



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**OREGON CITY SCHOOL DISTRICT
LUCAS COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Balance Sheet – All Fund Types and Account Groups	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – All Governmental and Similar Fiduciary Fund Types	6
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual Comparison (Non-GAAP Budgetary Basis) – All Governmental and Similar Fiduciary Fund Types	8
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings/ Fund Balance – All Proprietary and Similar Fiduciary Fund Types	12
Combined Statement of Cash Flows – All Proprietary and Similar Fiduciary Fund Types	13
Notes to General Purpose Financial Statements	15
Schedule of Federal Awards Expenditures	36
Notes to Schedule of Federal Awards Expenditures	38
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	39
Report of Independent Accountants on Compliance with Requirements Applicable to Major Federal Programs and Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i>	41
Schedule of Findings	43
Schedule of Prior Audit Findings	44

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REPORT OF INDEPENDENT ACCOUNTANTS

Oregon City School District
Lucas County
5721 Seaman Road
Oregon, Ohio 43616-2699

To the Board of Education:

We have audited the accompanying general-purpose financial statements of Oregon City School District (the District) as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 provides a reasonable basis for our opinion.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2002 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.

We performed our audit to form an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for 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. We subjected this information 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

March 12, 2002

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**OREGON CITY SCHOOL DISTRICT
LUCAS COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNTS GROUPS
JUNE 30, 2001**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
ASSETS AND OTHER DEBITS:			
Assets:			
Cash, Cash Equivalents and Investments	\$6,863,233	\$636,365	\$773,176
Receivables: (net of allowances of uncollectibles):			
Taxes - Current	19,956,303		632,595
Taxes - Delinquent	1,056,762		34,316
Accounts	1,929	3,070	
Accrued Interest			
Due from Other Governments	23,512	530,818	
Due from Other Funds	302,166		
Interfund Receivable	30,675		
Prepayments	43,343	3,273	
Materials and Supplies Inventory			
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	201,560		
Fixed Assets (Net of Accumulated Depreciation, Where Applicable)			
Other Debits:			
Amount to be Provided for Retirement of General Long-Term Obligations			
Total Assets and Other Debits	<u>\$28,479,483</u>	<u>\$1,173,526</u>	<u>\$1,440,087</u>
LIABILITIES, FUND EQUITY AND OTHER CREDITS:			
Liabilities:			
Accounts Payable	\$109,993	\$40,877	\$8,984
Accrued Wages and Benefits	3,206,644	29,313	
Compensated Absences Payable			
Pension Obligation Payable	447,973		
Due to Other Governments	13,265		563
Due to Other Funds		296,484	
Interfund Payable		30,675	
Deferred Revenue	19,369,877	215,544	606,163
Due to Students			
Tax Anticipation Notes Payable			825,000
General Obligation Bonds Payable			
Total Liabilities	<u>23,147,752</u>	<u>612,893</u>	<u>1,440,710</u>
Fund Equity and Other Credits:			
Investment in General Fixed Assets			
Retained Earnings:			
Unreserved			
Fund Balances:			
Reserved for Encumbrances	266,484	67,148	239,577
Reserved for Prepayments	43,343	3,273	
Reserved for Endowments			
Reserved for Tax Revenue Unavailable for Appropriation	1,158,202		41,427
Reserved for Budget Stabilization	201,560		
Unreserved:			
Undesignated	3,662,142	490,212	(281,627)
Total Fund Equity and Other Credits	<u>5,331,731</u>	<u>560,633</u>	<u>(623)</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$28,479,483</u>	<u>\$1,173,526</u>	<u>\$1,440,087</u>

The notes to the general-purpose financial statements are an integral part of this statement.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$173,260	\$2,950	\$537,384			\$8,986,368
					20,588,898
					1,091,078
454		3,016			8,469
		3,928			3,928
178					554,508
					302,166
					30,675
					46,616
30,185					30,185
					201,560
35,120			\$21,889,081		21,924,201
				\$2,683,137	2,683,137
\$239,197	\$2,950	\$544,328	\$21,889,081	\$2,683,137	\$56,451,789
	\$245	\$9,039			\$169,138
\$9,940	46				3,245,943
4,771				\$1,541,615	1,546,386
32,217				186,522	666,712
					13,828
	5,682				302,166
					30,675
20,909					20,212,493
		174,528			174,528
					825,000
				955,000	955,000
67,837	5,973	183,567		2,683,137	28,141,869
			\$21,889,081		21,889,081
171,360	(3,023)				168,337
					573,209
					46,616
		271,776			271,776
					1,199,629
					201,560
		88,985			3,959,712
171,360	(3,023)	360,761	21,889,081		28,309,920
\$239,197	\$2,950	\$544,328	\$21,889,081	\$2,683,137	\$56,451,789

