



**SHADYSIDE LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**SHADYSIDE LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Shadyside Local School District
Belmont County
3890 Lincoln Avenue
Shadyside, Ohio 43937

To Members of the Board:

We have audited the accompanying general purpose financial statements of the Shadyside Local School District, Belmont County, Ohio (the School 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 School 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 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 Shadyside Local School District, Belmont County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types 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 December 22, 2000, on our consideration of the School 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 School 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 whole.

Jim Petro
Auditor of State

December 22, 2000

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**SHADYSIDE LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000**

	General	Special Revenue	Capital Projects
Assets and Other Debits:			
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$420,978	\$80,031	\$57,948
Cash and Cash Equivalents			
With Fiscal Agents	0	0	0
Investments With Fiscal Agents	0	0	4,220
Receivables:			
Property and Other Taxes	2,515,221	0	424,051
Accounts	1,828	0	0
Intergovernmental	2,308	0	0
Inventory Held for Resale	0	0	0
Materials and Supplies Inventory	6,409	0	0
Prepaid Items	49,224	538	0
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	128,869	0	0
Fixed Assets:			
Fixed Assets (Net, where Applicable of Accumulated Depreciation)	0	0	0
Other Debits:			
Amount to be Provided from General Government Resources	0	0	0
Total Assets and Other Debits	3,124,837	80,569	486,219
Liabilities:			
Accounts Payable	101,791	5,387	6,038
Accrued Wages	318,930	27,869	0
Compensated Absences Payable	9,500	0	0
Intergovernmental Payable	77,857	4,876	0
Deferred Revenue	2,435,603	0	407,682
Due to Students	0	0	0
Claims Payable	0	0	0
Capital Leases Payable	0	0	0
Early Retirement Incentive Payable	7,500	0	0
Long Term Pension Liability	0	0	0
Energy Conservation Loan Payable	0	0	0
Total Liabilities	2,951,181	38,132	413,720
Fund Equity and Other Credits:			
Investment in General Fixed Assets	0	0	0
Contributed Capital	0	0	0
Retained Earnings, Unreserved (Deficit)	0	0	0
Fund Balances:			
Reserved for Encumbrances	53,193	2,515	48,115
Reserved for Inventory	6,409	0	0
Reserved for Property Taxes	79,618	0	16,369
Reserved for Budget Stabilization	89,060	0	0
Reserved for Bus Purchase	39,809	0	0
Unreserved, Undesignated	(94,433)	39,922	8,015
Total Fund Equity (Deficits) and Other Credits	173,656	42,437	72,499
Total Liabilities, Fund Equity and Other Credits	\$3,124,837	\$80,569	\$486,219

See accompanying notes to the general purpose financial statements.

Enterprise	Internal Service	Trust and Agency	General Fixed Asset Account Group	General Long-Term Obligations Account Group	Totals (Memorandum)
\$1,058	\$0	\$54,294	\$0	\$0	\$614,309
0	11,203	0	0	0	11,203
0	0	0	0	0	4,220
0	0	0	0	0	2,939,272
0	0	0	0	0	1,828
0	0	0	0	0	2,308
3,033	0	0	0	0	3,033
183	0	0	0	0	6,592
583	0	0	0	0	50,345
0	0	0	0	0	128,869
7,853	0	0	4,971,149	0	4,979,002
0	0	0	0	890,040	890,040
12,710	11,203	54,294	4,971,149	890,040	9,631,021
1,620	0	0	0	0	114,836
5,573	0	0	0	0	352,372
9,818	0	0	0	665,228	684,546
3,456	0	0	0	0	86,189
3,228	0	0	0	0	2,846,513
0	0	45,201	0	0	45,201
0	21,894	0	0	0	21,894
0	0	0	0	63,545	63,545
0	0	0	0	0	7,500
0	0	0	0	33,278	33,278
0	0	0	0	127,989	127,989
23,695	21,894	45,201	0	890,040	4,383,863
0	0	0	4,971,149	0	4,971,149
75,098	0	0	0	0	75,098
(86,083)	(10,691)	0	0	0	(96,774)
0	0	0	0	0	103,823
0	0	0	0	0	6,409
0	0	0	0	0	95,987
0	0	0	0	0	89,060
0	0	0	0	0	39,809
0	0	9,093	0	0	(37,403)
(10,985)	(10,691)	9,093	4,971,149	0	5,247,158
\$12,710	\$11,203	\$54,294	\$4,971,149	\$890,040	\$9,631,021

