



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**SIDNEY CITY SCHOOL DISTRICT
SHELBY COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Sidney City School District
Shelby County
232 North Miami Avenue
Sidney, Ohio 45365

To the Board of Education

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

We conducted our audit in accordance with the 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 Sidney City School District, Shelby County as of June 30, 2000, and the results of its operations and cash flows of its proprietary fund type and non-expendable trust fund 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 7, 2000, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

December 7, 2000

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**SIDNEY CITY SCHOOL DISTRICT
SHELBY COUNTY**

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

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Assets and Other Debits:			
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$6,158,925	\$584,143	\$418,301
Cash and Cash Equivalents in Segregated Accounts	0	0	0
Cash and Cash Equivalents with Fiscal Agent	0	14,938	0
Investments in Segregated Accounts	0	0	0
Investments in Fiscal Agent	0	0	0
Receivables:			
Taxes	13,248,421	0	272,090
Accounts	3,273	60	0
Intergovernmental	4,908	62,546	0
Accrued Interest	0	0	0
Interfund Receivable	70,911	0	0
Prepaid Items	123,974	9,736	49
Inventory Held for Resale	0	0	0
Materials and Supplies			
Inventory	40,053	0	0
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	383,282	0	0
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	\$20,033,747	\$671,423	\$690,440
Liabilities, Fund Equity and Other Credits:			
Liabilities:			
Accounts Payable	\$148,292	\$17,631	\$19,434
Accrued Wages and Benefits	2,187,268	150,676	0
Compensated Absences Payable	94,009	21,896	0
Interfund Payable	0	20,911	0
Intergovernmental Payable	257,222	14,542	80
Deferred Revenue	12,729,461	0	261,421
Undistributed Monies	0	0	0
Due to Students	0	0	0
Asbestos Removal Loan Payable	0	0	0
Total Liabilities	15,416,252	225,656	280,935
Fund Equity and Other Credits:			
Investment in General Fixed Assets	0	0	0
Retained Earnings (Deficit)	0	0	0
Fund Balance:			
Reserved for Encumbrances	297,846	77,147	147,986
Reserved for Inventory	40,053	0	0
Reserved for Property Tax	518,960	0	10,669
Reserved for Endowments	0	0	0
Reserved for Budget Stabilization	383,282	0	0
Unreserved , Undesignated	3,377,354	368,620	250,850
Total Fund Equity (Deficit) and Other Credits	4,617,495	445,767	409,505
Total Liabilities, Fund Equity and Other Credits	\$20,033,747	\$671,423	\$690,440

See accompanying notes to the general purpose financial statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long Term Obligations	
Enterprise	Trust and Agency			
\$58,221	\$217,137	\$0	\$0	\$7,436,727
0	132,276	0	0	132,276
0	0	0	0	14,938
0	22,072	0	0	22,072
0	122,856	0	0	122,856
0	0	0	0	13,520,511
154	0	0	0	3,487
17,127	0	0	0	84,581
0	2,645	0	0	2,645
0	0	0	0	70,911
8,551	0	0	0	142,310
17,956	0	0	0	17,956
2,739	0	0	0	42,792
0	0	0	0	383,282
81,520	0	8,565,688	0	8,647,208
0	0	0	1,301,498	1,301,498
<u>\$186,268</u>	<u>\$496,986</u>	<u>\$8,565,688</u>	<u>\$1,301,498</u>	<u>\$31,946,050</u>
\$0	\$824	\$0	\$0	\$186,181
87,666	0	0	0	2,425,610
34,257	0	0	1,059,303	1,209,465
50,000	0	0	0	70,911
41,143	0	0	150,420	463,407
6,301	0	0	0	12,997,183
0	17,146	0	0	17,146
0	34,599	0	0	34,599
0	0	0	91,775	91,775
<u>219,367</u>	<u>52,569</u>	<u>0</u>	<u>1,301,498</u>	<u>17,496,277</u>
0	0	8,565,688	0	8,565,688
(33,099)	0	0	0	(33,099)
0	29	0	0	523,008
0	0	0	0	40,053
0	0	0	0	529,629
0	225,297	0	0	225,297
0	0	0	0	383,282
0	219,091	0	0	4,215,915
<u>(33,099)</u>	<u>444,417</u>	<u>8,565,688</u>	<u>0</u>	<u>14,449,773</u>
<u>\$186,268</u>	<u>\$496,986</u>	<u>\$8,565,688</u>	<u>\$1,301,498</u>	<u>\$31,946,050</u>

