276,990
14,238	-	-	-	680,394
15,982	-	-	60,005	222,597
-	-	-	-	50,000
-	24,741	-	-	24,741
1,462	-	-	-	3,960,681
-	-	-	-	100
-	-	-	1,056,000	1,056,000
-	-	-	203,827	203,827
12,617	-	-	826,868	854,943
44,870	25,461	-	2,146,700	7,330,273
-	-	14,940,697	-	14,940,697
5,190	-	-	-	5,190
75,528	-	-	-	75,528
-	-	-	-	441,724
-	-	-	-	385,996
-	-	-	-	631,134
-	-	-	-	858,157
-	18,781	-	-	1,828,584
80,718	18,781	14,940,697	-	19,167,010
\$ 125,588	\$ 44,242	\$ 14,940,697	\$ 2,146,700	\$ 26,497,283

OBERLIN CITY SCHOOL DISTRICT
LORAIN COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Revenues				
Taxes	\$ 5,597,160	\$ 118,897	\$ 265,317	\$ 237,944
Tuition and fees	35,331	-	-	-
Interest	288,880	-	-	-
Intergovernmental	2,908,472	818,739	16,037	77,889
Extracurricular	-	30,510	-	-
Miscellaneous	70,285	110,089	-	-
Total revenues	<u>8,900,128</u>	<u>1,078,235</u>	<u>281,354</u>	<u>315,833</u>
Expenditures				
Current				
Instruction				
Regular	3,866,415	378,385	-	2,052
Special	550,911	249,741	-	-
Vocational education	87,760	-	-	-
Supporting services				
Pupil	508,728	172,330	-	-
Instructional	293,871	45,027	-	-
Board of education	59,490	-	-	-
Administration	879,240	5,717	-	-
Fiscal	255,921	1,819	4,054	3,635
Business	48,650	-	-	-
Operation and maintenance	778,243	-	-	729,959
Pupil transportation	377,885	-	-	-
Central	84,531	9,203	-	-
Operation of non-instructional				
Community services	-	-	-	-
Extracurricular				
Academic and subject oriented	51,574	-	-	-
Sports oriented	122,432	37,224	-	-
Co-curricular	32,356	-	-	-
Debt service				
Principal	69,431	-	320,000	7,437
Interest	23,377	-	90,442	2,958
Total expenditures	<u>8,090,815</u>	<u>899,446</u>	<u>414,496</u>	<u>746,041</u>
Excess (deficiency) of revenues over expenditures	<u>809,313</u>	<u>178,789</u>	<u>(133,142)</u>	<u>(430,208)</u>
Other financing sources (uses)				
Proceeds from capital lease	-	-	-	175,706
Operating transfers-in	-	-	-	390,347
Operating transfers-out	(390,347)	-	-	-
Total other financing sources (uses)	<u>(390,347)</u>	<u>-</u>	<u>-</u>	<u>566,053</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	418,966	178,789	(133,142)	135,845
Fund balances at beginning of year, as restated	2,262,646	311,619	629,245	322,846
Fund balances at end of year	<u>\$ 2,681,612</u>	<u>\$ 490,408</u>	<u>\$ 496,103</u>	<u>\$ 458,691</u>

See accompanying notes to the financial statements.

Fiduciary Fund Type	Expendable Trust	Totals (Memorandum Only)
	\$ -	\$ 6,219,318
	-	35,331
	-	288,880
	-	3,821,137
	-	30,510
	-	180,374
	-	10,575,550
	138	4,246,990
	-	800,652
	-	87,760
	-	681,058
	-	338,898
	-	59,490
	-	884,957
	-	265,429
	-	48,650
	-	1,508,202
	-	377,885
	-	93,734
	300	300
	-	51,574
	500	160,156
	-	32,356
	-	396,868
	-	116,777
	938	10,151,736
	(938)	423,814
	-	175,706
	-	390,347
	-	(390,347)
	-	175,706
	(938)	599,520
	19,719	3,546,075
	\$ 18,781	\$ 4,145,595

OBERLIN CITY SCHOOL DISTRICT
LORAIN COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000

	General		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Taxes	\$ 5,379,505	\$ 5,474,401	\$ 94,896
Tuition and fees	14,242	35,331	21,089
Interest	200,000	245,610	45,610
Intergovernmental	2,965,880	2,908,472	(57,408)
Extracurricular	-	-	-
Miscellaneous	74,381	70,270	(4,111)
Total revenues	<u>8,634,008</u>	<u>8,734,084</u>	<u>100,076</u>
Expenditures			
Current			
Instruction			
Regular	3,990,599	3,943,977	46,622
Special	754,888	745,597	9,291
Vocational education	92,800	89,167	3,633
Supporting services			
Pupil	600,024	581,444	18,580
Instructional	318,270	315,694	2,576
Board of education	78,735	62,712	16,023
Administration	910,424	900,442	9,982
Fiscal	290,380	271,612	18,768
Business	45,500	42,546	2,954
Operation and maintenance	838,092	829,439	8,653
Pupil transportation	424,322	390,714	33,608
Central	101,828	91,984	9,844
Extracurricular			
Academic and subject oriented	56,142	51,419	4,723
Sports oriented	123,688	122,700	988
Co-curricular	33,397	32,305	1,092
Debt service			
Principal	59,200	59,200	-
Interest	20,247	20,247	-
Total expenditures	<u>8,738,536</u>	<u>8,551,199</u>	<u>187,337</u>
Excess (deficiency) of revenues over expenditures	<u>(104,528)</u>	<u>182,885</u>	<u>287,413</u>
Other financing sources (uses)			
Operating transfers-in	-	-	-
Advances in	45,000	25,000	(20,000)
Refund of prior year' s expenditures	5,000	15	(4,985)
Operating transfers-out	(390,347)	(390,347)	-
Advances out	(25,000)	(25,000)	-
Pass through	(60,982)	-	60,982
Total other financing sources (uses)	<u>(426,329)</u>	<u>(390,332)</u>	<u>35,997</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(530,857)</u>	<u>(207,447)</u>	<u>323,410</u>
Prior year encumbrances	205,217	205,217	-
Fund balances at beginning of year	2,285,509	2,285,509	-
Fund balances at end of year	<u>\$ 1,959,869</u>	<u>\$ 2,283,279</u>	<u>\$ 323,410</u>

See accompanying notes to the financial statements.