**SHADYSIDE LOCAL SCHOOL DISTRICT
BALMONT COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	General	Special Revenue	Debt Service	Capital Projects
Revenues:				
Property and Other Taxes	\$2,477,118	\$0	\$0	\$212,500
Intergovernmental	1,839,998	315,642	0	16,535
Interest	49,486	0	0	2,229
Tuition and Fees	8,975	750	0	0
Rent	410	0	0	0
Extracurricular	0	76,551	0	0
Gifts and Donations	1,700	0	0	0
Miscellaneous	13,599	0	0	0
Total Revenues	4,391,286	392,943	0	231,264
Expenditures:				
Current:				
Instruction:				
Regular	2,268,181	51,818	0	0
Special	331,169	204,272	0	0
Adult/Continuing	0	750	0	0
Support Services:				
Pupils	149,916	9,179	0	0
Instructional Staff	137,017	40,405	0	0
Board of Education	20,071	0	0	0
Administration	417,925	18,416	0	0
Fiscal	174,409	0	0	0
Operation and Maintenance of Plant	548,992	1,327	0	0
Pupil Transportation	211,025	0	0	0
Non Instructional Services	17	3,636	0	0
Extracurricular	104,645	65,395	0	0
Capital Outlay	11,068	0	0	322,282
Debt Service:				
Principal	109,173	0	6,011	0
Interest and Fiscal Charges	10,112	0	7,171	0
Total Expenditures	4,493,720	395,198	13,182	322,282
Excess of Revenues Over(Under) Expenditures	(102,434)	(2,255)	(13,182)	(91,018)
Other Financing Sources/(Uses):				
Operating Transfers In	0	0	13,182	0
Proceeds from Sale Fixed Assets	71	0	0	0
Operating Transfers Out	(13,182)	0	0	0
Total Other Financing Sources and Uses	(13,111)	0	13,182	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(115,545)	(2,255)	0	(91,018)
Fund Balances at Beginning of Year	287,263	44,692	0	163,517
Increase in Inventory	1,938	0	0	0
Fund Balances at End of Year	\$173,656	\$42,437	\$0	\$72,499

See accompanying notes to the general purpose financial statements.

Expendable Trust	Totals (Memorandum Only)
\$0	\$2,689,618
0	2,172,175
193	51,908
0	9,725
0	410
0	76,551
1,322	3,022
0	13,599
1,515	5,017,008
850	2,320,849
0	535,441
0	750
0	159,095
0	177,422
0	20,071
0	436,341
0	174,409
0	550,319
0	211,025
0	3,653
0	170,040
0	333,350
0	115,184
0	17,283
850	5,225,232
665	(208,224)
0	13,182
0	71
0	(13,182)
0	71
665	(208,153)
8,428	503,900
0	1,938
\$9,093	\$297,685
=====	=====

**SHADYSIDE LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	General			Special Revenue		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property and Other Taxes	\$2,449,220	\$2,449,220	\$0	\$0	\$0	\$0
Intergovernmental	1,844,146	1,843,420	(726)	315,642	315,642	0
Interest	45,558	49,486	3,928	0	0	0
Tuition and Fees	8,975	8,975	0	750	750	0
Rent	410	410	0	0	0	0
Extracurricular	0	0	0	76,551	76,551	0
Gifts and Donations	1,700	1,700	0	0	0	0
Miscellaneous	11,771	11,771	0	0	0	0
Total Revenues	4,361,780	4,364,982	3,202	392,943	392,943	0
Expenditures:						
Current:						
Instruction:						
Regular	2,348,968	2,348,202	766	53,553	52,979	574
Special	338,990	338,919	71	207,954	207,954	0
Adult/Continuing	0	0	0	750	750	0
Support services:						
Pupils	157,917	157,393	524	9,375	9,375	0
Instructional Staff	132,382	132,194	188	38,099	38,099	0
Board of Education	20,956	20,956	0	0	0	0
Administration	459,353	456,060	3,293	19,810	19,335	475
Fiscal	179,361	178,850	511	0	0	0
Operation and Maintenance of Plant	567,651	565,983	1,668	1,327	1,327	0
Pupil Transportation	212,399	211,999	400	0	0	0
Central	0	0	0	3,636	3,636	0
Non-Instructional Services	227	227	0	0	0	0
Extracurricular activities	105,559	105,476	83	66,038	65,853	185
Capital Outlay	11,068	11,068	0	0	0	0
Debt Service:						
Principal Retirement	109,173	109,173	0	0	0	0
Interest and Fiscal Charges	10,112	10,112	0	0	0	0
Total Expenditures	4,654,116	4,646,612	7,504	400,542	399,308	1,234
Excess of Revenues Over (Under) Expenditures	(292,336)	(281,630)	10,706	(7,599)	(6,365)	1,234
Other Financing Sources (Uses):						
Operating Transfers In	41,368	0	(41,368)	11,475	0	(11,475)
Proceeds from Sale of Fixed Assets	71	71	0	0	0	0
Operating Transfers Out	(54,550)	(13,182)	41,368	(11,475)	0	11,475
Total Other Financing Sources (Uses)	(13,111)	(13,111)	0	0	0	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(305,447)	(294,741)	10,706	(7,599)	(6,365)	1,234
Fund Balances at Beginning of Year	628,003	628,003	0	64,153	64,153	0
Prior Year Encumbrances Appropriated	140,996	140,996	0	17,775	17,775	0
Fund Balances at End of Year	\$463,552	\$474,258	\$10,706	\$74,329	\$75,563	\$1,234

See accompanying notes to the general purpose financial statements.