**OREGON CITY SCHOOL DISTRICT
LUCAS COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Governmental Fund Types	
	General	Special Revenue
Revenues:		
From Local Sources:		
Taxes	\$19,539,016	
Tuition and Fees	183,833	\$204,227
Earning on Investments	604,615	9,419
Intergovernmental	8,394,054	1,325,001
Payment in Lieu of Taxes	1,727,363	
Extracurricular Activities	2,895	182,092
Classroom Material and Supplies	89,784	
Miscellaneous	32,882	
Total Revenue	30,574,442	1,720,739
Expenditures		
Instruction:		
Regular	12,434,928	107,312
Special	2,380,073	369,697
Vocational	3,055,302	172,073
Adult Continuing Education	104,174	243,755
Other	1,101,845	
Support Services:		
Pupils	1,170,903	26,912
Instructional Staff	1,529,168	175,790
Board of Education	23,677	
School Administration	1,678,548	130,528
Fiscal	528,894	
Business	206,373	
Operation and Maintenance	3,424,698	
Pupil Transportation	1,450,542	
Central		11,777
Community Services		170,459
Extracurricular Activities	417,545	186,979
Facilities Acquisition		
Debt Service:		
Principal Retirement	300,000	
Interest and Fiscal Charges	64,008	
Total Expenditures	29,870,678	1,595,282
Excess of Revenues Over (Under) Expenditures	703,764	125,457
Other Financing Sources (Uses):		
Proceeds From Sale of Assets		
Proceeds From Sale of Notes		
Operating Transfers In		13,086
Operating Transfers Out	(13,086)	
Other Sources	202,374	
Total Other Financing Sources (Uses)	189,288	13,086
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and other Financing Uses	893,052	138,543
Fund Balance, July 1, 2000	4,438,679	422,090
Fund Balance, June 30, 2001	\$5,331,731	\$560,633

The notes to the general-purpose financial statements are an integral part of this statement.

Governmental Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust	
	\$628,751		\$20,167,767
	52,708	\$16,688	388,060
	195,658		683,430
	47,568		9,914,713
			1,774,931
			184,987
			89,784
		31,978	64,860
	<u>924,685</u>	<u>48,666</u>	<u>33,268,532</u>
	91,589	37,299	12,671,128
			2,749,770
			3,227,375
			347,929
			1,101,845
			1,197,815
			1,704,958
			23,677
	7,686		1,809,076
			536,580
	153,663		206,373
		6,636	3,578,361
			1,457,178
			11,777
			170,459
			604,524
	835,440		835,440
\$300,000			600,000
64,008	48,469		176,485
<u>364,008</u>	<u>1,136,847</u>	<u>43,935</u>	<u>33,010,750</u>
<u>(364,008)</u>	<u>(212,162)</u>	<u>4,731</u>	<u>257,782</u>
	20,069		20,069
	1,620		1,620
364,008			377,094
			(13,086)
			202,374
<u>364,008</u>	<u>21,689</u>		<u>588,071</u>
	(190,473)	4,731	845,853
	189,850	84,254	5,134,873
	<u>(\$623)</u>	<u>\$88,985</u>	<u>\$5,980,726</u>

**OREGON CITY SCHOOL DISTRICT
LUCAS COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Total Revenues	\$29,587,364	\$30,594,221	\$1,006,857
Total Expenditures	33,719,020	29,386,410	4,332,610
Excess of revenues and other financing sources over (under) expenditures and other financing (uses)	(4,131,656)	1,207,811	5,339,467
Fund Balance, July 1, 2000	5,391,602	5,391,602	
Prior year encumbrances appropriated	120,424	120,424	
Fund Balance, June 30, 2001	\$1,380,370	\$6,719,837	\$5,339,467

Special Revenue Funds			Debt Service Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$2,040,130	\$1,709,360	(\$330,770)		\$364,008	\$364,008
2,186,124	1,689,915	496,209		364,008	(364,008)
(145,994)	19,445	165,439			
433,065	433,065				
96,007	96,007				
\$383,078	\$548,517	\$165,439			

(Continued)

**OREGON CITY SCHOOL DISTRICT
LUCAS COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Total Revenues	\$1,290,651	\$1,758,371	\$467,720
Total Expenditures	1,733,600	1,700,973	32,627
Excess of revenues and other financing sources over (under) expenditures and other financing (uses)	(442,949)	57,398	500,347
Fund Balance, July 1, 2000	362,308	362,308	
Prior year encumbrances appropriated	113,893	113,893	
Fund Balance, June 30, 2001	\$33,252	\$533,599	\$500,347

The notes to the general-purpose financial statements are an integral part of this statement.

Expendable Trust Funds			Total All Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$39,665	\$54,226	\$14,561	\$32,957,810	\$34,480,186	\$1,522,376
115,748	43,866	71,882	37,754,492	33,185,172	4,569,320
(76,083)	10,360	86,443	(4,796,682)	1,295,014	6,091,696
76,084	76,084		6,263,059	6,263,059	
60	60		330,384	330,384	
\$61	\$86,504	\$86,443	\$1,796,761	\$7,888,457	\$6,091,696