Special Revenue			Debt Service		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$ 119,645	\$ 114,685	\$ (4,960)	\$ 259,656	\$ 255,432	\$ (4,224)
-	-	-	-	-	-
-	-	-	-	-	-
825,086	811,614	(13,472)	23,400	16,037	(7,363)
31,000	30,510	(490)	-	-	-
74,990	110,089	35,099	-	-	-
<u>1,050,721</u>	<u>1,066,898</u>	<u>16,177</u>	<u>283,056</u>	<u>271,469</u>	<u>(11,587)</u>
516,360	417,332	99,028	-	-	-
331,547	316,629	14,918	-	-	-
-	-	-	-	-	-
236,407	188,464	47,943	-	-	-
70,581	46,484	24,097	-	-	-
-	-	-	-	-	-
5,717	5,717	-	-	-	-
1,900	1,819	81	7,100	4,054	3,046
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
11,000	9,203	1,797	-	-	-
-	-	-	-	-	-
41,246	38,171	3,075	-	-	-
-	-	-	-	-	-
-	-	-	320,000	320,000	-
-	-	-	90,442	90,442	-
<u>1,214,758</u>	<u>1,023,819</u>	<u>190,939</u>	<u>417,542</u>	<u>414,496</u>	<u>3,046</u>
<u>(164,037)</u>	<u>43,079</u>	<u>207,116</u>	<u>(134,486)</u>	<u>(143,027)</u>	<u>(8,541)</u>
-	-	-	-	-	-
5,000	25,000	20,000	-	-	-
-	10,204	10,204	-	-	-
-	-	-	-	-	-
(25,000)	(25,000)	-	-	-	-
-	-	-	-	-	-
<u>(20,000)</u>	<u>10,204</u>	<u>30,204</u>	<u>-</u>	<u>-</u>	<u>-</u>
(184,037)	53,283	237,320	(134,486)	(143,027)	(8,541)
73,181	73,181	-	-	-	-
404,680	404,680	-	584,751	584,751	-
<u>\$ 293,824</u>	<u>\$ 531,144</u>	<u>\$ 237,320</u>	<u>\$ 450,265</u>	<u>\$ 441,724</u>	<u>\$ (8,541)</u>

OBERLIN CITY SCHOOL DISTRICT
LORAIN COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000

	Capital Projects		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 259,656	\$ 229,186	\$ (30,470)
Tuition and fees	-	-	-
Interest	-	-	-
Intergovernmental	269,181	77,889	(191,292)
Extracurricular	-	-	-
Miscellaneous	-	-	-
Total revenues	<u>528,837</u>	<u>307,075</u>	<u>(221,762)</u>
Expenditures			
Current			
Instruction			
Regular	3,050	2,841	209
Special	-	-	-
Vocational education	-	-	-
Supporting services			
Pupil	-	-	-
Instructional	-	-	-
Board of education	-	-	-
Administration	-	-	-
Fiscal	4,200	3,635	565
Business	-	-	-
Operation and maintenance	933,333	796,397	136,936
Pupil transportation	-	-	-
Central	-	-	-
Extracurricular			
Academic and subject oriented	-	-	-
Sports oriented	-	-	-
Co-curricular	-	-	-
Debt service			
Principal	-	-	-
Interest	-	-	-
Total expenditures	<u>940,583</u>	<u>802,873</u>	<u>137,710</u>
Excess (deficiency) of revenues over expenditures	<u>(411,746)</u>	<u>(495,798)</u>	<u>(84,052)</u>
Other financing sources (uses)			
Operating transfers-in	250,000	390,347	140,347
Advances in	-	-	-
Refund of prior year' s expenditures	-	-	-
Operating transfers-out	-	-	-
Advances out	-	-	-
Pass through	-	-	-
Total other financing sources (uses)	<u>250,000</u>	<u>390,347</u>	<u>140,347</u>
Excess (deficiency) of revenues over expenditures and other financing sources (uses)	<u>(161,746)</u>	<u>(105,451)</u>	<u>56,295</u>
Prior year encumbrances	28,287	28,287	-
Fund balances at beginning of year	264,094	264,094	-
Fund balances at end of year	<u>\$ 130,635</u>	<u>\$ 186,930</u>	<u>\$ 56,295</u>

See accompanying notes to the financial statements.

Totals
(Memorandum Only)

Budget	Actual	Variance Favorable (Unfavorable)
\$ 6,018,462	\$ 6,073,704	\$ 55,242
14,242	35,331	21,089
200,000	245,610	45,610
4,083,547	3,814,012	(269,535)
31,000	30,510	(490)
149,371	180,359	30,988
<u>10,496,622</u>	<u>10,379,526</u>	<u>(117,096)</u>
4,510,009	4,364,150	145,859
1,086,435	1,062,226	24,209
92,800	89,167	3,633
836,431	769,908	66,523
388,851	362,178	26,673
78,735	62,712	16,023
916,141	906,159	9,982
303,580	281,120	22,460
45,500	42,546	2,954
1,771,425	1,625,836	145,589
424,322	390,714	33,608
112,828	101,187	11,641
56,142	51,419	4,723
164,934	160,871	4,063
33,397	32,305	1,092
379,200	379,200	-
110,689	110,689	-
<u>11,311,419</u>	<u>10,792,387</u>	<u>519,032</u>
<u>(814,797)</u>	<u>(412,861)</u>	<u>401,936</u>
250,000	390,347	140,347
50,000	50,000	-
5,000	10,219	5,219
(390,347)	(390,347)	-
(50,000)	(50,000)	-
(60,982)	-	60,982
<u>(196,329)</u>	<u>10,219</u>	<u>206,548</u>
(1,011,126)	(402,642)	608,484
306,685	306,685	-
3,539,034	3,539,034	-
<u>\$ 2,834,593</u>	<u>\$ 3,443,077</u>	<u>\$ 608,484</u>

OBERLIN CITY SCHOOL DISTRICT
 LORAIN COUNTY
 COMBINED STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN RETAINED EARNINGS – PROPRIETARY FUND TYPE
 FOR THE YEAR ENDED JUNE 30, 2000

	Enterprise
Operating revenues	
Charges for services	\$ 143,712
Total operating revenues	143,712
Operating expenses	
Salaries and wages	103,679
Fringe benefits	23,282
Purchased services	9,274
Supplies and materials	135,606
Depreciation	2,801
Total operating expenses	274,642
Operating (loss)	(130,930)
Non-operating revenues (expenses)	
Non-operating grants	133,527
Total non-operating revenues	133,527
Net income	2,597
Add depreciation on fixed assets acquired by capital grants, which reduces contributed capital from such grants	202
Retained earnings at beginning year	72,729
Retained earnings at end of year	\$ 75,528

See accompanying notes to the financial statements.