(Continued)

**SHADYSIDE LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

	Expendable Trust		Variance Favorable (Unfavorable)	Totals (Memorandum Only)		
	Revised Budget	Actual		Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property and Other Taxes	\$0	\$0	\$0	\$2,645,351	\$2,645,351	\$0
Intergovernmental	0	0	0	2,176,323	2,175,597	(726)
Interest	179	193	14	49,344	53,548	4,204
Tuition and Fees	0	0	0	9,725	9,725	0
Rent	0	0	0	410	410	0
Extracurricular	0	0	0	76,551	76,551	0
Gifts and Donations	1,329	1,322	(7)	3,029	3,022	(7)
Miscellaneous	0	0	0	11,771	11,771	0
Total Revenues	1,508	1,515	7	4,972,504	4,975,975	3,471
Expenditures:						
Current:						
Instruction:						
Regular	1,350	850	500	2,403,871	2,402,031	1,840
Special	0	0	0	546,944	546,873	71
Adult/Continuing	0	0	0	750	750	0
Support services:						
Pupils	0	0	0	167,292	166,768	524
Instructional Staff	0	0	0	170,481	170,293	188
Board of Education	0	0	0	20,956	20,956	0
Administration	0	0	0	479,163	475,395	3,768
Fiscal	0	0	0	179,361	178,850	511
Operation and Maintenance of Plant	0	0	0	568,978	567,310	1,668
Pupil Transportation	0	0	0	212,399	211,999	400
Central	0	0	0	3,636	3,636	0
Non-Instructional Services	0	0	0	227	227	0
Extracurricular activities	0	0	0	171,597	171,329	268
Capital Outlay	0	0	0	386,654	386,054	600
Debt Service:						
Principal Retirement	0	0	0	115,218	115,218	0
Interest and Fiscal Charges	0	0	0	17,249	17,249	0
Total Expenditures	1,350	850	500	5,444,776	5,434,938	9,838
Excess of Revenues Over (Under) Expenditures	158	665	507	(472,272)	(458,963)	13,309
Other Financing Sources (Uses):						
Operating Transfers In	0	0	0	66,025	13,182	(52,843)
Proceeds from Sale of Fixed Assets	0	0	0	71	71	0
Operating Transfers Out	0	0	0	(66,025)	(13,182)	52,843
Total Other Financing Sources (Uses)	0	0	0	71	71	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	158	665	507	(472,201)	(458,892)	13,309
Fund Balances at Beginning of Year	8,428	8,428	0	995,366	995,366	0
Prior Year Encumbrances Appropriated	0	0	0	165,832	165,832	0
Fund Balances at End of Year	\$8,586	\$9,093	\$507	\$688,997	\$702,306	\$13,309

SHADYSIDE LOCAL SCHOOL DISTRICT
BELMONT COUNTY

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Enterprise	Internal Service	Totals (Memorandum Only)
Operating Revenues:			
Sales	\$57,634	\$0	\$57,634
Charges for Services	0	139,398	139,398
Other Revenues	0	2,436	2,436
Total Operating Revenues	57,634	141,834	199,468
Operating Expenses:			
Salaries	38,616	0	38,616
Fringe Benefits	12,318	10,000	22,318
Purchased Services	2,126	0	2,126
Materials and Supplies	5,824	0	5,824
Cost of Sales	41,944	0	41,944
Depreciation	886	0	886
Claims	0	127,839	127,839
Total Operating Expenses	101,714	137,839	239,553
Operating Income (Loss)	(44,080)	3,995	(40,085)
Non-Operating Revenues and Expenses :			
Federal Donated Commodities	6,834	0	6,834
Interest	3	499	502
Loss on Sale Fixed Asset	(1,369)	0	(1,369)
Operating Grant	35,288	0	35,288
Total Non-Operating Revenues and Expenses	40,756	499	41,255
Net Income (Deficit)	(3,324)	4,494	1,170
Retained Earnings (Deficit) at Beginning of Year	(82,759)	(15,185)	(97,944)
Retained Earnings (Deficit) at End of Year	(86,083)	(10,691)	(96,774)
Contributed Capital at Beginning and End of Year	75,098	0	75,098
Total Fund Equity (Deficit) at End of Year	(\$10,985)	(\$10,691)	(\$21,676)

See accompanying notes to the general purpose financial statements.

SHADYSIDE LOCAL SCHOOL DISTRICT
BELMONT COUNTY

**STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN FUND EQUITY - (NON-GAAP BASIS) AND ACTUAL
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Enterprise			Internal Service			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:									
Sales	\$57,634	\$57,634	\$0	\$0	\$0	\$0	\$57,634	\$57,634	\$0
Charges for Services	0	0	0	139,398	139,398	0	139,398	139,398	0
Interest	3	3	0	499	499	0	502	502	0
Operating Grants	35,288	35,288	0	0	0	0	35,288	35,288	0
Other Revenues	0	0	0	2,602	2,436	(166)	2,602	2,436	(166)
Total Operating Revenues	92,925	92,925	0	142,499	142,333	(166)	235,424	235,258	(166)
Operating Expenses:									
Salaries	38,952	38,952	0	0	0	0	38,952	38,952	0
Fringe Benefits	12,268	12,233	35	9,999	9,999	0	22,267	22,232	35
Purchased Services	2,290	2,290	0	119,359	128,167	(8,808)	121,649	130,457	(8,808)
Materials and Supplies	41,508	41,452	56	0	0	0	41,508	41,452	56
Total Operating Expenses	95,018	94,927	91	129,358	138,166	(8,808)	224,376	233,093	(8,717)
Excess of Revenues Over (Under) Expenses	(2,093)	(2,002)	91	13,141	4,167	(8,974)	11,048	2,165	(8,883)
Fund Equity at Beginning of Year	1,730	1,730	0	6,954	6,954	0	8,684	8,684	0
Prior Year Encumbrances Appropriated	779	779	0	82	82	0	861	861	0
Fund Equity at End of Year	\$416	\$507	\$91	\$20,177	\$11,203	(\$8,974)	\$20,593	\$11,710	(\$8,883)

See accompanying notes to the general purpose financial statements.