**SIDNEY CITY SCHOOL DISTRICT
SHELBY COUNTY**

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

	Governmental Funds Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
Taxes	\$12,907,080	\$0	\$0	\$269,294	\$0	\$13,176,374
Payment in Lieu of Taxes	77,088	0	0	0	0	77,088
Intergovernmental	8,527,415	1,721,574	0	163,794	0	10,412,783
Investment Income	434,485	8,218	0	0	3,023	445,726
Tuition and Fees	211,670	0	0	0	0	211,670
Extracurricular Activities	0	197,207	0	0	0	197,207
Gifts and Donations	0	1,337	0	0	40,482	41,819
Miscellaneous	131,170	70,533	0	0	550	202,253
Total Revenues	22,288,908	1,998,869	0	433,088	44,055	24,764,920
Expenditures:						
Current:						
Instruction:						
Regular	10,199,149	203,656	0	48,913	47,376	10,499,094
Special	1,984,278	425,355	0	0	0	2,409,633
Vocational	51,263	0	0	0	0	51,263
Other	1,015,407	0	0	0	0	1,015,407
Support Services:						
Pupils	1,031,836	122,166	0	31,997	2,350	1,188,349
Instructional Staff	707,190	414,766	0	0	8,215	1,130,171
Board of Education	10,766	0	0	0	0	10,766
Administration	1,821,686	73,661	0	0	0	1,895,347
Fiscal	575,809	0	0	5,922	0	581,731
Business	102,999	0	0	0	0	102,999
Operation and Maintenance of Plant	1,931,226	0	0	0	0	1,931,226
Pupil Transportation	918,776	0	0	0	0	918,776
Central	166,686	16,245	0	0	0	182,931
Operation of Non-Instructional						
Services	1,168	501,506	0	0	0	502,674
Extracurricular Activities	361,123	192,523	0	0	0	553,646
Capital Outlay	4,117	0	0	334,383	0	338,500
Debt Service:						
Principal Retirement	0	0	14,120	0	0	14,120
Total Expenditures	20,883,479	1,949,878	14,120	421,215	57,941	23,326,633
Excess of Revenues Over (Under) Expenditures	1,405,429	48,991	(14,120)	11,873	(13,886)	1,438,287
Other Financing Sources (Uses):						
Sale of General Fixed Assets	16,652	0	0	0	0	16,652
Operating Transfers In	0	0	14,120	0	0	14,120
Operating Transfers Out	(17,720)	0	0	0	0	(17,720)
Total Other Financing Sources and Uses	(1,068)	0	14,120	0	0	13,052
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,404,361	48,991	0	11,873	(13,886)	1,451,339
Fund Balance at Beginning of Year	3,212,407	396,776	0	397,632	62,547	4,069,362
Increase in Reserve for Inventory	727	0	0	0	0	727
Fund Balance at End of Year	\$4,617,495	\$445,767	\$0	\$409,505	\$48,661	\$5,521,428

See accompanying notes to the general purpose financial statements

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**SIDNEY CITY SCHOOL DISTRICT
SHELBY COUNTY**

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

	General Fund			Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$12,156,231	\$12,841,742	\$685,511	\$0	\$0	\$0
Payment in Lieu of Taxes	77,088	77,088	0	0	0	0
Intergovernmental	8,066,205	8,524,865	458,660	1,658,663	1,687,182	28,519
Interest	364,231	436,590	72,359	7,468	8,218	750
Tuition and Fees	200,610	212,363	11,753	0	0	0
Extracurricular Activities	0	0	0	195,312	197,147	1,835
Gifts and Donations	0	0	0	1,337	1,337	0
Miscellaneous	81,296	109,310	28,014	53,725	70,533	16,808
Total Revenues	20,945,661	22,201,958	1,256,297	1,916,505	1,964,417	47,912
Expenditures:						
Current:						
Instruction:						
Regular	11,170,123	10,163,205	1,006,918	230,740	200,941	29,799
Special	2,139,537	1,958,431	181,106	498,186	422,294	75,892
Vocational	62,059	54,030	8,029	0	0	0
Other	1,099,328	1,017,266	82,062	0	0	0
Support Services:						
Pupils	1,105,896	1,045,859	60,037	165,365	140,293	25,072
Instructional Staff	857,458	708,625	148,833	503,782	429,533	74,249
Board of Education	19,493	11,181	8,312	0	0	0
Administration	2,099,219	1,860,123	239,096	80,009	73,416	6,593
Fiscal	593,688	587,272	6,416	0	0	0
Business	111,094	108,214	2,880	0	0	0
Operation and Maintenance of Plant	2,137,413	1,957,352	180,061	0	0	0
Pupil Transportation	1,134,592	1,058,249	76,343	1,244	0	1,244
Central	394,176	168,329	225,847	24,650	17,715	6,935
Operation of Non-Instructional Services	0	0	0	596,816	466,562	130,254
Extracurricular Activities	1,376	1,376	0	223,490	207,314	16,176
Capital Outlay	372,507	361,029	11,478	0	0	0
Intergovernmental	5,000	4,430	570	0	0	0
Debt Service:						
Debt Service Payments	0	0	0	0	0	0
Total Expenditures	23,302,959	21,064,971	2,237,988	2,324,282	1,958,068	366,214
Excess of Revenues Over (Under) Expenditures	(2,357,298)	1,136,987	3,494,285	(407,777)	6,349	414,126
Other Financing Sources (Uses):						
Sale of General Fixed Assets	16,645	16,652	7	0	0	0
Refund of Prior Year Expenditures	68,735	68,896	161	0	0	0
Refund of Prior Year Receipts	0	0	0	(24,747)	(25,547)	(800)
Advances In	0	0	0	20,911	20,911	0
Advances Out	0	(70,911)	(70,911)	0	0	0
Operating Transfers In	0	0	0	23,017	0	(23,017)
Operating Transfers Out	(50,000)	(17,720)	32,280	0	0	0
Total Other Financing Sources (Uses)	35,380	(3,083)	(38,463)	19,181	(4,636)	(23,817)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,321,918)	1,133,904	3,455,822	(388,596)	1,713	390,309
Fund Balances at Beginning of Year	4,367,263	4,367,263	0	332,250	332,250	0
Prior Year Encumbrances Appropriated	607,093	607,093	0	159,049	159,049	0
Fund Balances at End of Year	\$2,652,438	\$6,108,260	\$3,455,822	\$102,703	\$493,012	\$390,309

See accompanying notes to the general purpose financial statements

Debt Service Fund			Capital Projects Funds			Expendable Trust Fund		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$272,426	\$268,679	(\$3,747)	\$0	\$0	\$0
0	0	0	0	0	0	0	0	0
0	0	0	51,664	163,794	112,130	0	0	0
0	0	0	0	0	0	615	801	186
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	9,000	9,000	0
0	0	0	0	0	0	0	0	0
0	0	0	324,090	432,473	108,383	9,615	9,801	186
0	0	0	93,274	52,192	41,082	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	39,748	39,602	146	2,350	2,350	0
0	0	0	0	0	0	10,360	8,961	1,399
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	6,000	5,922	78	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	561,779	472,409	89,370	0	0	0
0	0	0	0	0	0	0	0	0
14,120	14,120	0	0	0	0	0	0	0
14,120	14,120	0	700,801	570,125	130,676	12,710	11,311	1,399
(14,120)	(14,120)	0	(376,711)	(137,652)	239,059	(3,095)	(1,510)	1,585
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	550	550	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
14,120	14,120	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
14,120	14,120	0	0	0	0	550	550	0
0	0	0	(376,711)	(137,652)	239,059	(2,545)	(960)	1,585
0	0	0	161,995	161,995	0	16,930	16,930	0
0	0	0	226,458	226,458	0	1,082	1,082	0
\$0	\$0	\$0	\$11,742	\$250,801	\$239,059	\$15,467	\$17,052	\$1,585