OBERLIN CITY SCHOOL DISTRICT
 LORAIN COUNTY
 COMBINED STATEMENT OF CASH FLOWS
 – PROPRIETARY FUND TYPE
 FOR THE YEAR ENDED JUNE 30, 2000

	Enterprise
Cash flows from operating activities:	
Operating (loss)	\$ (130,930)
adjustments to reconcile net (loss) to	
net cash provided by (used in) operating activities:	
Donated commodities, used	9,083
Depreciation	2,801
Changes in net assets (increase) decrease and	
liabilities increase (decrease)	
Inventories	(218)
Accounts and contracts payable	469
Accrued salaries and benefits	2,132
Due to other governments	2,206
Deferred revenue	327
Compensated absences payable	713
Total adjustments	17,513
Net cash (used in) operating activities	(113,417)
Cash flows from non-capital financing activities:	
Non-operating grants	124,444
Net cash provided by non-capital financing activities	124,444
Net increase in cash and equivalents	11,027
Equity in pooled cash and equivalents, beginning of year	91,763
Equity in pooled cash and equivalents, end of year	\$ 102,790
 Non-cash transactions:	
Fixed assets acquired with contributed capital	
from other funds	\$ 5,392

See accompanying notes to the financial statements.

This page intentionally left blank.

OBERLIN CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 1 NATURE OF BASIC OPERATIONS AND DESCRIPTION OF THE ENTITY

The Oberlin City School District (District) was 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 Ohio Revised Code Section 3311.02. The District operates under an elected Board of Education, consisting of five members, and is responsible for providing public education to residents of the District. Average daily membership on, or as of, October 1, 2000 was 1,117. The District employs 99 certificated and 58 non-certificated employees.

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organizations' 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 organizations' resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provided financial support to the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. The District has no component units.

The following entities which perform activities within the District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the District is not financially accountable for these entities nor are they fiscally dependent on the District.

Lake Erie Educational Computer Association - The District participates in the Lake Erie Educational Computer Association (LEECA). LEECA provides data processing services needed by the participating school districts. This is a jointly governed organization. The District's participation is disclosed in Note 20 to the financial statements.

Lake Erie Regional Council of Governments - The Lake Erie Regional Council of Governments (LERC) promotes cooperative agreements to its members in dealing with problems of mutual concern. This is a jointly governed organization. The District's participation is disclosed in Note 20 to the financial statements.

Lorain County Joint Vocational School District - The Lorain County Joint Vocational School District is a distinct political subdivision of the State of Ohio. Oberlin City School District students may attend the vocational school district. This is a jointly governed organization. The District's participation is disclosed in Note 20 to the financial statements.

Ohio Schools Council of Governments - The Ohio Schools Council promotes cooperative agreements to its members in dealing with problems of mutual concern. This a jointly governed organization. The District's participation is disclosed in Note 20 to the financial statements.

Management believes the financial statements included in this report represent all of the funds of the District over which the District has the ability to exercise direct operating control.

OBERLIN CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources.

A. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION

The accounts of the District are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The District has the following fund types and account groups:

Governmental Fund Types

Governmental fund types are used to account for the District's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay obligations of the current period, which is considered to be sixty days.

Generally property taxes, although measurable, are not available soon enough after the current period to finance current period obligations, and accordingly, property taxes receivable are reflected as deferred revenue until available. Reimbursements due for federally funded programs are recognized when the corresponding expenditures are made. Other revenues including uncollected tuition, fees, certain charges for services, and other miscellaneous revenues are recognized when received since they are generally not measurable until collected.

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, since the measurement focus of governmental funds is on decreases in financial resources. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service funds for payments to be made early in the following year. Compensated absences are reported as a fund liability when payment will require the use of current available financial resources. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds. Governmental funds include the following fund types:

General Fund - used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - used to account for the proceeds of specific revenue sources, other than expendable trusts or major capital projects, which are legally restricted to expenditure for specified purposes.

OBERLIN CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION (continued)

Governmental Fund Types (continued)

Debt Service Fund - used to account for the accumulation of resources for the payment of interest and principal on long-term general obligation debt other than those payable from Enterprise Funds.

Capital Projects Funds - used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary or trust funds

Proprietary Fund Types

Proprietary fund types are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. Allocations of costs, such as depreciation, are recognized in the proprietary funds. As permitted, the Board of Education has elected to apply only applicable FASB Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations.

Proprietary funds include the following fund type:

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

Fiduciary Fund Types

Fiduciary fund types account for assets held by the District in a trustee capacity or as an agent on behalf of others. Fiduciary fund types are as follows:

Expendable Trust Fund - accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting.

Agency Funds - custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the District holds for others in an agency capacity.

OBERLIN CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Account Groups

The District maintains two account groups as described below:

General Fixed Assets Account Group - used to account for fixed assets acquired principally for general purposes other than those accounted for in proprietary funds.

General Long-term Debt Account Group - used to account for the outstanding principal balances of general obligation bonds and other long-term debt not reported in proprietary funds.

B. DEPOSITS AND INVESTMENTS

For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The District pools its cash for investment and administration purposes. Provisions of the Ohio Revised Code restrict deposit and investment procedures. Purchased investments and other cash equivalents are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Interest revenue credited to the General Fund during fiscal year end amounted to \$288,880, which included interest assigned from other District funds.

C. RESTRICTED CASH

Restricted cash in the General Fund represents cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the Ohio Department of Education. A fund balance reserve has also been established.

D. RECEIVABLES

Receivables are reflected at their gross value reduced by the estimated amount that is expected to be uncollectible.

E. INVENTORIES

The costs of inventory items are recognized as expenditures when purchased in the governmental funds and recognized as expenses when used in the enterprise funds. For all funds, cost is determined on a first-in, first-out basis.