**SHADYSIDE LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Enterprise	Internal Service	Totals (Memorandum Only)
Increase (Decrease) in Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Cash Received from Sales	\$57,634	\$0	\$57,634
Cash Received from Quasi-External Transactions with Other Funds	0	139,398	139,398
Cash Received from Other Operating Sources	0	2,436	2,436
Cash Payments to Suppliers for Goods and Services	(43,191)	(9,999)	(53,190)
Cash Payments to Employees for Services	(38,952)	0	(38,952)
Cash Payments for Employee Benefits	(12,233)	0	(12,233)
Cash Payments for Claims	0	(128,167)	(128,167)
Net Cash Provided by (Used for) Operating Activities	(36,742)	3,668	(33,074)
Cash Flows from Noncapital Financing Activities:			
Operating Grants Received	35,288	0	35,288
Net Cash Provided by Noncapital Financing Activities	35,288	0	35,288
Cash Flows from Investing Activities:			
Interest	3	499	502
Net Cash Provided by Investing Activities	3	499	502
Net Increase (Decrease) in Cash and Cash Equivalents	(1,451)	4,167	2,716
Cash and Cash Equivalents at Beginning of Year	2,509	7,036	9,545
Cash and Cash Equivalents at End of Year	\$1,058	\$11,203	\$12,261
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	(\$44,080)	\$3,995	(\$40,085)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Depreciation	886	0	886
Donated Commodities Used During Year	6,834	0	6,834
Changes in Assets and Liabilities:			
Increase in Prepaid Items	(112)	0	(112)
Increase in Inventory Held for Resale	(541)	0	(541)
Increase in Materials and Supplies Inventory	(44)	0	(44)
Increase in Accounts Payable	292	0	292
Decrease in Accrued Wages	(336)	0	(336)
Increase in Compensated Absences Payable	606	0	606
Decrease in Intergovernmental Payable	(497)	0	(497)
Decrease in Claims Payable	0	(327)	(327)
Increase in Deferred Revenue	250	0	250
Total Adjustments	7,338	(327)	7,011
Net Cash Provided by (Used for) Operating Activities	(\$36,742)	\$3,668	(\$33,074)

See accompanying notes to the general purpose financial statements.

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**SHADYSIDE LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The first official body designated as the Shadyside Local Board of Education was formed on January 2, 1905. At that meeting, the clerk's salary was set at \$25.00 per year. The clerk was instructed to purchase a clerk's record.

At the second meeting, the Librarian's salary was set at \$10.00 per year.

A new building had been constructed prior to this time. Insurance was purchased to cover this structure in the amount of \$3,500.00 on the building and \$500.00 on the contents.

Shadyside Local School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Shadyside Local School District operates under a locally-elected five member board form of government and provides educational services as authorized and mandated by state and federal agencies. The board controls the school district's four instructional/support facilities staffed by 28 non-certificated, 58 certificated teaching personnel, and 6 administrators, who provide services to 927 students and other community members.

Reporting Entity:

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. No separate government units meet the criteria for inclusion as a component unit.

The School District is associated with two jointly governed organizations, the Belmont Harrison Vocational School District and the Ohio Mid-Eastern Regional Education Service Agency and, the Ohio School Board's Association Worker's Compensation Group Rating Plan which is defined as a group insurance purchasing pool. These organizations are presented in Note 15 and 16 to the general purpose financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Shadyside Local 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

**SHADYSIDE LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis Of Presentation - Fund Accounting

The School District uses funds and account groups to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group 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 available expendable resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

Governmental Fund Types:

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

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

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 expenditure for specified purposes.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of general long term obligations principal, interest, and related costs.

Capital Projects Funds - The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Fund Types:

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following are the School District's proprietary fund types:

**SHADYSIDE LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

Enterprise Fund - Enterprise funds are used to account for School District activities that are financed and operated in a manner similar to private business enterprises where the intent 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 where it has been 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 Fund - Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include expendable trust and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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 a general nature, the following account groups are used:

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

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

B. Measurement Focus and Basis of Accounting

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

Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., 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.

**SHADYSIDE LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end. In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, tuition, grants, and student fees.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded 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.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized in the accounting period in which they are earned, and 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.

C. 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 legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Advances in and Advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

Tax Budget:

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 express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

**SHADYSIDE LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

By no later than January 20, the Board-adopted budget is filed with the Belmont County Budget Commission for rate determination.

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2000.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

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. Expenditures plus encumbrances may not legally exceed appropriations at the legal level of control. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

**SHADYSIDE LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

Lapsing of Appropriations:

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

D. Cash and Investments

To improve cash management, cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet. During fiscal year 2000, investments were limited to Federal National Mortgage Association "Interest Only" Investments and STAR Ohio, the State Treasurer's Investment Pool. 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 and nonnegotiable certificates of deposit are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the fund to receive an allocation of interest earnings. Interest revenue credited during fiscal year 2000 amounted to: \$49,486 in the general fund, \$2,229 in the permanent improvement capital projects fund, \$193 in the expendable trust funds, \$499 in the self insurance internal service fund, and \$3 in the food service enterprise fund.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2000.

The School District participates in the OME-RESA insurance consortium for self-insurance monies held separate from the school district's central bank account. These monies are reflected on the combined balance sheet as Cash and Cash Equivalents with Fiscal Agents.