**OREGON CITY SCHOOL DISTRICT
LUCAS COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS/ FUND BALANCE
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Nonexpendable Trust</u>	
Operating Revenues:				
Charges for Services	\$779,313			\$779,313
Earnings on Investments			\$19,057	19,057
Miscellaneous Revenue		\$34,044		34,044
Total Operating Revenues	<u>779,313</u>	<u>34,044</u>	<u>19,057</u>	<u>832,414</u>
Operating Expenses:				
Personal Services	540,367	5,245		545,612
Contract Services	1,314	35,306		36,620
Materials and Supplies	424,733	2,338		427,071
Depreciation	7,530			7,530
Other Operating Expenses			10,025	10,025
Total Operating Expenses	<u>973,944</u>	<u>42,889</u>	<u>10,025</u>	<u>1,026,858</u>
Operating Income / (Loss)	<u>(194,631)</u>	<u>(8,845)</u>	<u>9,032</u>	<u>(194,444)</u>
Nonoperating (Revenues) Expenses:				
Operating Grants	203,365			203,365
Federal Donated Commodities	14,183			14,183
Other Revenues	3,650	2,747		6,397
Total Nonoperating Revenues / (Expenses)	<u>221,198</u>	<u>2,747</u>		<u>223,945</u>
Net Income / (Loss)	26,567	(6,098)	9,032	29,501
Retained Earnings/Fund Balance at July 1, 2000	<u>144,793</u>	<u>3,075</u>	<u>262,744</u>	<u>410,612</u>
Retained Earnings/Fund Balance at June 30, 2001	<u>\$171,360</u>	<u>(\$3,023)</u>	<u>\$271,776</u>	<u>\$440,113</u>

The notes to the general-purpose financial statements are an integral part of this statement.

**OREGON CITY SCHOOL DISTRICT
LUCAS COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Nonexpendable Trust</u>	
Cash Flows from Operating Activities:				
Cash Received from Charges for Services	\$779,055			\$779,055
Cash Received from Extra Curricular Activities		\$34,044		34,044
Cash Received from Other Income			\$16,933	16,933
Cash Payments for Personal Services	(536,836)	(5,226)		(542,062)
Cash Payments for Contract Services	(1,314)	(35,306)		(36,620)
Cash Payments for Supplies and Materials	(413,116)	(2,093)	(10,025)	(425,234)
Net Cash Provided/ (Used) by Operating Activities	(172,211)	(8,581)	6,908	(173,884)
Cash Flows from Noncapital Financing Activities:				
Cash Received from Federal/State Grants	203,365			203,365
Cash Received from Transfers - In		5,682		5,682
Cash Received from Other Revenue	3,650	2,747		6,397
Cash Payments for Advances - Out		(1,147)		(1,147)
Net Cash Provided by Noncapital Financing Activities	207,015	7,282		214,297
Cash Flows from Capital and Related Financing Activities:				
Purchase of Fixed Assets	(7,695)			(7,695)
Net Cash Used for Capital and Related Financing Activities	(7,695)			(7,695)
Net Increase/(Decrease) in Cash and Cash Equivalents	27,109	(1,299)	6,908	32,718
Cash and Cash Equivalents at Beginning of Year	146,151	4,249	260,941	411,341
Cash and Cash Equivalents at End of Year	\$173,260	\$2,950	\$267,849	\$444,059
Reconciliation of Operating Income/ (Loss) to Net Cash Used in Operating Activities:				
Operating Income/ (Loss)	(\$194,631)	(\$8,845)	\$9,032	(\$194,444)
Adjustments to Reconcile Operating Income/ (Loss) to Net Cash Used in Operating Activities:				
Depreciation	7,530			7,530
Federal Donated Commodities	14,183			14,183
Changes in Assets and Liabilities:				
(Increase) in Accounts Receivable	(80)			(80)
(Increase) in Accrued Interest			(2,124)	
(Increase) in Due from Other Governments	(178)			(178)
(Increase) in Supplies Inventory	(134)			(134)
Increase (Decrease) in Accounts Payable	(2,018)	245		(1,773)
Increase (Decrease) in Salaries and Benefits Payable	(336)	19		(317)
Increase in Compensated Absences Payable	639			639
Increase in Pension Obligations Payable	3,228			3,228
(Decrease) in Deferred Revenue	(414)			(414)
Net Cash Provided/ (Used) by Operating Activities	(\$172,211)	(\$8,581)	\$6,908	(\$173,884)
Total Cash and Cash Equivalents per Balance Sheet - Trust and Agency Funds				\$537,384
Cash and Cash Equivalents - Expendable Trust Funds and Agency Funds				(269,535)
Cash and Cash Equivalents - Nonexpendable Trust Funds as of June 30, 2001				\$267,849

The notes to the general-purpose financial statements are an integral part of this statement.

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**OREGON CITY SCHOOL DISTRICT
LUCAS COUNTY**

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

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

Oregon City School District (the District) is located in Lucas County including all of the City of Oregon, Ohio, and portions of surrounding townships.

The District is organized under Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms.

The District currently operates 4 elementary schools, 2 middle schools, and 1 comprehensive high school. The District employs 165 non-certified, 308 (including administrative) full-time and part-time employees to provide services to approximately 3,858 students in grades K through 12 and various community groups.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Oregon City School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

A. The Reporting Entity

The District's reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*, effective for financial statements for periods beginning after December 15, 1992. The financial statements of the reporting entity include only those of the District (the primary government). The District has no component units. The following organizations are described due to their relationship to the District.

The City of Oregon

The City is a separate politic and corporate body. City officials are elected independent of any relationship with the District and administer the provisions of traditional City services. The City Council acts as the taxing and budgetary authority for the services provided in the City.