F. FIXED ASSETS AND DEPRECIATION

Fixed assets used in governmental fund types of the District are recorded in the General Fixed Assets Account Group at cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the General Fixed Assets Account Group are not depreciated. Interest incurred during construction is not capitalized on general fixed assets. The District does not possess any infrastructure.

OBERLIN CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. FIXED ASSETS AND DEPRECIATION (continued)

Fixed assets, which are used in proprietary fund type activities, are capitalized in the respective funds. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at estimated fair market value when received, based on historical information available.

Proprietary fund type fixed assets consists of furniture and equipment. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets. Estimated useful lives of depreciable assets consist of 8 to 20 years for furniture and equipment.

G. LONG-TERM LIABILITIES

Unmatured general long-term liabilities, which are related to governmental fund type operations, are reflected in the General Long-Term Debt Account Group.

H. UNPAID COMPENSATED ABSENCES

Compensated absences are absences for which employees will be paid, such as vacation, severance, and sick leave. A liability for compensated absences that are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the District and its employees is accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the District and its employees are accounted for in the period in which such services are rendered or such events take place. In the governmental fund types and the expendable trust fund, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for them. The remainder of compensated absences is reported in the General Long-Term Debt Account Group. In the proprietary fund, compensated absences are recorded as an expense and a liability of the fund that will pay for them.

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on an estimate of the amount of accumulated sick leave that will be paid as a termination benefit.

I. FUND EQUITY

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation, in future periods. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations according to the Ohio Revised Code.

J. TOTAL COLUMNS

Total columns on the combined financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. Interfund eliminations have not been made in the aggregation of this data.

OBERLIN CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. USE OF ESTIMATES

The preparation of financial statements, in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are required to be budgeted and appropriated. The primary level of budgetary control is at the object code function level within each fund. Budgetary modifications may only be made by resolution of the Board of Education.

Tax Budget

A budget of estimated revenue and expenditures is submitted to the Lorain County Auditor, as Secretary of the Lorain County Budget Commission, by January 20 of each year for the ensuing July 1 to June 30 fiscal year.

Estimated Resources

The Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Budget Commission certifies its actions to the District by March 1. As part of the certification, the District receives the official Certificate of Estimated Resources, which states the projected revenue of each fund.

Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the annual Appropriation Resolution.

On or about July 1, the Certificate of Estimated Resources is amended to include any unencumbered balances from the preceding year. The Certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. Budget receipts, as shown in the accompanying "Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (non-GAAP budgetary basis) - All Governmental Fund Types" do not include July 1, 1999 unencumbered fund balances. However, those fund balances are available for appropriations.

OBERLIN CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

A. BUDGETARY PROCESS (continued)

Appropriations

A temporary Appropriation Resolution to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual Appropriation Resolution must be passed by October 1 of each year for the period July 1 to June 30. The Appropriation Resolution fixes spending authority at the fund, function, object level and may be amended during the year as new information becomes available provided that total fund appropriations do not exceed current estimated resources, as certified.

The allocation of appropriations among objects within a fund may be modified during the year by a resolution of the Board of Education. Several supplemental Appropriation Resolutions were legally enacted by the Board of Education during the year. The budget figures, as shown in the accompanying "Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (non-GAAP budgetary basis) - All Governmental Fund Types" represent the final appropriation amounts including all amendments and modifications. At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year-end for governmental funds are reported as reservations of fund balances for subsequent-year expenditures.

Budgetary Reporting

While reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis, as provided by Ohio Revised Code, is based upon accounting for transactions on a basis of cash receipts, disbursements, and encumbrances. Accordingly, the "Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (non-GAAP budgetary basis) - All Governmental Fund Types" is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with Ohio Revised Code. The major differences between the budget basis and the modified accrual basis of generally accepted accounting principles (GAAP basis) are that:

- 1.) Revenues are recorded when received (budget basis) rather than when susceptible to accrual (GAAP basis).
- 2.) Expenditures are recorded when paid or encumbered (budget basis) rather than when the liability is incurred (GAAP basis).
- 3.) Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types.

The adjustments necessary to convert the results of operations for the year from the budget basis to the GAAP basis for the governmental funds follow:

OBERLIN CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (continued)

A. BUDGETARY PROCESS (continued)

Excess (deficiency) of revenues over
expenditures and other sources (uses) -
reconciliation of budget basis to GAAP basis

	General	Special Revenue	Debt Service	Capital Projects
Budget basis	\$ (207,447)	\$ 53,283	\$ (143,027)	\$ (105,451)
Adjustments, increase (decrease)				
Revenue accruals	141,029	(23,867)	9,885	8,758
Expenditure accruals	485,384	149,373	-	232,538
GAAP basis, as reported	<u>\$ 418,966</u>	<u>\$ 178,789</u>	<u>\$ (133,142)</u>	<u>\$ 135,845</u>

B. BUDGETARY COMPLIANCE

The following funds had appropriations in excess of estimated revenues plus available balances (estimated resources) for the fiscal year ended June 30, 2000, contrary to Ohio Revised Code Section 5705.39:

Fund Type/Fund	Estimated Resources	Appropriations	Excess
Special Revenue Funds:			
Entry Year Grant	\$ 15,255	\$ 39,556	\$ 24,301
Miscellaneous State Grants	\$ 63,152	\$ 66,306	\$ 3,154
Title III	\$ 15,061	\$ 23,084	\$ 8,023
Title VI-B	\$ 120,814	\$ 129,027	\$ 8,213
Title I	\$ 257,588	\$ 262,106	\$ 4,518
Title VI	\$ 7,069	\$ 9,205	\$ 2,136
Drug Free Schools	\$ 2,296	\$ 14,925	\$ 12,629

C. FUND EQUITY DEFICITS

Not apparent in the general purpose financial statements are deficit fund equity balances of \$ 6,420 in the Title VI B Fund, \$ 8,705 in the Title I Fund, \$ 405 in the Title VI Fund, \$ 90 in the Handicap Preschool Fund, and \$ 4,587 in the Title VI-R Fund. These deficit fund equity balances at year-end result from reflecting expenditures in accordance with the modified accrual basis which are substantially larger than the amounts recognized on the budget basis. The District, in accordance with its budget basis, will appropriate such expenditures from resources of the subsequent year.