**SIDNEY CITY SCHOOL DISTRICT
SHELBY COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS/FUND BALANCE
PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	<u>(Memorandum Only)</u>
Operating Revenues:			
Sales	\$662,883	\$0	\$662,883
Contributions and Donations	0	2,650	2,650
Investment Income	0	(20,131)	(20,131)
Other Operating Revenues	0	4,009	4,009
Total Operating Revenue	<u>662,883</u>	<u>(13,472)</u>	<u>649,411</u>
Operating Expenses:			
Salaries	381,607	0	381,607
Fringe Benefits	157,441	0	157,441
Purchased Services	11,025	0	11,025
Materials and Supplies	29,769	0	29,769
Cost of Sales	469,308	0	469,308
Depreciation	9,583	0	9,583
Other Operating Expenses	0	10,600	10,600
Total Operating Expenses	<u>1,058,733</u>	<u>10,600</u>	<u>1,069,333</u>
Operating Loss	<u>(395,850)</u>	<u>(24,072)</u>	<u>(419,922)</u>
Non-Operating Revenues (Expenses):			
Federal Donated Commodities	67,298	0	67,298
Operating Grants	332,576	0	332,576
Interest	841	0	841
Loss on Disposal of Fixed Assets	(144)	0	(144)
Total Non-Operating Revenues (Expenses)	<u>400,571</u>	<u>0</u>	<u>400,571</u>
Income (Loss) Before Operating Transfers	4,721	(24,072)	(19,351)
Operating Transfers In	<u>3,600</u>	<u>0</u>	<u>3,600</u>
Net Income (Loss)	8,321	(24,072)	(15,751)
Retained Earning /Fund Balance (Deficit) at Beginning of Year	<u>(41,420)</u>	<u>419,828</u>	<u>378,408</u>
Retained Earnings/Fund Balance (Deficit) at End of Year	<u><u>(\$33,099)</u></u>	<u><u>\$395,756</u></u>	<u><u>\$362,657</u></u>

See accompanying notes to the general purpose financial statements

**SIDNEY CITY SCHOOL DISTRICT
SHELBY COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL
PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Enterprise Funds			Nonexpendable Trust Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Sales	\$662,346	\$664,124	\$1,778	\$0	\$0	\$0
Interest	582	841	259	6,991	7,452	461
Other Revenues	0	0	0	4,009	4,009	0
Operating Grants	302,245	315,449	13,204	0	0	0
Total Revenues	965,173	980,414	15,241	11,000	11,461	461
Expenses:						
Salaries and Wages	356,213	372,583	(16,370)	0	0	0
Fringe Benefits	172,591	161,029	11,562	0	0	0
Purchased Services	13,300	11,025	2,275	0	0	0
Materials and Supplies	438,013	435,756	2,257	0	0	0
Capital Outlay	7,999	7,974	25	0	0	0
Other	0	0	0	6,100	6,100	0
Total Expenses	988,116	988,367	(251)	6,100	6,100	0
Excess of Revenues Over (Under) Expenses Before Operating Transfers and Advances	(22,943)	(7,953)	14,990	4,900	5,361	461
Advances In	50,000	50,000	0	0	0	0
Operating Transfers In	3,600	3,600	0	0	0	0
Excess of Revenues Over Expenses Expenses, Transfers, and Advances	30,657	45,647	14,990	4,900	5,361	461
Fund Balances at Beginning of Year	12,510	12,510	0	142,141	142,141	0
Prior Year Encumbrances Appropriated	64	64	0	0	0	0
Fund Balances at End of Year	\$43,231	\$58,221	\$14,990	\$147,041	\$147,502	\$461

See accompanying notes to the general purpose financial statements

**SIDNEY CITY SCHOOL DISTRICT
SHELBY COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$664,124	\$0	\$664,124
Cash Received from Other Operating Revenues	0	6,659	6,659
Cash Payments for Salaries	(372,583)	0	(372,583)
Cash Payments for Fringe Benefits	(161,029)	0	(161,029)
Cash Payments to Suppliers for Goods and Services	(449,527)	0	(449,527)
Cash Payments for Other Operating Expenses	0	(10,600)	(10,600)
Net Cash Used for Operating Activities	<u>(319,015)</u>	<u>(3,941)</u>	<u>(322,956)</u>
Cash Flows from Noncapital Financing Activities:			
Cash Received from Operating Grants	315,449	0	315,449
Cash Received from Other Funds	50,000	0	50,000
Operating Transfers In from Other Funds	3,600	0	3,600
Net Cash Provided by Noncapital Financing Activities	<u>369,049</u>	<u>0</u>	<u>369,049</u>
Cash Flows from Capital Financing Activities:			
Acquisition of Fixed Assets	(5,228)	0	(5,228)
Cash Flows from Investing Activities:			
Cash Received from Interest	841	13,008	13,849
Cash Received from Sale of Investments	0	26,606	26,606
Net Cash Provided by Investing Activities	<u>841</u>	<u>39,614</u>	<u>40,455</u>
Net Increase in Cash and Cash Equivalents	45,647	35,673	81,320
Cash and Cash Equivalents at Beginning of Year	12,574	214,045	226,619
Cash and Cash Equivalents at End of Year	<u>\$58,221</u>	<u>\$249,718</u>	<u>\$307,939</u>

Reconciliation of Operating Loss to Net Cash Used for Operating Activities:

Operating Loss	(\$395,850)	(\$24,072)	(\$419,922)
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**Adjustments to Reconcile Operating Loss
to Net Cash Used for Operating Activities:**

Depreciation	9,583	0	9,583
Donated Commodities Used During Year	67,298	0	67,298
Interest Reported in Operating Income	0	20,131	20,131
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	1,146	0	1,146
Decrease in Materials and Supplies Inventory	153	0	153
Decrease in Inventory Held for Resale	(6,781)	0	(6,781)
Decrease in Prepaids	(2,299)	0	(2,299)
Increase in Accrued Wages and Benefits	3,494	0	3,494
Increase in Compensated Absences Payable	1,619	0	1,619
Increase in Intergovernmental Payable	2,622	0	2,622
Net Cash Used for Operating Activities	<u>(\$319,015)</u>	<u>(\$3,941)</u>	<u>(\$322,956)</u>

Reconciliation of Trust and Agency Funds:

Cash and Cash Equivalents - All Fiduciary Funds:	\$349,413
Cash and Cash Equivalents - Agency Funds	(51,745)
Cash and Cash Equivalents - Expendable Trust Funds	<u>(47,950)</u>
Cash and Cash Equivalents - Nonexpendable Trust Fund	<u>\$249,718</u>

See accompanying notes to the general purpose financial statements

**SIDNEY CITY SCHOOL DISTRICT
SHELBY COUNTY**

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

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Sidney City School District (the District) operates under a locally elected Board form of government and provides educational services as authorized by state and/or federal agencies. This board controls the District's eight instructional/support facilities staffed by 244 certificated full time teaching personnel and 168 non-certificated and 19 administrative personnel that provide services to 3,953 students and other community members.

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

A. Reporting Entity

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs for services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organizations' resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes.

The Sidney City School Foundation, Inc. - (The foundation) is organized as a not-for-profit corporation and operates exclusively for the benefit of the District's board of education. The foundation receives and administers donations for educational and public charitable purposes for which the Foundation was formed. The foundation is governed by a five member board of trustees who are the same individuals that serve as members of the District's Board of Education. The financial statements of the Foundation for the year ended December 31, 1999, are included as an expendable trust fund in the District's financial statements.

The following activities are included within the reporting entity:

Parochial Schools - Within the District boundaries, Holy Angels Elementary and Lehman High School are operated through the Cincinnati Catholic Diocese. Current State legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the District, as directed by the parochial schools. The activity of these State monies by the District are reflected in a special revenue fund for financial reporting purposes.

**SIDNEY CITY SCHOOL DISTRICT
SHELBY COUNTY**

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

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY (Continued)

The District is associated with three jointly governed organizations, two group purchasing pools, and a related organization. These organizations include the Upper Valley Joint Vocational School, Southwestern Ohio Educational Purchasing Cooperative, West Central Ohio Special Education Regional Resource Center, Southwestern Ohio Educational Purchasing Cooperating Benefit Plan Trust, Southwestern Ohio Educational Purchasing Cooperating Workers' Compensation Group Rating Plan, and the Amos Memorial Public Library. These organizations are presented in Notes 19, 20, and 21 to the combined financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

These policies conform to generally accepted accounting principles (GAAP) for local governmental units prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources. The District also applies Financial Accounting Standards Board (FASB) statements issued on or before November 30, 1989, to the proprietary funds provided they do not conflict with or contradict GASB pronouncements. The significant accounting policies followed in the preparation of these financial statements are summarized below.

A. Basis of Presentation - Fund Accounting

The District uses funds and account groups to report on 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 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 restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net expendable available resources.

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

1. Governmental Fund Types:

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

**SIDNEY CITY SCHOOL DISTRICT
SHELBY COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fund

The general fund is the operating fund of the 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 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 debt principal, interest, and related costs.

Capital Projects Funds

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 or trust funds).

2. Proprietary Fund Type:

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

Enterprise Funds

Enterprise funds are used to account for operations 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.

3. Fiduciary Fund Types:

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

**SIDNEY CITY SCHOOL DISTRICT
SHELBY COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Account Groups:

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of 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 District, other than those accounted for in the proprietary or trust funds.

General Long-Term Obligations Account Group

This account group is established to account for all long-term obligations of the District except those accounted for in the proprietary or trust 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.

All enterprise funds and the nonexpendable trust fund 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 types and nonexpendable trust fund operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

The modified accrual basis of accounting is followed for 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 District is sixty days after year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: tuition, grants and entitlements, and student fees.

**SIDNEY CITY SCHOOL DISTRICT
SHELBY COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The 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. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year, and the costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. 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 enterprise funds and the nonexpendable trust fund. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. There were no unbilled service charges receivable at year end. The fair value of donated commodities used during the year is reported in 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.

The Sidney City School Foundation and the Hathaway nonexpendable trust fund are not reported because they are not included in the entity for which the "appropriated budget" is adopted and do not maintain separate budgetary financial records.

1. 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.

**SIDNEY CITY SCHOOL DISTRICT
SHELBY COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

2. Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as 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 District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2000.

3. 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 District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control.

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 does not exceed the amounts set forth in the most recent amended 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, except agency funds, consistent with statutory provisions.

**SIDNEY CITY SCHOOL DISTRICT
SHELBY COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. 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. On the GAAP basis, encumbrances outstanding at 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.

5. 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 Cash Equivalents

To improve cash management, all cash received by the District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short term investments. Individual fund integrity is maintained through 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 non-negotiable certificates of deposit, STAR Ohio, open-end mutual funds, an external investment pool, and stock.

Nonparticipating investments such as non-negotiable certificates of deposit are reported at cost. All other investments are reported at fair value which is based on quoted market prices, or, in the case of open-end mutual funds, the fund's current share price.