Non-Public School

Within the District's boundaries, a non-public school is operated by a religious organization. Current state legislation provides funding to these schools. The monies are received and disbursed on behalf of the non-public schools by the Treasurer of the District. The accounting for these school operations is reflected as part of the District's Special Revenue Funds.

Northwest Ohio Computer Association (NWOCA)

The District is a participant in the Northwest Ohio Computer Association (NWOCA) which is a jointly governed computer consortium. NWOCA serves forty public education entities and over fifty non-public education entities in Defiance, Fulton, Henry, Lucas, Williams, and Wood counties in northwestern Ohio. NWOCA is owned and operated by the Northern Buckeye Education Council (NBEC). NWOCA and NBEC provide data processing services, student services and educational technology services to the member school districts. Financial information can be obtained from NWOCA, Duane Baker, Executive Director, 22900 State Route 34, Archbold, Ohio 43502.

**OREGON CITY SCHOOL DISTRICT
LUCAS COUNTY**

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

B. Fund Accounting

The District uses funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

1. GOVERNMENTAL FUNDS

Governmental Funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the District's Governmental Fund Types:

General Fund - The General Fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

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

Debt Service Fund - This fund is used to accumulate resources for the payment of bond indebtedness.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

2. PROPRIETARY FUNDS

Proprietary Funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The following are the District's Proprietary Fund Types.

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

Internal Service Funds - Internal Service Funds are used to account for financing of goods and services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a reimbursement basis.

**OREGON CITY SCHOOL DISTRICT
LUCAS COUNTY**

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

3. FIDUCIARY FUNDS

Trust and Agency - These funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include Expendable Trust, Nonexpendable Trust, and Agency Funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

4. ACCOUNT GROUPS

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of general nature, the following account groups are used:

General Fixed Assets Account Group - This group of accounts is established to account for all fixed assets of the District, other than those accounted for in the Proprietary Funds.

General Long-Term Obligations Account Group - This group of accounts is established to account for all long-term obligations of the District except those accounted for in the Proprietary Funds.

C. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental funds and Expendable Trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All Proprietary Funds and Nonexpendable Trust Funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for Governmental, Expendable Trust Funds and agency funds. The full accrual basis of accounting is followed by the Proprietary Funds and Nonexpendable Trust Funds.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within 60 days of fiscal year end.

**OREGON CITY SCHOOL DISTRICT
LUCAS COUNTY**

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditures requirements, in which the resources are provided to the District on a reimbursement basis. On the modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred revenues arise when assets are recognized before revenue recognition criteria has been satisfied. Delinquent property taxes and property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met and receivable that are not collected within the available period are also recorded as deferred revenue. On the modified accrual basis, revenues that are not collected within the available period are recorded as deferred revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

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

D. Budgets

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2001 is as follows.

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Lucas County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then

**OREGON CITY SCHOOL DISTRICT
LUCAS COUNTY**

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2001.

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures for all funds, which is the legal level of budgetary control (State statute permits a temporary appropriation to be effective until no later than October 1 of each year). Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds, other than Agency funds, consistent with statutory provisions.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract-related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For Governmental Fund Types, encumbrances outstanding at year end appear as a reserve to the fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 16 provides a reconciliation of the budgetary and GAAP basis of accounting.

E. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds, including Proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" (both unrestricted and restricted) on the combined balance sheet. During 2001, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio) and repurchase agreements.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as repurchase agreements are valued at cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2001. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered

**OREGON CITY SCHOOL DISTRICT
LUCAS COUNTY**

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2001.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

Under existing Ohio statutes all investment earnings are assigned to the General fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General fund during fiscal year 2001 totaled \$604,615. Of that amount, \$64,436 was the amount allocated by other funds.

An analysis of the Treasurer's investment account at year-end is provided in Note 5.

F. Inventory

Inventories of Proprietary funds are valued at cost (first-in/first-out method) and are determined by physical count. Inventory in the Proprietary Funds consists of expendable supplies held for consumption and food service items held for resale. The cost has been recorded as an expense at the time individual inventory items were consumed. Donated commodities which are still on hand at year-end are recorded as deferred revenue.

G. Prepayments

Prepayments for governmental funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefitting from the advance payment. At period end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

H. Fixed Assets and Depreciation

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost or estimated historical cost. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$500 and a useful life of less than five years. No depreciation is recognized for assets in the General Fixed Assets Account Group. The District has not included infrastructure in the General Fixed Asset Account Group.

2. Proprietary Funds

Equipment reflected in these funds are stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided, where appropriate, on a straight-line basis over an estimated useful life of five to twenty years.

**OREGON CITY SCHOOL DISTRICT
LUCAS COUNTY**

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

I. Intergovernmental Revenues

In Governmental funds, entitlements and non-reimbursable grants (to the extent such grants and entitlements relate to the current fiscal year) are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants for Proprietary fund operations are recognized as revenue when measurable and earned. The District currently participates in various state and federal programs categorized as follows:

Entitlements

General Fund

State Foundation Program

Non-Reimbursable Grants

Special Revenue Funds

Career Development Grant

Title I

Title VI

Title VI B

Drug-Free Schools

Reimbursable Grants

General Fund

School Bus Purchases

Driver Education

Special Revenue Funds

Vocational Education Equipment Fund

Capital Project Funds

School Net

Proprietary

National School Lunch Program

National School Breakfast Program

Government Donated Commodities

J. Payments in Lieu of Taxes

The District receives payments from BP Oil Company in lieu of taxes that would be due the District per an Enterprise zone agreement that allows tax abatement to BP Oil Company. This abatement stipulates that BP Oil Company will pay the District an amount of money that would be equal to the taxes the District would have received.

K. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee. In accordance with the provisions of Statement No. 16 of the Governmental Accounting Standards Board, *Accounting for Compensated Absences*, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that

**OREGON CITY SCHOOL DISTRICT
LUCAS COUNTY**

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, the District records a liability for accumulated unused sick leave for both the classified and certified employees once they meet the eligibility requirements for retirement from one of the State retirement systems.

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

Accumulated vacation and sick leave of Governmental Fund Type employees meeting the above requirements have been recorded in the appropriate Governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the General Long-Term Obligations Account Group. In Proprietary funds, the entire amount of compensated absences is reported as a fund liability.

L. Long-Term Obligations

Long-term debt is recognized as a liability of a Governmental fund when due, or when resources have been accumulated in the Debt Service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a Governmental fund. The remaining portion of such obligations is reported in the General Long-Term Obligations Account Group.

Long-term liabilities expected to be financed from Proprietary fund obligations are accounted for in those funds.

M. Fund Equity

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, prepayments, budget stabilization, endowments, and tax revenue unavailable for appropriation. The unreserved portions of fund equity reflected for the Governmental funds are available for use within the specific purposes of those funds.

N. Statement of Cash Flows

In September 1989, the Governmental Accounting Standards Board issued statement No. 9, *"Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting"*. The District has presented a statement of cash flows for its Proprietary Fund Types and Nonexpendable Trust funds. For purposes of the statement of cash flows, the District considers cash equivalents to include all short term investments (maturity of 90 days or less from date of purchase).

O. Financial Reporting for Proprietary and Similar Fund Types

The District's financial statements have been prepared in accordance with GASB No. 20, *"Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting"*. This Statement is effective for financial statements beginning after December 15,

**OREGON CITY SCHOOL DISTRICT
LUCAS COUNTY**

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

1993. The District accounts for its proprietary activities in accordance with all applicable GASB pronouncements, as well as pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

P. Estimates

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

Q. Restricted Assets

Restricted assets in the General fund represent cash and cash equivalents set aside to establish the budget stabilization reserve. This reserve is required by State statute and can only be used for certain purposes.

R. Interfund Receivables/ Payables

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "advances to/from other funds". Long-term interfund loans are classified as "interfund receivables" and "interfund payables" and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

S. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

T. Memorandum Only - Total Columns

Total columns on the General Purpose Financial Statements are captioned (Memorandum Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2001, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues". These statements establish accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. The timing for the recognition of assets, liabilities, and expenditures/expenses resulting from

**OREGON CITY SCHOOL DISTRICT
LUCAS COUNTY**

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

nonexchange transactions will be the same whether the accrual or the modified accrual basis of accounting is required. However, for revenue recognition to occur on the modified accrual basis, the criteria established for accrual basis revenue recognition must be met and the revenues must be available. For the District, the implementation of these statements had no effect on fund balances/retained earnings as previously reported for the fiscal year ended June 30, 2000.

NOTE 4 - ACCOUNTABILITY

The fund deficit at June 30, 2001 of \$623 in the Permanent Improvement Fund (Capital Projects Fund) arises from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary/ cash basis and removal of the Tax Anticipation Note revenue to the Balance Sheet as a liability. The accumulated deficit of \$3,023 in the Outdoor Education Fund (Internal Service Fund) arises from the recognition of expenses on the accrual basis of accounting which are greater than expenses on the cash basis of accounting. A deficit does not exist under the budgetary/ cash basis of accounting.

NOTE 5 - EQUITY IN POOLED CASH AND INVESTMENTS

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

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

Inactive deposits are public deposits 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 as savings or deposit accounts including, but not limited to, passbook accounts.

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

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

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

1. United States Treasury Notes, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes debentures, or other obligations of 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's of federal government agencies or instrumentalities;

**OREGON CITY SCHOOL DISTRICT
LUCAS COUNTY**

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio.
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) and (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's Investment Pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, 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 or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

Deposits

At year-end, the carrying amount of the District's deposits (including Petty Cash) was \$(943,519) and the bank balance was \$195,731 (both amounts include \$18,536 in non-negotiable certificates of deposit). Of the bank balance, \$145,573 was covered by federal depository insurance and \$50,158 was covered by pooled collateral.

Investments

The District's Investments are required to be categorized to give an indication of the level of risk assumed by the District at year-end.