NOTE 4 DEPOSITS AND INVESTMENTS

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Pooled cash and equivalents".

A. LEGAL REQUIREMENTS

The Ohio Revised Code classifies 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.

OBERLIN CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 4 DEPOSITS AND INVESTMENTS (continued)

A. LEGAL REQUIREMENTS (continued)

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim monies may be invested in:

- 1.) Time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts;
- 2.) 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;
- 3.) Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuance of federal government agencies or instrumentalities;
- 4.) 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;
- 5.) Bonds and other obligations of the State of Ohio;
- 6.) No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- 7.) The State of Ohio Treasurer's investment pool (STAROhio);
- 8.) Certain bankers' acceptance and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
- 9.) Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

OBERLIN CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 4 DEPOSITS AND INVESTMENTS (continued)

A. LEGAL REQUIREMENTS (continued)

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

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.

B. DEPOSITS

At year-end, the carrying amount of the District's deposits was \$3,184,782 and the bank balance was \$3,272,913, all of which was covered by federal depository insurance or by collateral held by qualified third party trustees in the name of the District. Although the securities serving as collateral were held by the pledging financial institutions trust department or agent in the District's name and all Ohio Revised Code requirements of the deposit of money has been followed, noncompliance with federal requirements would potentially subject the District to a claim by the Federal Deposit Insurance Corporation.

C. INVESTMENTS

Investments are categorized to give an indication of the level of risk assumed by an entity at year-end. Category 1 includes investments that are insured or registered or for which securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. The District invests in STAROhio, which is not classified by degree of credit risk since it is not evidenced by securities that exist in physical or book entry form. During fiscal year 2000, the District invested in the State of Ohio Treasurer's Asset Reserve Fund (STAROhio). STAROhio is an investment pool managed by the State of Ohio Treasurer which allows governments within Ohio to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of The Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2000.

	Category			Fair Value
	1	2	3	
Federal Agency Obligations	\$ -	\$ -	\$ 1,199,807	\$ 1,199,807
Investment in State Treasurer's Investment Pool - STAROhio	-	-	-	109,107
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,199,807</u>	<u>\$ 1,308,914</u>

OBERLIN CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 5 FIXED ASSETS

A. GENERAL FIXED ASSETS

The changes in general fixed assets during the year consisted of:

	Balance July 1, 1999	Additions	Disposals	Balance June 30, 2000
Land	\$ 1,040,753	\$ -	\$ -	\$ 1,040,753
Buildings and improvements	10,248,608	-	-	10,248,608
Furniture and equipment	2,600,663	320,602	1,500	2,919,765
Vehicles	555,955	175,616	-	731,571
	<u>\$ 14,445,979</u>	<u>\$ 496,218</u>	<u>\$ 1,500</u>	<u>\$ 14,940,697</u>

B. PROPRIETARY FUND TYPE FIXED ASSETS

Proprietary fund type fixed assets and accumulated depreciation at year-end consisted of:

	June 30, 2000
<u>Enterprise</u>	
Machinery and equipment	\$ 231,341
Less accumulated depreciation	212,737
Net fixed assets	<u>\$ 18,604</u>

NOTE 6 DEFERRED REVENUE

Deferred revenue at year-end, consisted of:

	Balance June 30, 2000
Property taxes	\$ 3,904,906
Federal funds received but not expended	54,313
Federal commodities, unused	1,462
	<u>\$ 3,960,681</u>

OBERLIN CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 7 GENERAL LONG-TERM DEBT

The changes in general long-term debt are as follows:

	Outstanding June 30, 1999	Additions	Deductions	Outstanding June 30, 2000
Due to other governments	\$ 105,051	\$ 60,005	\$ 105,051	\$ 60,005
Bonds payable	1,435,200	-	379,200	1,056,000
Capital leases	45,789	175,706	17,668	203,827
Compensated absences	744,949	130,276	48,357	826,868
	<u>\$ 2,330,989</u>	<u>\$ 365,987</u>	<u>\$ 550,276</u>	<u>\$ 2,146,700</u>

All general obligation bonds will be paid from property tax revenue of the General Fund. The Due to other governments and compensated absences will be paid from the fund from which the employee is paid. The Capital lease will be paid from the Capital Projects Fund.

NOTE 8 DEBT SERVICE REQUIREMENTS

Debt service requirements to retire bonds payable outstanding at June 30, 2000, consisted of:

June 30,	Principal	Interest	Total
2001	\$ 379,200	\$ 78,247	\$ 457,447
2002	279,200	48,823	328,023
2003	279,200	21,898	301,098
2004	59,200	6,749	65,949
2005	59,200	3,374	62,574
	<u>\$ 1,056,000</u>	<u>\$ 159,091</u>	<u>\$ 1,215,091</u>

NOTE 9 BONDS PAYABLE

	Outstanding June 30, 1999	Additions	Deductions	Outstanding June 30, 2000
General obligation bonds				
School improvement, (1992) 5.375% through 2000	\$ 200,000	\$ -	\$ 100,000	\$ 100,000
School construction, (1981) 11.75% through 2002	720,000	-	180,000	540,000
School construction, (1979) 6.30% through 2002	160,000	-	40,000	120,000
Energy conservation, (1996) 5.70% through 2005	355,200	-	59,200	296,000
	<u>\$ 1,435,200</u>	<u>\$ -</u>	<u>\$ 379,200</u>	<u>\$ 1,056,000</u>

OBERLIN CITY SCHOOL DISTRICT
 LORAIN COUNTY
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2000

NOTE 10 CAPITAL LEASE OBLIGATIONS

The District is obligated under certain leases accounted for as capital leases. The leased assets and related obligations are accounted for in the General Fixed Asset Account Group and the General Long-Term Debt Account Group, respectively. The assets under capital leases totaled \$232,467 at June 30, 2000. The leases are in effect through 2005.

The following is a schedule of future minimum lease payments under capital leases together with the net present value of the minimum lease payments as of June 30, 2000.

	Year ending June 30,	Amount
	2001	\$ 54,942
	2002	54,942
	2003	52,528
	2004	43,889
	2005	31,186
Total minimum lease payments		237,487
Less amount representing interest		(33,660)
Net present value of minimum lease payments		\$ 203,827

NOTE 11 OPERATING LEASES

The District is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights, and therefore, the results of the lease agreements are not reflected in the District's account groups. During 2000, expenditures for operating leases totaled \$ 39,631. The following schedule is of future minimum lease payments as of June 30, 2000.