The Federal National Mortgage Association "Interest Only" Investments are reflected on the combined balance sheet as Investments with Fiscal Agents.

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

E. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses and amounts required by statute to be set-aside by the School District to create a reserve for budget stabilization. See Note 18 for additional information regarding set-asides.

**SHADYSIDE LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

F. Estimates

The preparation of the 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 could differ from those estimates.

G. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

I. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one hundred dollars. The School District does not have any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of twelve years.

J. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

**SHADYSIDE LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

The School District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Reimbursement

Special Revenue Funds

- Disadvantaged Pupil Impact Aid

Non-Reimbursable Grants

Special Revenue Funds

- Title VI-B
- Disadvantaged Pupil Program Fund
- Title 1 (Chapter 1)
- Title VI (Chapter 2)
- Title VI-R
- Data Communications Support
- Safe School Helpline
- Educational Management Information System
- Teacher Development
- SchoolNet Professional Development
- Telecommunications (Erate)
- Continuous Improvement Grant

Capital Projects Funds

- School Net
- School Net Plus
- School Net Plus Round #3

Reimbursable Grants

General Fund

- Driver Education
- Medicaid/CAFS

Proprietary Funds

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements amounted to 43 percent of the School District's operating revenue during the 2000 fiscal year.

K. Interfund Assets/Liabilities

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 "interfund receivables" and "interfund payables". Long-term interfund loans are

**SHADYSIDE LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

classified as “advances to/from other funds” 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.

L. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the School District 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 includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees’ wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

For governmental funds, the School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The School District records a liability for accumulated unused sick leave for all employees after one year of service. The current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

M. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgements, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year-end are considered not to have been paid with current available financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

N. 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 nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**SHADYSIDE LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

O. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventories of supplies and materials, property taxes, budget stabilization, and school bus purchases.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

P. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end. There was no change in contributed capital during this fiscal year.

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1993, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

Q. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Total - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows 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.

**SHADYSIDE LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Accountability

At June 30, 2000, the following funds had a deficit fund balance or retained earnings:

	<u>Deficit fund Balance/Retained Earnings</u>
<i>Special Revenue Funds:</i>	
Disadvantaged Pupil Impact Aid	(\$3,204)
Title I	(4,368)
Title VIB	(1,330)
<i>Enterprise Fund:</i>	
Food Service	(10,985)
<i>Internal Service Fund:</i>	
Self Insurance	(10,691)

The deficit fund balances in the special revenue funds were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur. The Enterprise Fund and the Self Insurance Fund retained earnings deficits resulted from the application of generally accepted accounting principles. The School District will review the operations to determine if steps need to be taken to insure that the funds are self-sustaining.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings 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, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual-All Governmental Fund Types and Expendable Trust Funds and the Combined Statement of Revenues, Expenses and Changes in Equity Balances - Budget (Non-GAAP Basis) and Actual - All Proprietary Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis)

**SHADYSIDE LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

4. For proprietary funds, the acquisition and construction of capital assets are reported on the opening statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Proceeds from and principal payments on other liabilities are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types and Expendable Trust Funds

	General	Special Revenue	Capital Projects
GAAP Basis	(\$115,545)	(\$2,255)	(\$91,018)
Revenue Accruals	(26,304)	0	120,648
Expenditure Accruals	(126,527)	(180)	1,449
GASB 31 Adjustment	0	0	(135,377)
Prepaid Items	49,224	538	0
Encumbrances	(75,589)	(4,468)	(54,153)
Budget Basis	(\$294,741)	(\$6,365)	(\$158,451)

Net Income (Deficit) Excess of Revenues Over (Under) Expenses
All Proprietary Fund Types

	Enterprise	Internal Service
GAAP Basis	(\$3,324)	\$4,494
Expense Accrual	(1,550)	(327)
Loss on Sale of Fixed Asset:	1,369	0
Prepaid Items	583	0
Inventory held Resale	541	0
Material/Supply Inventory	44	0
Depreciation Expense	886	0
Encumbrances	(551)	0
Budget Basis	(\$2,002)	\$4,167

**SHADYSIDE LOCAL SCHOOL DISTRICT
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 5 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School 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 School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 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) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio); and,
7. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

**SHADYSIDE LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
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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 School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements".

At June 30, 2000, the School District's internal service fund has a balance of \$11,203 with OME- RESA, a jointly governed organization (See Note 15). The money is held by the claims servicer in a pooled account which is representative of numerous entities and therefore cannot be classified by risk under GASB Statement 3. The classification of cash and cash equivalents for the OME-RESA Self Insurance Plan as a whole may be obtained from the Plan's fiscal agent, the Jefferson County Educational Service Center. To obtain financial information, write to the Ohio Mid-Eastern Regional Educational Service Agency Self Insurance Plan, Debra Angelo, who serves as Treasurer, Steubenville, Ohio 43952.

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$145,558 and the bank balance was \$275,949. Of the bank balance, \$106,785 was covered by federal depository insurance and \$169,164 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

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

	Category 3	Unclassified	Fair Value
Federal National Mortgage Association "Interest Only" Investment	\$4,220	\$0	\$4,220
STAR Ohio	0	597,620	597,620
Totals	\$4,220	\$597,620	\$601,840

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

**SHADYSIDE LOCAL SCHOOL DISTRICT
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
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A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$743,178	\$4,220
Investments:		
STAR Ohio	(597,620)	597,620
GASB Statement 3	\$145,558	\$601,840

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the School District. Property tax revenue received during calendar year 2000 for real and public utility property taxes represents collections of calendar year 1999 taxes. Property tax payments received during calendar year 2000 for tangible personal property (other than public utility property) is for calendar year 2000 taxes.