The District has invested in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2000. 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 is a participant in an external investment pool of the Shelby County Educational Service Center. Investments are governed by the trust agreement and are limited to conservative growth stocks. The investment pool is not registered with the SEC as an investment company. The fair value of investments is determined annually based on quoted market price. The pool does not issue shares. Each participant is allocated a pro rata share of each investment at fair value along with a pro rata share of the investment income that it earns.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2000 amounted to \$434,485, which includes approximately \$51,000 assigned from other District funds.

**SIDNEY CITY SCHOOL DISTRICT
SHELBY COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District has segregated bank accounts for monies held separate from the District's central bank account. These interest bearing depository accounts are presented in the combined balance sheet as "cash and cash equivalents with fiscal agents" since they are not required to be deposited into the District treasury.

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 a maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

E. Inventory

Inventories of governmental funds are stated at cost while inventories of enterprise 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 are 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 spendable resources even though it is a component of net current assets. Inventories of enterprise funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

F. 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 by recording a current asset for the prepaid amount and reflecting the expenditure in the year in which services are consumed.

G. 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 related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective 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 District maintains a capitalization threshold of five hundred dollars for all equipment with an estimated useful life of one year or more. The District does not possess 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 and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Assets in the general fixed assets account group are not depreciated. Depreciation of equipment in the enterprise funds is computed using the straight-line method over the following estimated useful lives:

Furniture and Equipment	8 - 20 Years
Vehicles	15 Years

**SIDNEY CITY SCHOOL DISTRICT
SHELBY COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. 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 17 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

I. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis and entitlements, 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 the enterprise funds operations are recognized as non-operating revenues in the accounting period in which they are earned and became measurable.

The 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 Program

Non-Reimbursable Grants

Special Revenue Funds

- Venture Capital
- Auxiliary Services
- Teacher Development
- Disadvantaged Pupil Impact Aid
- Management Information System
- School Net Professional Development
- Conflict Management
- Ohio Reads
- Intervention
- Data Communications
- Safe Schools
- School Reading Improvement Incentive
- Family and School Initiative Planning
- Title VI-B
- Title 1
- Title VI – Innovative Education Program Strategy
- Pre School Handicapped
- Drug Free Schools
- Reducing Class Size
- Continuous Improvement
- Comprehensive School Reform Demonstration

Capital Projects Fund

- SchoolNet
- Power Up
- Interactive Video Distance Learning Pilot

**SIDNEY CITY SCHOOL DISTRICT
SHELBY COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reimbursable Grants

General Fund

Driver Education Reimbursement
Transportation Reimbursement

Enterprise Funds

National School Lunch Program
School Breakfast Program
Government Donated Commodities

Grants and entitlements amounted to approximately 43 percent of the District's governmental revenues during the 2000 fiscal year.

J. 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 District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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 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 District's termination policy. The District records a liability for accumulated unused sick leave for classified employees, certified employees and administrators after twenty years of service.

For governmental funds, 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 enterprise funds, the entire amount of compensated absences is reported as a fund liability.

K. 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, compensated absences, and contractually required pension obligations 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 financial resources. 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 funds.

**SIDNEY CITY SCHOOL DISTRICT
SHELBY COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Interfund Transactions

Quasi-external transactions are accounted for as revenues, 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.

M. Fund Balance Reserves

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available spendable resources and therefore are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventories of supplies and materials, property taxes, budget stabilization, and endowments.

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. The reserve for endowments signifies the legal restrictions on the use of principal.

N. Use of 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 may differ from those estimates.

O. Total Columns on General Purpose Financial Statements

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

**SIDNEY CITY SCHOOL DISTRICT
SHELBY COUNTY**

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

3. ACCOUNTABILITY

Accountability

At June 30, 2000, the reducing class size special revenue fund had a deficit fund balance of \$11,994. The deficit resulted from expenditures made in excess of available revenues. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

Also at June 30, 2000, the lunchroom enterprise fund had deficit retained earnings of \$33,099. The deficit resulted from an accumulation of net losses. Annually, the School District evaluates the rate charged for student lunches to determine if additional funding is needed to eliminate the deficit.

4. BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and described above 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 Similar Fiduciary Fund and the Combined Statement of Revenues, Expenses and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual, Proprietary Fund Type and Similar Fiduciary Fund 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:

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 disclosures in the proprietary fund types (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. The District does not budget for the activities of the Sidney City School Foundation (budget basis). However, the activity of the Foundation is included as a expendable trust fund for GAAP reporting.
6. The District does not budget for the grants that are held and administered by the Shelby County Educational Service Center (budget basis); however, the grant activity is included as a special revenue fund for GAAP reporting.

**SIDNEY CITY SCHOOL DISTRICT
SHELBY COUNTY**

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

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

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 Similar Fiduciary Fund				
	General	Special Revenue	Capital Projects	Expendable Trust
GAAP Basis	\$1,404,361	\$48,991	\$11,873	(\$13,886)
Adjustments:				
Revenue Accruals	(18,054)	(17,640)	(615)	(1,327)
Expenditure Accruals	273,987	49,149	18,639	92
Nonbudgeted Cash Activity	0	(5,367)	0	14,999
Prepaid Items	(21,532)	(3,200)	(49)	0
Advances	(70,911)	20,911	0	0
Encumbrances Outstanding At Year End (Budget Basis)	(433,947)	(91,131)	(167,500)	(838)
Budget Basis	<u>\$1,133,904</u>	<u>\$1,713</u>	<u>(\$137,652)</u>	<u>(\$960)</u>

Net Income (Loss)/Excess of Revenues Over Expenses and Transfers Proprietary Fund Type and Similar Fiduciary Fund		
	Enterprise	Nonexpendable Trust
GAAP Basis	\$8,321	(\$24,072)
Adjustments:		
Revenue Accruals	(15,981)	(131)
Expense Accruals	7,735	0
Nonbudgeted Cash Activity	0	29,564
Advances	50,000	0
Fixed Assets Addition	(5,228)	0
Prepaid Items	(2,299)	0
Changes in Inventory	(6,628)	0
Depreciation	9,583	0
Loss on Disposal of Fixed Asset	144	0
Budget Basis	<u>\$45,647</u>	<u>\$5,361</u>

**SIDNEY CITY SCHOOL DISTRICT
SHELBY COUNTY**

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

5. DEPOSITS AND INVESTMENTS

The Treasurer is responsible for selecting depositories and investing funds. State statutes classify monies held by the District into three categories.