	Year ending June 30,	Amount
	2001	\$ 39,912
	2002	39,912
	2003	15,552
	2004	3,372
	2005	281
Total minimum lease payments		\$ 99,029

OBERLIN CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 12 PROPERTY TAXES

Property taxes include amounts levied against all real, public utility and tangible personal property located in the District. Taxes collected on real property, other than public utility, in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of the preceding year, the lien date. Assessed values are established by the County Auditor at 35% of appraised market value. All property is required to be revalued every six years. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Taxes collected from tangible personal property, other than public utility, in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business, except for public utilities, is currently assessed for ad valorem taxation purposes at 25% of its true value. Amounts paid by multi-county taxpayers are due September 20. Single-county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30 with the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 88% of its true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County. The County Auditor periodically remits to the District its portion of the taxes collected.

The tax applied to real property collected in 2000 before certain homestead and rollback reductions, which reductions are reimbursed to the District by the State of Ohio, amounted to \$ 68.42 per \$ 1,000 of valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$ 31.24 per \$ 1,000 of assessed valuation for real property classified as residential/agricultural and \$ 35.49 per \$ 1,000 of assessed valuation for all other real property. The tax rate applied to tangible personal property for the current year ended June 30, 2000, was \$ 68.42 per \$ 1,000 of valuation. Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at June 30, 2000.

OBERLIN CITY SCHOOL DISTRICT
 LORAIN COUNTY
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2000

NOTE 12 PROPERTY TAXES (continued)

Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000 was \$ 858,157, which was recognized as revenue and as fund balance reserved for property taxes.

The property valuation consisted of:

Real Property - 1999	
Residential / Agricultural	\$ 86,452,590
Commercial / Industrial	30,298,500
Tangible Personal Property - 2000	
General	20,853,250
Public Utilities	6,769,440
	\$ 144,373,780

NOTE 13 SCHOOL DISTRICT INCOME TAX

In November 1990, residents of the District passed a one percent permanent school district income tax to fund the general operations of the District. The tax is levied on the earned income of residents, estates and businesses. Employers of Oberlin residents are required to withhold income tax on compensation and remit the tax periodically to the Ohio Department of Taxation. The Department of Taxation makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

NOTE 14 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District contracted with the Nationwide Insurance Company for property insurance. Professional liability is covered by the Nationwide Insurance Company with a \$ 1,000,000 umbrella and a \$ 5,000,000 aggregate limit. Vehicles are covered by the Nationwide Insurance Company. Automobile liability has a \$ 2,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past several years.

Public officials bonds of \$ 20,000 each are maintained for the Superintendent, Board Members, Principals, Assistant Treasurer, and Athletic Director, and bonds of \$ 10,000 each for the Cafeteria Supervisor and the Confidential Secretary to the Treasurer through the Nationwide Insurance Company. A public official bond in the amount of \$ 50,000 is maintained for the Treasurer, also through the Nationwide Insurance Company.

The District participates in the Ohio School Boards Association Worker's Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the Ohio School Boards Association (OSBA). The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the Ohio Bureau of Workers' Compensation based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP.

OBERLIN CITY SCHOOL DISTRICT
 LORAIN COUNTY
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2000

NOTE 14 RISK MANAGEMENT (continued)

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of GatesMcDonald & Co. provides administrative, cost control and actuarial services to the GRP.

The District has contracted with Lake Erie Regional Employee Protection Plan (LEEP) to provide medical/surgical, dental, vision, life insurance and accidental death and dismemberment insurance for its employees and their covered dependents. LEEP is a program administered by LERC (Lake Erie Regional Council). The LEEP is a shared risk pool comprised of thirteen school districts that provide public education within Lorain County. The Districts pay monthly contributions that are placed in a common fund from which eligible claims and expenses are paid for employees of participating school districts and their covered dependents. Claims are paid for all participants regardless of claims flow. This plan contains a stop-loss provision of \$165,000 per participant. The health insurance is through the Ohio Educational Employees Insurance Trust. The life insurance is term life with a limit of \$25,000 for classified employees and \$49,000 for certified employees through UNUM Life Insurance Company of America.

Premium contributions are determined annually based on the claims experience of the individual district. Premiums can be increased or decreased by up to 20% of the prior year's contribution. Member districts may become liable for additional contributions to fund the liability of the pool. In the event of termination, all participating districts' claims would be paid without regard to their individual account balances. The LEEP Board of Directors has authority to return monies to an exiting district subsequent to the settlement of all claims and expenses.

NOTE 15 PENDING LITIGATION

The Oberlin City School District is a defendant in certain litigation, the outcome of which cannot be determined. It is the opinion of the District's management that any judgement against the District would not have a material adverse effect on the District's financial position.

NOTE 16 INTERFUND TRANSACTIONS

Interfund balances at June 30, 2000, consist of the following fund receivables and payables:

Fund	Receivable	Payable
General	\$ 50,000	\$ -
Education Technology	-	50,000
Total	\$ 50,000	\$ 50,000

OBERLIN CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 17 PENSION PLANS

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS)

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

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by SERS Retirement Board. The District's contributions to SERS for the years ended June 30, 2000, 1999, and 1998 were \$ 167,000, \$ 167,000, and \$ 163,000, respectively. The District paid the required contributions for fiscal years 1999 and 1998. For fiscal year 2000, 51% has been contributed with the remainder being recorded as a fund liability within the respective funds and the general long-term debt account group.

B. STATE TEACHERS RETIREMENT SYSTEM (STRS)

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

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's contributions to STRS for the years ended June 30, 2000, 1999, and 1998 were \$ 642,000, \$ 599,000, and \$ 621,000, respectively. The District paid the required contributions for fiscal years 1999 and 1998. For fiscal year 2000, 82% has been contributed with the remainder being recorded as a liability within the respective funds.

OBERLIN CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 18 POSTEMPLOYMENT BENEFITS

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS)

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit, must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. At June 30, 1999 (the latest information available) the allocation rate was 6.30%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal 2000 the minimum pay had been established as \$12,400. The surcharge rate, added to the unallocated portion of the 14% employer contribution rate provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 1999 were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, the Retirement System's net assets available for payment of health care benefits were \$188.0 million.