Category 3 includes uninsured and unregistered investments for which the securities are held by the counterpart, or by its trust department or agent but not in the District's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

**OREGON CITY SCHOOL DISTRICT
LUCAS COUNTY**

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

	Risk Category <u>3</u>	Carrying Value	Fair Value
Repurchase Agreements	\$1,145,984	\$1,145,984	\$1,145,984
Not Subject to Categorization:			
Investment in State			
Treasurer's Investment Pool	_____	<u>8,985,463</u>	<u>8,985,463</u>
Total Investments	<u>\$1,145,984</u>	<u>\$10,131,447</u>	<u>\$10,131,447</u>

The classification of cash and cash equivalents, and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9 entitled, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

A reconciliation between the classifications of cash and cash equivalents and investments per GASB Statement No. 9 on the Combined Balance Sheet and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<u>Pooled Cash and Cash Equivalents</u>	<u>Investments</u>
GASB Statement No. 9	\$ 9,187,928	
Repurchase Agreements	(1,145,984)	\$ 1,145,984
Investments of the Cash		
Management Pool:		
State Treasurer's Investment Pool	(8,985,463)	<u>8,985,463</u>
GASB Statement No. 3	\$ <u>(943,519)</u>	<u>\$10,131,447</u>

NOTE 6 - INTERFUND TRANSACTIONS

A. The District had the following long-term advance outstanding at June 30, 2001:

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$ 302,166	
<u>Special Revenue Funds</u>		
Adult Education Short Term Fund		\$12,583
Adult Education		11,056
Professional Development		10,681
Title I		184,000
Title VI Fund		34,995
Drug Free Schools		3,479
School to Work		39,690
<u>Internal Service Funds</u>		
Internal Services Rotary Fund		5,682
Totals	\$ <u>302,166</u>	\$ <u>302,166</u>

**OREGON CITY SCHOOL DISTRICT
LUCAS COUNTY**

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$30,675	
<u>Special Revenue Funds</u>		
Vocational Education Grant Fund	_____	\$30,675
Totals	<u>\$30,675</u>	<u>\$30,675</u>

NOTE 7 - PROPERTY TAXES

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

Real property taxes and public utility taxes are levied after November 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value.

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

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

The Lucas County Treasurer collects property tax on behalf of the District. The County Auditor periodically remits to the District its portion of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2001 consisted of taxes, accounts (tuition and student fees), and intergovernmental grants and entitlements (to the extent such grants and/or entitlements relate to the current fiscal year). All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs.

**OREGON CITY SCHOOL DISTRICT
LUCAS COUNTY**

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

<u>General Fund</u>	
Taxes - Current	\$19,956,303
Taxes - Delinquent Accounts	1,056,762 1,929
 <u>Special Revenue Funds</u>	
Accounts	3,070
Due From Other Governments	530,818
 <u>Capital Project Funds</u>	
Taxes - Current	632,595
Taxes - Delinquent	34,316
 <u>Enterprise Funds</u>	
Accounts	454
 <u>Expendable Trust Funds</u>	
Accounts	2,550
 <u>Agency Funds</u>	
Accounts	466

NOTE 9 - FIXED ASSETS

The following changes occurred in the General Fixed Asset Account Group during the fiscal year:

	Balance <u>July 1, 2000</u>	Adjustments <u>/Additions</u>	Adjustments <u>/Deletions</u>	Balance <u>June 30, 2001</u>
Land/Improvements	\$ 63,730	\$ 281,180	\$ -	\$ 344,910
Buildings	13,725,532	612,514	-	14,338,046
Furniture/ Equipment	3,987,559	461,981	-	4,449,540
Vehicles	<u>2,595,635</u>	<u>160,950</u>	<u>-</u>	<u>2,756,585</u>
Total	<u>\$20,372,456</u>	<u>\$ 1,516,625</u>	<u>\$ -</u>	<u>\$21,889,081</u>

A summary of the Proprietary fixed assets at June 30, 2001 follows:

Furniture and Equipment	\$ 146,081
Less: Accumulated Depreciation	(110,961)
Net Fixed Assets	<u>\$ 35,120</u>

NOTE 10- SHORT-TERM DEBT

The Short Term Tax Anticipation Notes are a general obligation of the District for which the full faith, credit, and resources of the District are pledged and are payable from taxes levied on all taxable property of the District. The notes are a direct liability of the Capital Projects fund type.

**OREGON CITY SCHOOL DISTRICT
LUCAS COUNTY**

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

The following is a description of the District's short-term notes outstanding as of June 30, 2001:

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance 07/01/00</u>	<u>Additions 2001</u>	<u>Retirements 2001</u>	<u>Balance 06/30/01</u>
<u>Capital Project Funds</u>							
Tax Anticipation Note	5.00%	06/01/98	12/01/00	\$275,000	\$0	\$275,000	\$0
Tax Anticipation Note	5.05%	06/01/01	12/01/03	<u>0</u>	<u>825,000</u>	<u>0</u>	<u>825,000</u>
Total Short Term Debt				<u>\$275,000</u>	<u>\$825,000</u>	<u>\$275,000</u>	<u>\$825,000</u>

NOTE 11 - LONG-TERM DEBT

All Energy Conservation Bonds are general obligations of the District for which the full faith, credit, and resources of the District are pledged and are payable from taxes levied on all taxable property of the District.