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current 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 the District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer, by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency services shall be direct issuance of federal government agencies or instrumentality;
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 or its political subdivisions, provided that such political subdivisions are located wholly or partly within the District;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days and in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

**SIDNEY CITY SCHOOL DISTRICT
SHELBY COUNTY**

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

5. DEPOSITS AND INVESTMENTS (Continued)

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

Cash on Hand: At fiscal year end, the District had \$1,250 in undeposited cash on hand which is included on the Combined Balance Sheet of the District as part of "Equity in Pooled Cash and Cash Equivalents."

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

Deposits: At fiscal year end, the carrying amount of the District's deposits was \$5,645,550 and the bank balance was \$6,279,671. Of the bank balance \$417,805 was covered by federal depository insurance. The remaining amounts were uninsured and uncollateralized. Although the securities were held by the pledging financial institutions trust departments in the District's name and all state statutory requirements for the investment of money had been followed, noncompliance with federal requirement could potentially subject the District to a successful claim by the FDIC.

At fiscal year end, the District's special revenue funds had a balance of \$14,938 consisting of cash with the Shelby County Educational Service Center (ESC). The cash is held by the ESC in a pooled account which is representative of numerous funds, therefore, it cannot be classified by risk under GASB Statement 3.

Investments: The District's investments are categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the District's name. At fiscal year end, the District had invested in STAROhio, an investment pool operated by the Ohio State Treasurer, and mutual funds. These investments are unclassified since they are not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Value	Fair Value
Bell Atlantic Corporation Common Stock	\$7,018	\$7,018	\$7,018
SBC Communications, Inc. Common Stock	6,630	6,630	6,630
U. S. West Incorporated Common Stock	8,424	8,424	8,424
Total	<u>\$22,072</u>	<u>22,072</u>	<u>22,072</u>
Investments in Shelby County Educational Service Center's External Investment Pool		122,856	122,856
STAROhio		2,305,485	2,305,485
Total		<u>\$2,450,413</u>	<u>\$2,450,413</u>

**SIDNEY CITY SCHOOL DISTRICT
SHELBY COUNTY**

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

5. DEPOSITS AND INVESTMENTS (Continued)

The classification of cash, 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 Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

A reconciliation between the classifications of cash and investments on the combined financial statements and the classifications per GASB 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$7,967,223	\$144,928
Cash on Hand	(1,250)	
Cash held with ESC	(14,938)	
Investments:		
STAROhio	(2,305,485)	2,305,485
GASB Statement 3	\$5,645,550	\$2,450,413

6. PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real and public utility property tax revenues received in calendar year 2000 represent the collection of calendar year 1999 taxes. For 2000, real property taxes were levied after April 1, 2000, on the assessed values as of January 1, 2000, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility real and tangible personal property taxes were levied after April 1, 2000, on the assessed values as of December 31, 1999, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2000 (other than public utility property) represent the collection of calendar year 2000 taxes. For 2000, tangible personal property taxes were levied after April 1, 1999, on the value as of December 31, 1998, the lien date. Tangible personal property is currently assessed at 25 percent of true value. Amounts 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.

The School District receives property taxes from Shelby County. The County Auditor periodically advances 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.

**SIDNEY CITY SCHOOL DISTRICT
SHELBY COUNTY**

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

6. PROPERTY TAXES (Continued)

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes which were 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 \$518,960 in the general fund and \$10,669 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 1999, was \$453,622 in the general fund and \$10,054 in the permanent improvement capital projects fund.

The assessed values upon which the fiscal year 2000 taxes were collected are:

	<u>1999 Second Half Collections</u>		<u>2000 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$289,844,370	66.58%	\$299,121,620	68.61%
Public Utility	24,922,280	5.72%	25,633,210	5.88%
Tangible Personal Property	<u>120,570,651</u>	<u>27.70%</u>	<u>111,242,730</u>	<u>25.51%</u>
Total Assessed Value	<u>\$435,337,301</u>	<u>100.00%</u>	<u>\$435,997,560</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed	\$40.60		\$40.60	

7. PAYMENTS IN LIEU OF TAXES

According to State law, the School District has entered into agreements with a number of property owners under which the School District has granted property tax abatements to those property owners. The property owners have agreed to make payments to the School District which reflect all or a portion of the property taxes which the property owners would have paid if their taxes had not been abated. The property owners' contractual promises to make these payments in lieu of taxes generally continue until the agreement expires. Payments in lieu of taxes for fiscal year 2000 amounted to \$23,662.

8. RECEIVABLES

Receivables at June 30, 2000 consisted of taxes, accounts (rent and student fees), interfund and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
General Fund:	
BMS Grant	\$575
Drivers Education	2,550
Substitute Reimbursement	<u>1,783</u>
Total General Fund	<u>4,908</u>
Special Revenue Fund:	
Title VI B	39,366
Title I	<u>23,180</u>
Total Special Revenue Fund	<u>62,546</u>
Enterprise Fund	
Lunchroom	<u>17,127</u>
Total Intergovernmental Receivables	<u>\$84,581</u>

**SIDNEY CITY SCHOOL DISTRICT
SHELBY COUNTY**

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

9. FIXED ASSETS

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

	Amounts
Furniture and Equipment	\$385,194
Vehicles	15,004
	400,198
Less Accumulated Depreciation	(318,678)
Net Fixed Assets	\$81,520

A summary of the changes in general fixed assets during fiscal year 2000 follows:

Asset Category	Balance 6/30/1999	Additions	Deletions	Balance 6/30/2000
Land and Improvements	\$427,478	\$4,600	\$	\$432,078
Buildings	3,297,036	26,200		3,323,236
Furniture, Fixtures and Equipment	3,241,073	294,441	355,894	3,179,078
Vehicles	1,334,914	128,016	107,895	1,355,577
Musical Instruments	278,370		2,651	275,719
Total	\$8,578,871	\$453,257	\$466,440	\$8,565,688

10. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2000, the District contracted with Nationwide Insurance Company for general liability insurance with a \$1,000,000 single occurrence limit and a \$5,000,000 aggregate. Buildings and contents are covered under Nationwide Mutual Fire Company with a \$1,000 deductible.