The number of participants currently receiving health care benefits is approximately 51,000. The portion of the District's contributions that were used to fund postemployment benefits was \$80,940.

B. STATE TEACHERS RETIREMENT SYSTEM (STRS)

The State Teachers Retirement System (STRS) provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Ohio Revised Code (ORC), the State Teachers Retirement Board (Board) has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium.

The Ohio Revised Code grants authority to STRS to provide health care coverage to benefit recipients, spouses, and dependents. According to Ohio Revised Code, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. Health care benefits are financed on a pay-as-you-go basis.

The Board currently allocates employer contributions equal to 8% of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. The balance in the Health Care Reserve Fund was \$2,783 million at June 30, 1999.

For the year ended June 30, 1999, the net health care costs paid by STRS were \$249,919,000. There were 95,796 eligible benefit recipients. The portion of the District's contributions that were used to fund postemployment benefits was \$351,925.

OBERLIN CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 19 JOINTLY GOVERNED ORGANIZATIONS

A. LAKE ERIE EDUCATIONAL COMPUTER ASSOCIATION (LEECA)

The Lake Erie Educational Computer Association (LEECA) is a jointly governed organization comprised of thirty school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts.

Each of the governments of these districts supports LEECA based upon a per pupil charge dependent upon the software package utilized. The LEECA assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. LEECA is governed by a board of directors chosen from the general membership of the LEECA assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Educational Service Center of Lorain County, which serves as fiscal agent, located at 1885 Lake Avenue, Elyria, Ohio 44035. During the year ended June 30, 2000 the District paid approximately \$118,400 to LEECA for basic service charges.

B. LAKE ERIE REGIONAL COUNCIL OF GOVERNMENTS (LERC)

The Lake Erie Regional Council of Governments (LERC) is a jointly governed organization among thirteen districts. The jointly governed organization was formed for the purpose of promoting cooperative agreements and activities among its members in dealing with problems of mutual concern such as a media center, gas consumption, driver education, food service and insurance. Each member provides operating resources to LERC on a per pupil or actual usage charge except for insurance.

Through the Ohio Schools Council, LERC participates in the Council's prepaid natural gas program which was implemented during fiscal year 2000. The program allows school districts to purchase natural gas at reduced rates, if the school districts will commit to participating for a twelve year period. The participants make monthly payments based on estimated usage. Each month these estimated payments are compared to their actual usage and any necessary adjustments are made.

The City of Hamilton, a municipal corporation and political subdivision duly organized and existing under the laws of the State of Ohio, issued \$89,450,000 in debt to purchase twelve years of natural gas from CMS Energy Corporation for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates its agreement, the district is entitled to recover that amount, if any, of its contributions to the operating fund which are not encumbered for its share of program administrative costs.

The LERC assembly consists of a superintendent or designated representative from each participating district and the fiscal agent. LERC is governed by a board of directors chosen from the general membership. The degree of control exercised by any participating district is limited to its representation on the board. Financial information can be obtained by contacting the Treasurer at the Educational Service Center of Lorain County located at 1885 Lake Avenue, Elyria, Ohio 44035. During the year ended June 30, 2000 the District paid approximately \$579,000 to LERC.

C. LORAIN COUNTY JOINT VOCATIONAL SCHOOL DISTRICT

The Lorain County Joint Vocational School District is a separate body politic and corporate, established by the Ohio Revised Code to provide vocational and special education needs of the students. The Board of the Lorain County Joint Vocational School District is comprised of representatives from each participating school district and is responsible for approving its own budgets, appointing personnel, accounting, and financing related activities.

Each School District's control is limited to its representation on the board. The Oberlin City School District's students may attend the Lorain County Joint Vocational School District. Financial information can be obtained by contacting the Lorain County Joint Vocational School District, 15181 State Route 58 South, Oberlin, Ohio 44074.

OBERLIN CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 19 JOINTLY GOVERNED ORGANIZATIONS (continued)

D. OHIO SCHOOL COUNCIL OF GOVERNMENTS

The Ohio Schools Council is a jointly governed organization among eighty three districts. The jointly governed organization was formed for the purpose of promoting cooperative agreements and activities among its members in dealing with problems of mutual concern such as a media center, gas consumption, driver education, food service, and insurance. Each member provided operating resources to Ohio Schools Council on a per pupil or actual usage charge except for insurance.

The Ohio Schools Council assembly consists of a superintendent of designated representative from each participating district and the fiscal agent. Ohio Schools council is governed by a board of directors chosen from the general membership. The degree of control exercised by any participating district is limited to its representation on the board. Financial information can be obtained by contacting the Executive Secretary at the Ohio Schools Council located at 155 Center Road, Bedford, Ohio 44146. During the year ended June 30, 2000 the district paid approximately \$ 2,600 to the Ohio Schools Council.

NOTE 20 CONTINGENT LIABILITIES

The District receives financial assistance from various state and federal agencies. There are certain requirements of a compliance nature that have to be met and programs are subject to audit by the grantor agency. Any disallowed claims could be liabilities of the general fund or other applicable funds. In the opinion of management, any claims that might arise would not have a material effect on the District's financial statements.

NOTE 21 CONTRACTUAL COMMITMENTS

At June 30, 2000 the District had contractual commitments as follows:

<u>Project</u>	<u>Contract Amount</u>	<u>Expended to Date</u>	<u>Balance June 30, 2000</u>
Eastwood waterline	\$ 28,000	\$ -	\$ 28,000
OHS restrooms	36,033	-	36,033
Paving project	39,975	-	39,975
Electrical upgrades	116,820	-	116,820
	<u>\$ 220,828</u>	<u>\$ -</u>	<u>\$ 220,828</u>

OBERLIN CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 22 STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During fiscal year ended June 30, 2000, the reserve activity (cash basis) was as follows:

	Textbook	Capital Maintenance	Budget Stabilization
Balance, July 1, 1999	\$ -	\$ -	\$ 371,274
Required set aside	231,597	231,597	14,722
Offset credits	-	(225,210)	-
Qualifying expenditures	(231,597)	(6,387)	-
Carry forward to June 30, 2000	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 385,996</u>

Qualifying expenditures and offset credits for capital maintenance and textbooks during the year were \$406,779 and \$367,641, respectively, which exceeded the required set-aside. Depending on the nature of the credits, such excess may be carried forward to subsequent years, especially in textbook set-aside.