The following is a description of the District's long term bonds outstanding as of June 30, 2001:

	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance 07/01/00</u>	<u>Additions 2001</u>	<u>Retirements 2001</u>	<u>Balance 06/30/01</u>
Energy Conservation Bonds	4.95%	06/23/98	06/23/08	\$ 830,000	\$ 0	\$ 90,000	\$740,000
Energy Conservation Bonds	5.50%	07/30/91	07/01/01	165,000	0	165,000	0
Energy Conservation Bonds	5.90%	09/01/94	09/01/05	<u>260,000</u>	<u>0</u>	<u>45,000</u>	<u>215,000</u>
Total Long Term Debt				<u>\$1,255,000</u>	<u>\$ 0</u>	<u>\$300,000</u>	<u>\$955,000</u>

A. The following is a summary of the District's future annual debt service requirements to maturity for long term debt, including interest of \$180,595:

<u>Year Ending June 30</u>	<u>Energy Conservation Bonds</u>
2002	\$ 187,840
2003	185,435
2004	187,635
2005	189,293
2006	127,325
2007-2008	<u>258,068</u>
Total	<u>\$1,135,596</u>

**OREGON CITY SCHOOL DISTRICT
LUCAS COUNTY**

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

A. During the year ended June 30, 2001, the following changes occurred in liabilities reported in the General Long-Term Obligations Account Groups. Compensated absences will be paid from the fund from which the employee is paid.

	<u>Balance</u> <u>07/01/00</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>06/30/01</u>
Compensated Absences	\$1,118,165	\$423,450		\$ 1,541,615
Pension Obligation Payable	161,058	25,464	-0-	186,522
General Obligation Bonds	<u>1,255,000</u>	<u>-</u>	<u>(300,000)</u>	<u>955,000</u>
Total	<u>\$2,534,223</u>	<u>\$ 448,914</u>	<u>\$(300,000)</u>	<u>\$ 2,683,137</u>

NOTE 12 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains two Enterprise funds to account for the operations of Food Services and Uniform School Supplies. The table below reflects, in a summarized format, the more significant financial data relating to the Enterprise Funds of the District as of and for the year ended June 30, 2001.

	<u>Food</u> <u>Services</u>	<u>Uniform</u> <u>School</u> <u>Supplies</u>	<u>Total</u>
Operating Revenue	\$779,313		\$779,313
Depreciation	7,530		7,530
Operating Income (Loss)	(194,631)		(194,631)
Operating Grants	203,365		203,365
Net Income	26,567		26,567
Net Working Capital	141,011		141,011
Total Assets	239,117	\$ 80	239,197
Long-Term Liabilities			
Payable from Fund Reserves	4,771		4,771
Total Liabilities	67,837		67,837
Retained Earnings	171,280	80	171,360

NOTE 13 - RISK MANAGEMENT

The District does not have a "self-insurance" fund with formalized risk management programs. The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, injuries to employees and natural disasters. During fiscal year 2001, the District contracted with private carriers for property and fleet insurance, liability insurance, and inland marine coverage.

**OREGON CITY SCHOOL DISTRICT
LUCAS COUNTY**

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

NOTE 14 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 4.2 percent was the portion used to fund pension obligations for fiscal year 2001. For fiscal year 2000, 5.5 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended' up to statutory maximum amounts, by the SERS Retirement Board. The District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$582,576, 541,657, and \$499,771, respectively; fifty percent (50%) has been contributed for fiscal year 2001 and one hundred percent (100%) for the fiscal years 2000 and 1999. The unpaid contribution for fiscal year 2001, in the amount of \$280,563, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost of living adjustments, and death benefits 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. The 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 percent of their annual covered salary and the District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations for fiscal year 2001. For fiscal year 2000, 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$2,088,095, \$1,982,072, and \$1,774,997, respectively; eighty-three percent (83%) has been contributed for fiscal year 2001 and one hundred percent (100%) for fiscal years 2000 and 1999. The unpaid contribution for fiscal year 2001, in the amount of \$340,148, is recorded as a liability within the respective funds.

**OREGON CITY SCHOOL DISTRICT
LUCAS COUNTY**

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

NOTE 15 - POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired classified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligation to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2001, the Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$989,098.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3,419 million at June 30, 2000 (the latest information available). For the fiscal year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For this fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent from fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established at \$12,400. For the District, the amount to fund health care benefits, including the surcharge, was \$269,393.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2000 (the latest information available), were \$140,696,340, and the target level was \$211 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances -Budget and Actual - All Governmental Fund Types and Similar Fiduciary Funds is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

**OREGON CITY SCHOOL DISTRICT
LUCAS COUNTY**

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

(a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

(b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for governmental funds (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the governmental funds are as follows:

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses Governmental and Similar Fiduciary Fund Types					
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
Budget Basis	\$1,207,811	\$19,445		\$57,398	\$10,360
Net adjustment for revenue accruals	182,595	24,465		(811,997)	(5,560)
Net adjustment for expenditure accruals	(842,310)	6,786		324,549	(297)
Adjustment for encumbrances	344,956	87,847		239,577	228
GAAP Basis	\$893,052	\$138,543		(\$190,473)	\$4,731

NOTE 17 - CONTINGENT LIABILITIES

The District receives financial assistance from federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2001.

NOTE 18 - SCHOOL FUNDING DECISION

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

**OREGON CITY SCHOOL DISTRICT
LUCAS COUNTY**

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

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

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of March 12, 2002, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration. As of the date of these financial statements, the School District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

NOTE 19 - STATUTORY RESERVES

The District is required by state law to annually set aside, in the general fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials, and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward and used for the same purposes in future years. In addition, in prior years the District was required to set aside money for budget stabilization.