2000 real property taxes are levied after April 1, 2000, on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after April 1, 2000 and are collected in 2001 with real property taxes.

2000 tangible personal property taxes are levied after April 1, 1999, on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are twenty-five percent of true value.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

**SHADYSIDE LOCAL SCHOOL DISTRICT
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The assessed values upon which fiscal year 2000 taxes were collected are:

	1999 Second- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$52,378,020	54.36%	\$53,004,140	54.96%
Public Utility	39,598,230	41.10%	38,229,800	39.64%
Tangible Personal Property	4,379,450	4.54%	5,203,920	5.40%
Total Assessed Value	\$96,355,700	100.00%	\$96,437,860	100.00%
Tax rate per \$1,000 of assessed valuation	\$32.45		\$32.45	

The School District receives property taxes from Belmont County. The County Auditor periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2000 are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding, real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2000. 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 fiscal 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 \$95,987 and is recognized as revenue. \$79,618 was available to the General Fund and \$16,369 was available to the Capital Projects Fund.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2000, consisted of property taxes, accounts and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. At June 30, 2000, the General Fund had intergovernmental receivables of \$2,308 for Community Alternative Funding System Programs.

NOTE 8 - FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2000, follows:

Furniture and Equipment	\$80,270
Less Accumulated Depreciation	(72,417)
Net Fixed Assets	\$7,853

**SHADYSIDE LOCAL SCHOOL DISTRICT
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A summary of the changes in general fixed assets during fiscal year 2000 follows:

Asset Category	Balance at 6/30/99	Additions	Deletions	Balance at 6/30/00
Land	\$42,289	\$0	\$0	\$42,289
Buildings and Improvements	2,528,206	0	0	2,528,206
Furniture, Fixtures and Equipment	2,091,578	64,542	31,744	2,124,376
Vehicles	276,278	0	0	276,278
Totals	<u>\$4,938,351</u>	<u>\$64,542</u>	<u>\$31,744</u>	<u>\$4,971,149</u>

There was no significant construction in progress at June 30, 2000.

NOTE 9 - RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the School District contracted with Nationwide Insurance Company for property insurance, and boiler and machinery insurance. The policies include a \$1,000 deductible.

Professional and general liability is protected by the Nationwide Insurance Company with a \$1,000,000 single occurrence limit and no deductible. Vehicles are covered by Nationwide Insurance Company and hold no deductible for comprehensive and a \$250 deductible for collision. Automobile liability has a \$1,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past fifteen years. There have been no significant reductions in insurance coverage from last year.

B. Employee Medical Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through the Pacific Mutual Life Insurance Company and the Medical Life Insurance Company, in amounts as follows:

- Employees with annual salary of \$15,000 or less - \$15,000
- Employees with annual salary of more than \$15,000 - \$20,000

The School District has elected to provide employee medical/surgical benefits through a self insurance consortium through Ohio Mid Eastern Regional Education Service Agency. The School District maintains a self-insurance internal service fund to account for and finance its uninsured risks of loss in this program. This plan provides a medical/surgical plan based on a usual, customary, and reasonable claim plan. There is a \$100 deductible per single or \$200 per family for the major medical portion of this coverage. A third-party administrator, Self-Funded Incorporated, located in Cleveland, Ohio reviews and pays all claims from a claims pool administered by Ohio Mid Eastern Regional Education Service Agency. The school district purchases stop-loss coverage of \$30,000 per employee.

**SHADYSIDE LOCAL SCHOOL DISTRICT
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The School District pays into the Ohio Mid Eastern Regional Education Service Agency fund pool \$433.25 for family coverage or \$180.70 for individual coverage per month, which represents 90% of the premium required. Employees contribute \$43.33 family coverage or \$18.07 individual coverage. The premium is paid by the fund that pays the salary of the employee and is based on historical cost information.

Dental coverage is also provided on a self-insured basis through Ohio Mid Eastern Regional Education Service Agency. Premiums for this coverage are \$47.39 monthly for family and single coverage. The School District is responsible for payment of all claim amounts in excess of the employee payment percentages established in the plan document.

The School District also provides prescription drug insurance to its employees through a self-insured program. This plan utilizes a \$2 per prescription deductible. The third-party administrator, Self-Funded, Inc. reviews and pays the claims. The premium for this coverage is \$127.19 monthly on a composite basis.

The School District also provides a major medical coverage, which covers doctor visits and other miscellaneous costs. This coverage is also provided through the Ohio Mid Eastern Regional Education Service Agency Self Insurance plan. Premiums for this coverage is \$35.86 for family coverage or \$15.83 for individual coverage. This represents the total premium required.

The claims liability of \$21,894 reported in the internal service fund at June 30, 2000, is based on the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The claims liability is based on an estimate supplied by the School District's third-party administrator.