NOTE 23 SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains enterprise funds to account for the operation of school food service and the latchkey program. Segment information related to these follows:

	Food Service	Latchkey Services	Total
Operating revenues	\$ 143,712	\$ -	\$ 143,712
Operating expenses			
Salaries and wages	103,679	-	103,679
Fringe benefits	23,282	-	23,282
Purchased services	9,274	-	9,274
Materials and supplies	135,606	-	135,606
Depreciation	2,801	-	2,801
Total operating expenses	<u>274,642</u>	<u>-</u>	<u>274,642</u>
Operating (loss)	(130,930)	-	(130,930)
Non-operating revenues	<u>133,527</u>	<u>-</u>	<u>133,527</u>
Net income	<u>\$ 2,597</u>	<u>\$ -</u>	<u>\$ 2,597</u>
Other information			
Net working capital	\$ 73,547	\$ 1,184	\$ 74,731
Current capital contributions	<u>\$ 5,392</u>	<u>\$ -</u>	<u>\$ 5,392</u>
Fixed asset additions	<u>\$ 5,392</u>	<u>\$ -</u>	<u>\$ 5,392</u>
Total assets	<u>\$ 124,404</u>	<u>\$ 1,184</u>	<u>\$ 125,588</u>
Total equity	<u>\$ 79,534</u>	<u>\$ 1,184</u>	<u>\$ 80,718</u>

OBERLIN CITY SCHOOL DISTRICT
 LORAIN COUNTY
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 JUNE 30, 2000

NOTE 24 CONTRIBUTED CAPITAL

The changes in the District's contributed capital account was as follows:

	Amount
Contributed capital, 6/30/99	\$ -
Acquisition of fixed assets	5,392
Reductions, depreciation	(202)
Contributed capital, 6/30/00	\$ 5,190

NOTE 25 STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school-funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the District. During the fiscal year ended June 30, 2000, the District received \$ 2,461,274 of school foundation support, all of which was recorded in its general fund

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

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

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

OBERLIN CITY SCHOOL DISTRICT
LORAIN COUNTY
SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2000

Federal Program	Federal CFDA Number	Pass-through Agency Awarding Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U. S. Department of Agriculture						
Passed-through Ohio Department of Education:						
Child Nutrition Cluster:						
Food Distribution	10.550	44594 04-PU	\$0	\$9,409	\$0	\$9,083
National School Breakfast Program	10.553	44594 05-PU	\$14,024	\$0	\$14,024	\$0
National School Lunch Program	10.555	44594 03/04-PU	102,169	\$0	102,169	\$0
Total Child Nutrition Cluster/Total U. S. Department of Agriculture			116,193	9,409	116,193	9,083
U. S. Department of Education						
Passed-through Ohio Department of Education:						
Special Education Cluster:						
Special Education Grants to States	84.027	44594 6B-SF	103,244	\$0	103,441	\$0
Special Education - Preschool Grants	84.173	44594 PG-S1	8,954	\$0	3,290	\$0
Total Special Education Cluster			112,198	\$0	106,731	\$0
Eisenhower Professional Development State Grants	84.281	44594 G2-S1	6,284	\$0	12,260	\$0
Title I Grants to Local Educational Agencies	84.010	44594 C1-S1	237,728	\$0	258,830	\$0
Class Size Reduction Subsidy	84.340	44594 CR-S1	34,158	\$0	13,594	\$0
Innovative Education Program Strategies	84.298	44594 C2-S1	6,163	\$0	5,134	\$0
Technology Literacy Challenge Fund Grants	84.318	44594 TF-24/25	62,500	\$0	70,833	\$0
Safe and Drug-Free Schools and Communities State Grants	84.186	44594 DR-S1	12,909	\$0	14,925	\$0
Total U. S. Department of Education			471,940	\$0	482,307	\$0
Total Federal Awards Receipts and Expenditures			\$588,133	\$9,409	\$598,500	\$9,083

The notes to the Schedule of Federal Awards Receipts and Expenditures are an integral part of this statement.

OBERLIN CITY SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
JUNE 30, 2000

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (Schedule) includes the federal grant activity of the District and is presented on the basis of cash receipts and disbursements. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.

NOTE B - NATIONAL SCHOOL LUNCH PROGRAM

Cash receipts from the U.S. Department of Agriculture are commingled with State grants and local revenues. It is assumed that federal monies are expended first.

NOTE C - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the District had food commodities valued at \$1,462 in inventory.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Lausche Building, 12th Floor
615 Superior Avenue, NW
Cleveland, Ohio 44113
Telephone 216-787-3665
800-626-2297
Facsimile 216-787-3361
www.auditor.state.oh.us

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

Board of Education
Oberlin City School District
Lorain County
153 North Main Street
Oberlin, Ohio 44074

We have audited the financial statements of Oberlin City School District, Lorain County, Ohio (District) as of and for the year ended June 30, 2000, and have issued our report thereon dated February 1, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated February 1, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated February 1, 2001.

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

Jim Petro
Auditor of State

February 1, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Lausche Building, 12th Floor
615 Superior Avenue, NW
Cleveland, Ohio 44113
Telephone 216-787-3665
800-626-2297
Facsimile 216-787-3361
www.auditor.state.oh.us

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

Board of Education
Oberlin City School District
Lorain County
153 North Main Street
Oberlin, Ohio 44074

Compliance

We have audited the compliance of Oberlin City School District, Lorain County, Ohio, (District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2000. The District's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2000.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to the major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over federal compliance that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated February 1, 2001.

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

Jim Petro
Auditor of State

February 1, 2001

OBERLIN CITY SCHOOL DISTRICT
LORAIN COUNTY
SCHEDULE OF FINDINGS
JUNE 30, 2000

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Program Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Program (list):	Nutrition Cluster: Food Distribution Program - 10.550 National School Breakfast Program - 10.550 National School Lunch Program - 10.555 Special Education Cluster: Special Education Grants to States Program - 84.027 Special Education-Preschool Grant - 84.173
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	\$ 300,000
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

OBERLIN CITY SCHOOL DISTRICT

LORAIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 1, 2001**