Electronic data processing equipment is covered under Nationwide Mutual Fire Company with a \$250 deductible.

The District's vehicles are covered under a business policy with Coregis Insurance Company for primary coverage. This policy carries a \$100 deductible and a \$2,000,000 limit for bodily injury and property damage and a \$100,000 single occurrence limit and \$500,000 aggregate limit for uninsured motorist.

No settled claims over the last three years has exceeded insurance coverage and there has been no significant reduction in coverage from the prior year.

The District participates in the Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (the Trust), a public entity shared risk pool consisting of seventy school districts. The District pays monthly premiums to the Coop for employee medical and dental benefits. The Coop is responsible for the management and operations of the program. Upon withdrawal from the Coop, a participant is responsible for the payment of all Coop liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

**SIDNEY CITY SCHOOL DISTRICT
SHELBY COUNTY**

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

10. RISK MANAGEMENT (Continued)

The District also participates in the Southwestern Ohio Educational Purchasing Cooperative Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool. The Plan is intended to reduce premiums for the participants. 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 Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

Participation in the Plan is limited to educational entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for the processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement.

11. DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations for fiscal year 2000. 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 contribution for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$675,882, \$632,142, and \$1,106,301, respectively; 83.5 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, in the amount of \$111,223, is recorded as a liability within the respective funds.

B. School Employees Retirement System

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

**SIDNEY CITY SCHOOL DISTRICT
SHELBY COUNTY**

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 5.5 percent was the portion used to fund pension obligations for fiscal year 2000. For fiscal year 1999, 7.7 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$168,173, \$215,137, and \$228,209, respectively; 50.6 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, in the amount of \$83,054, is recorded as a liability within the respective funds and the general long-term obligations account group.

12. POSTEMPLOYMENT 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 obligation to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2000, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$901,176 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,783 million at June 30, 1999 (the latest information available). For the fiscal 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, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit, must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For this fiscal year, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 6.3 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 member's pay, pro-rated for partial service credit.

**SIDNEY CITY SCHOOL DISTRICT
SHELBY COUNTY**

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

12. POSTEMPLOYMENT BENEFITS (Continued)

For fiscal year 2000, the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, was \$259,904 for fiscal year 2000. 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 at June 30, 1999, 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 million. SERS has approximately 51,000 participants currently receiving health care benefits.

13. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per year, depending upon length of service. Vacation days are credited to classified employees each month and must be used within the next twelve months. Vacation may be carried forward beyond June 30 only with the approval of the superintendent. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 240 days for teachers, 250 to unlimited days for administrators, and 240 to 247 days for classified employees. Upon retirement, payment is made for one-fourth of the total sick leave accumulated, up to a maximum accumulation of 48 days for teachers, administrators and classified employees.

B. Employee Health Benefits

The District provides health, dental, and life insurance to most employees through the Southwestern Ohio Education Purchasing Cooperative Benefit Trust Plan. The Board pays the entire monthly premium cost, except for part-time employees who pay a pro-rated portion for their benefits.

14. DEBT OBLIGATIONS

Changes in long-term obligations of the District for the 2000 fiscal year were as follows:

	Balance 6/30/1999	Additions	Reductions	Balance 6/30/2000
Asbestos Removal Loan	\$105,895	\$	\$14,120	\$91,775
Compensated Absences	1,313,437		254,134	1,059,303
Intergovernmental Payable	134,970	150,420	134,970	150,420
Total General Long-Term Obligations	<u>\$1,554,302</u>	<u>\$150,420</u>	<u>\$403,224</u>	<u>\$1,301,498</u>

In 1987, the District obtained an asbestos removal loan from the Environmental Protection Agency, in the amount of \$254,153 at zero percent interest to remove asbestos in the Sidney High School. Semi-annual payments of \$7,060 are due on June 30 and December 30 of each year. The loan will be paid in full in the year 2007.

**SIDNEY CITY SCHOOL DISTRICT
SHELBY COUNTY**

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

14. DEBT OBLIGATIONS (Continued)

Compensated absences and intergovernmental payables will be paid from the fund from which the person is paid.

The District's overall legal debt margin was \$39,148,003 with an unvoted debt margin of \$435,998 at June 30, 2000.

15. CONTRACTUAL COMMITMENTS

As of June 30, 2000, the School District had contractual purchase commitments as follows:

<u>Company</u>	<u>Project</u>	<u>Amount Remaining on Contract</u>
Miami Valley Internal Truck	2 Buses	\$127,530
Sollmann Electric Company	High School Electrical Service	101,610
Kurt Edward Freytag	Masonry Repair at Stadium	17,150

16. INTERFUND ACTIVITY

As of June 30, 2000, receivables and payables that resulted from various interfund transactions were as follows:

	Interfund	
	Receivable/Payable	
	<u>Receivable</u>	<u>Payable</u>
General Fund	\$70,911	\$0
Special Revenue Fund Class Reduction	0	20,911
Enterprise Fund Lunchroom		50,000
Total	<u>\$70,911</u>	<u>\$70,911</u>

17. RESERVATIONS OF FUND BALANCE

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 year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years. The School District is also required to set aside money for budget stabilization.

The following cash basis information describes the change in the fiscal year end set aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute.