Changes in claims activity for the past two fiscal years are as follows:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
1999	\$67,471	\$199,184	\$244,433	\$22,222
2000	\$22,222	\$127,839	\$128,167	\$21,894

C. Workers' Compensation

For fiscal year 2000, the School District participated in the Ohio School Boards Association Workers Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers compensation premium to the State based on the rate for GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the Equity Pooling Fund. This equity pooling arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**SHADYSIDE LOCAL SCHOOL DISTRICT
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2000, 5.5 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS Retirement Board. The School Districts required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$30,937, \$31,284, and \$49,719, respectively; 45.6 percent has been contributed for fiscal year 2000, and 100 percent for the fiscal years 1999 and 1998. \$16,830 represents the unpaid contribution for fiscal year 2000, and is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

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

For the fiscal year ended June 30, 2000, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 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 School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$150,675, \$124,261 and \$242,409, respectively; 83.29 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$25,183 represents the unpaid contribution for fiscal year 2000, and is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2000, one member of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages paid.

**SHADYSIDE LOCAL SCHOOL DISTRICT
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 11 - POST-EMPLOYMENT BENEFITS

The School 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 obligations 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.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS 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 law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$200,901 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1999, (the latest information available) the balance in the Fund was \$2,783 million. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and 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.

After the allocation for basic benefits, the remainder of the employers 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.50 percent of covered payroll, an increase from 6.30 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the members pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was established as \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$55,112.

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, 1999, (the latest information available) were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

NOTE 12 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn five to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

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Classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 225 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 56 days for administrators and 55 days for classified employees, and \$5 per day accumulated sick leave for all remaining leave, to a maximum accumulation of 225 days.

Teachers and administrators earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 230 days in fiscal year 2000. Upon retirement, payment is made for 30 percent of accumulated sick leave at 30 years; 29 percent of accumulated sick leave at 31 years; 28 percent of accumulated sick leave at 32 years; 27 percent of accumulated sick leave at 33 years; 26 percent of accumulated sick leave at 34 years; 25 percent of accumulated sick leave at 35 years. If an employee is eligible to retire at less than 30 years of credited service, severance will be calculated in the following manner:

Number of years credited service divided by 30 equaling the prorated factor
Prorated factor will then be multiplied by the 30 percent/ 30 years,(see formula as stated above)

B. Other Insurance

The School District contracts with local health management organizations, Advantage Health (Family Coverage \$524.51; Single Coverage \$205.65) and the Health Plan (Family Coverage,\$512.42; Single Coverage, \$204.97) for hospitalization and major medical insurance for all employees. The School District pays monthly premiums of up to \$389.92 for family coverage and \$162.63 for individual coverage. Premiums are paid from the same funds that pay the employees' salaries.

C. Retirement Incentives

The School District will provide a retirement incentive of \$10,000 for those eligible and qualified. The member must be eligible for full retirement under any of Ohio's public retirement systems for the 2000 fiscal year. The member must have five years of consecutive service in the district.

NOTE 13 - CAPITAL LEASES - LESSEE DISCLOSURE

During 1996, the School District entered into two capitalized leases for equipment and upgrades to the building. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

General fixed assets consisting of equipment and furniture and fixtures have been capitalized in the general fixed assets account group in the amount of \$465,000. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. The School District made \$109,173 in principal payments during 2000 from the General Fund.

**SHADYSIDE LOCAL SCHOOL DISTRICT
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
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The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2000.

Fiscal Year Ending June 30,	GLTOAG
2001	64,785
Total	64,785
Less: Amount Representing Interest	(1,240)
Present Value of Net Minimum Lease Payments	\$63,545

NOTE 14 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2000 were as follows:

	Principal Outstanding 6/30/99	Additions	Deductions	Principal Outstanding 6/30/00
Capital Leases	\$172,718	\$0	\$109,173	\$63,545
Pension Obligation	27,654	33,278	27,654	33,278
Early Retirement Incentive	7,500	0	7,500	0
Compensated Absences	581,599	665,228	581,599	665,228
Energy Loan	134,000	0	6,011	127,989
Total General Long-Term Obligations	\$923,471	\$698,506	\$731,937	\$890,040

Energy Conservation Loan - During 1991, Shadyside Local School District issued unvoted general obligation notes for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The notes were issued for a ten year period with final maturity during fiscal year 2001. This loan was rolled over into a capital lease during fiscal year 1996.

During 1999, Shadyside Local School District issued \$134,000 in unvoted general obligation notes. The notes were issued for a fifteen year period with final maturity during fiscal year 2014. The loan will be repaid from energy savings realized from the energy conservation measures transferred from the General Fund to the Debt Service Fund.

**SHADYSIDE LOCAL SCHOOL DISTRICT
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Principal and interest payments to retire general obligation debt, outstanding at June 30, 2000 are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$6,337	\$6,606	\$12,943
2002	6,682	6,253	12,935
2003	7,044	5,881	12,925
2004	7,427	5,488	12,915
2005	11,906	5,072	16,978
2006-2010	47,243	18,322	65,565
2011-2015	41,350	4,550	45,900
Totals	<u>\$127,989</u>	<u>\$52,172</u>	<u>\$180,161</u>

Capital leases will be paid from the General Fund. Compensated absences, the pension obligation, and the early retirement incentive will be paid from the fund from which the employees' salaries are paid.

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

A. Belmont-Harrison Vocational School

The Belmont-Harrison Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school district's elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Belmont-Harrison Vocational School, Alexis Petrilla, Treasurer, at Fox Shannon Road, St. Clairsville, Ohio 43950.