During the fiscal year ended June 30, 2001, the reserve activity (cash basis) was as follows:

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve	Totals
Balance as of 07/01/00		\$7,893	\$645,499	\$653,392
Required Set-aside	\$791,094	791,094		1,582,188
Legislative Reduction			(443,939)	(443,939)
Offset Credits		(615,749)		(615,749)
Qualifying Expenditures	(1,034,195)	(183,238)		(1,217,433)
Balance Carried Forward 2002	<u>(\$243,101)</u>	<u> </u>	<u>\$201,560</u>	<u>(\$41,541)</u>

For fiscal year 2001, only the unspent portion of certain workers compensation refunds was required to be set aside at fiscal year end. The balance no longer required by statute for budget stabilization was returned to the general fund. The remaining portion of workers compensation refunds can only be spent for certain qualifying expenditures.

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**OREGON CITY SCHOOL DISTRICT
LUCAS COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE PERIOD ENDED JUNE 30, 2001**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number
UNITED STATES DEPARTMENT OF AGRICULTURE		
<i>Passed through Ohio Department of Education:</i>		
<i>Child Nutrition Cluster:</i>		
Food Distribution Program	-	10.550
School Breakfast Program	-	10.553
National School Lunch Program	-	10.555
Total U.S. Department of Agriculture - Child Nutrition Cluster		
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES		
<i>Passed through Ohio Department of Mental Retardation and Developmental Disabilities:</i>		
<i>Passed through Lucas County Department of Mental Retardation and Developmental Disabilities:</i>		
Community Alternative Funding Program	-	93.778
UNITED STATES DEPARTMENT OF LABOR		
<i>Passed through Ohio Department of Education:</i>		
Employment Services and Job Training Pilot and Demonstration Program	WK-BE-01	17.249
UNITED STATES DEPARTMENT OF EDUCATION		
<i>Passed through Ohio Department of Education:</i>		
Title 1- Grants to Local Educational Agencies	C1-S1-00 C1-S1-01	84.010
Total Title 1		
Title VI-B - Special Education Grants to States for Education of Handicapped Children	6B-SF-00 6B-SF-01	84.027
Total Title VI-B		
Vocational Education- Basic Grants to States	20-C1-00 20-C1-01	84.048
Total Vocational Education		
Safe and Drug Free Schools and Communities- State Grant	DR-S1-99 DR-S1-00 DR-S1-01	84.186
Total safe and Drug Free Schools and Communities		
Eisenhower Professional Development State Grant	MS-S1-01	84.281
Innovative Education Program Strategies	C2-S1-01	84.298
Class Size Reduction- Title VI-R	CR-S1-01	84.340
Adult Education State Grant Program	AB-S1-00	84.002
Total U.S. Department of Education		
Total Federal Assistance		

The accompanying notes are an integral part of this schedule.

Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
	\$102,783		\$104,497
\$7,512		\$7,512	
186,893		186,893	
194,405	102,783	194,405	104,497
40,031		40,031	
100,000		100,000	
30,904		87,736	
54,247		233,233	
85,151		320,969	
155,791		157,014	
75,633		65,900	
231,424		222,914	
6,729		16,993	
14,111		14,053	
20,840		31,046	
13,779		5,237	
11,424		13,554	
4,719		8,198	
29,922		26,989	
12,906		6,489	
3,665		17,833	
20,630		60,320	
25,829		25,829	
430,367		712,389	
\$764,803	\$102,783	\$1,046,825	\$104,497

**OREGON CITY SCHOOL DISTRICT
LUCAS COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2001**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - FOOD DISTRIBUTION

Non-monetary 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, 2001, the District had \$20,909 in food commodities inventory.

NOTE C - MATCHING REQUIREMENTS

Certain federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



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

Oregon City School District
Lucas County
5721 Seaman Road
Oregon, Ohio 43616-2699

To the Board of Education:

We have audited the financial statements of Oregon City School District (the District) as of and for the year ended June 30, 2001, and have issued our report thereon dated March 12, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the 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 March 12, 2002.

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 certain 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 March 12, 2002.

Oregon City School District
Lucas County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of management, the Board of Education, 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

March 12, 2002



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Oregon City School District
Lucas County
5721 Seaman Road
Oregon, Ohio 43616-2699

To the Board of Education:

Compliance

We have audited the compliance of Oregon City School District (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 program for the year ended June 30, 2001.

Internal Control Over Compliance

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

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

This report is intended for the information and use of management, the Board of Education, 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

March 12, 2002

**OREGON CITY SCHOOL DISTRICT
LUCAS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2001**

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 noncompliance 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 Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Title 1- Grants to Local Educational Agencies 84.010
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(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 FOR FEDERAL AWARDS

None.

OREGON CITY SCHOOL DISTRICT
LUCAS COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2001

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-10148-001	Ohio Revised Code § 5705.41(D) Purchase order was not issued prior to invoice date.	Yes	N/A



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OFFICE OF THE AUDITOR

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OREGON CITY SCHOOL DISTRICT

LUCAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 9, 2002**