B. Ohio Mid Eastern Regional Education Service Agency (OME-RESA)

The Ohio Mid Eastern Regional Educational Service Agency (OME-RESA) was created as a regional council of governments pursuant to State statutes. OME-RESA provides financial accounting services, an educational management information system, cooperative purchases services and legal services to member districts. OME-RESA has eleven participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble and Tuscarawas Counties. Each member district pays an annual fee for services provided by OME-RESA. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. The Jefferson County Educational Service Center serves as the fiscal agent and receives funding from the State Department of Education. To obtain financial information write to the Ohio Mid Eastern Regional Educational Service Agency, Debra Angelo, Treasurer, Steubenville, Ohio 43952.

NOTE 16 - INSURANCE PURCHASING POOL

OHIO SCHOOL BOARDS ASSOCIATION WORKERS' COMPENSATION GROUP RATING PLAN - The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted

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by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 17 - 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 that system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$1,657,940 of school foundation support for 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. The court 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 assistance 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 School District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

NOTE 18 - SET-ASIDE CALCULATIONS AND FUND RESERVES

The School District is required by State statute 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 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. The School District is also required to set aside money for the budget stabilization.

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
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The following cash basis information describes the change in the year-end set-aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute.

	Budget Stabilization Reserve	Capital Improvements Reserve	Textbooks/ Instructional Materials Reserve
Set-aside Cash Balance as of June 30, 1999	\$53,533	\$0	\$0
Current Year Set-aside Requirement	35,527	105,144	105,144
Qualifying Disbursements	0	(253,473)	(115,087)
Set-aside Balance Carried Forward to Future Years	<u>\$89,060</u>	<u>(\$148,329)</u>	<u>(\$9,943)</u>
Set-aside Reserve Balance as of June 30, 2000	<u>\$89,060</u>	<u>\$0</u>	<u>\$0</u>

The School District had qualifying disbursements during the fiscal year that reduced the textbook and capital improvements set-aside amounts to below zero. These extra amounts may be used to reduce the set-aside requirements in future years. The total reserve balance for the three set-asides at the end of the fiscal year was \$89,060.

NOTE 19 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure 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 adverse effect on the overall financial position of the School District at June 30, 2000.

B. Litigation

The School District is party to legal proceedings. The School District is of the opinion that ultimate disposition of claims and legal proceedings will not have a material effect, if any, on the financial condition of the School District.

SHADYSIDE LOCAL SCHOOL DISTRICT
BELMONT COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass-through Entity Number	Receipts	Noncash Receipts	Expenditures	Noncash Expenditures
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed-through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Food Distribution	10.550	NA		\$6,313		\$6,134
National School Lunch Program	10.555	046003-03/04-PU-00-99/00	\$33,066		\$33,066	
Total United States Department of Agriculture/Child Nutrition Cluster			33,066	6,313	33,066	6,134
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed-through the Ohio Department of Education:</i>						
Title I, Grants to Local Education Agencies	84.010	046003-C1-S1-99/00	172,027		161,378	
Title VI-B, Special Education - Grants to States	84.027	046003-6B-SF-99/00	58,927		62,148	
Title III - Goals 2000, Educate America Act	84.276	046003-G2-S2-99	1,486		6,486	
Innovative Education Program Strategies	84.298	046003-C2-S1-98C/99/00	5,224		5,841	
Title VI of the ESEA, Class Size Reduction Grant	84.340	046003-CR-S1-00	21,310		19,461	
Total United States Department of Education			258,974	0	255,314	0
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES						
<i>Passed-through the Ohio Department of Mental Retardation and Developmental Disabilities:</i>						
Title XIX, Medicaid	93.778	NA	13,864		13,864	
Total Federal Awards Receipts and Expenditures			\$305,904	\$6,313	\$302,244	\$6,134

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

**SHADYSIDE LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) is a summary of the School District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B - 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 School District had significant food commodities in inventory.

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STATE OF OHIO
OFFICE OF THE AUDITOR

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

Shadyside Local School District
Belmont County
3890 Lincoln Avenue
Shadyside, Ohio 43937

To Members of the Board:

We have audited the general purpose financial statements of the Shadyside Local School District, Belmont County, Ohio (the School District), as of and for the year ended June 30, 2000, and have issued our report thereon dated December 22, 2000. 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 School 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 the management of the School District in a separate letter dated December 22, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School 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 the management of the School District in a separate letter dated December 22, 2000.

Shadyside Local School District
Belmont 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 the audit committee, management, the 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

December 22, 2000



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

Shadyside Local School District
Belmont County
3890 Lincoln Avenue
Shadyside, Ohio 43937

To Members of the Board:

Compliance

We have audited the compliance of the Shadyside Local School District, Belmont County, Ohio (the School District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2000. The School District's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the School District's management. Our responsibility is to express an opinion on the School 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 School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, the School 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, 2000.

Internal Control over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal controls 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 the audit committee, management, the 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

December 22, 2000

**SHADYSIDE LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
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 Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Title I, Grants to Local Education Agencies - CFDA #84.010
(d)(1)(viii)	Dollar Threshold: Type AIB Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**SHADYSIDE LOCAL SCHOOL DISTRICT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2000
(Continued)**

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

None

3. FINDINGS FOR FEDERAL AWARDS

None



STATE OF OHIO
OFFICE OF THE AUDITOR

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SHADYSIDE LOCAL SCHOOL DISTRICT

BELMONT 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
FEBRUARY 20, 2001**