**SIDNEY CITY SCHOOL DISTRICT
SHELBY COUNTY**

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

17. RESERVATIONS OF FUND BALANCE (Continued)

	<u>Textbooks</u>	<u>Capital Improvement</u>	<u>Budget Stabilization</u>
Set-aside Cash Balance as of June 30, 1999	\$0	\$0	\$379,945
Current Year Set-aside Requirement	504,753	504,753	3,337
Current Year Offsets	0	(268,679)	0
Qualifying Disbursements	(876,860)	(405,310)	0
Set Aside Balance Carried Forward to Future Fiscal Years	<u>(\$372,107)</u>	<u>(\$169,236)</u>	<u>\$383,282</u>
Set Aside Reserve Balance as of June 30, 2000	<u>\$0</u>	<u>\$0</u>	<u>\$383,282</u>

The School District had qualifying disbursements and offsets during the fiscal year that reduced the textbook and/or capital improvements set-aside amounts below zero. These textbook amounts may be used to reduce the set-aside requirements in future fiscal years. The total reserve balance for budget stabilization at the end of the fiscal year was \$383,282.

18. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the District as of and for the fiscal year ended June 30, 2000.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total</u>
Operating Revenues	\$648,886	\$13,997	\$662,883
Depreciation Expense	9,583	0	9,583
Operating Income (Loss)	(390,616)	(5,234)	(395,850)
Donated Commodities	67,298	0	67,298
Operating Grants	332,576	0	332,576
Operating Transfers In	0	3,600	3,600
Net Income (Loss)	9,955	(1,634)	8,321
Fixed Asset Acquisitions	5,228	0	5,228
Fixed Asset Disposals	2,918	0	2,918
Net Working Capital	(82,552)	253	(82,299)
Total Assets	186,015	253	186,268
Total Fund Equity (Deficit)	(33,352)	253	(33,099)

19. JOINTLY GOVERNED ORGANIZATIONS

A. Upper Valley Joint Vocational School

The Upper Valley Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of representatives from participating school district's elected board, which possesses its own budgeting and taxing authority. The District appoints two board members to serve on the Board. Accordingly, the Upper Valley Joint Vocational School is not part of the District and its operations are not included as part of the reporting entity. To obtain financial information write to the Upper Valley Joint Vocational School, William Stump, who serves as Treasurer, at 8811 Career Drive, Piqua, Ohio 45356-9254.

**SIDNEY CITY SCHOOL DISTRICT
SHELBY COUNTY**

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

19. JOINTLY GOVERNED ORGANIZATIONS

B. Southwestern Ohio Educational Purchasing Cooperative (SOEPC)

The Southwestern Ohio Educational Purchasing Cooperative (SOEPC) was established in 1986 to foster cooperation among educational entities located in southwestern Ohio. The SOEPC is organized under Ohio law as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. The SOEPC is governed by an elected Board consisting of 10 representatives of the educational entities and the Montgomery County Educational Service Center superintendent. The Board, except for the Superintendent of the Montgomery County Educational Service Center, is elected from an Assembly consisting of a representative from each participating educational entity. Financial information can be obtained from the Ohio Educational Purchasing Cooperative, 1831 Harshman Road, Dayton, Ohio 45424.

C. West Central Ohio Special Education Regional Resource Center

The West Central Ohio Special Education Regional Resource Center (SERRC) is a special education service center which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents.

SERRC is governed by a governing board of 52 members made up of representatives from 50 superintendents of the participating districts, one non-public school, and one from Wright State University whose term rotates every year. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting the Krista Hart, Treasurer, at the Hardin County Educational Service Center, 1 Court House Square, Suite 50, Kenton, Ohio 43326-2385.

20. INSURANCE POOLS

A. SOEPC Benefit Plan Trust

The Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (the Trust) is a public entity shared risk pool consisting of seventy school districts. The Trust is governed by the Southwestern Ohio Educational Purchasing Cooperative and its participating members.

B. SOEPC Workers' Compensation Group Rating Plan

The District participates in the Southwestern Ohio Educational Purchasing Cooperative Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool. The Plan was established through the SOEPC as an insurance purchasing pool. The Plan is governed by the SOEPC and the participating members of the Plan. The Executive Director of the SOEPC coordinates the management and administration of the Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the Plan.

**SIDNEY CITY SCHOOL DISTRICT
SHELBY COUNTY**

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

21. RELATED ORGANIZATION

Amos Memorial Public Library - The Amos Memorial Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Sidney City School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the District for operational subsidies.

Although the District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees.

Financial information can be obtained from the Amos Memorial Public Library, Scott Parsons, Clerk/Treasurer, at 230 East North Street, Sidney, Ohio 45865.

22. STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's Legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "School Foundation Program", which provides significant monetary support to the District. During the fiscal year ended June 30, 2000, the District received \$7,334,770 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County 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 Supreme Court rendered an opinion on this issue. The Supreme Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled". The Supreme 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 Ohio 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 Supreme Court found took the place of the unconstitutional emergency school loan assistance program.

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

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

**SIDNEY CITY SCHOOL DISTRICT
SHELBY COUNTY**

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

23. CONTINGENCIES

A. Grants

The 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 District at June 30, 2000.

B. Litigation

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

**SIDNEY CITY SCHOOL DISTRICT
SHELBY COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2000**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. Department of Agriculture (Passed through State Dept. of Education)						
<i>Nutrition Cluster:</i>						
Food Distribution Program	N/A	10.550	\$	\$67,298	\$	\$67,298
National School Breakfast Program	044784-05-PU-99	10.553	2,340	0	2,340	0
	044784-05-PU-00		17,779	0	17,779	0
Total National School Breakfast Program			20,119	0	20,119	0
National School Lunch Program	044784-03-PU-99	10.555	9,347	0	9,347	0
	044784-03-PU-00		51,799	0	51,799	0
	044784-04-PU-99		32,479	0	32,479	0
	044784-04-PU-00		182,490	0	182,490	0
Total National School Lunch Program			276,115	0	276,115	0
Total Nutrition Cluster			296,234	67,298	296,234	67,298
U.S. Department of Education (Passed through State Dept. of Education)						
<i>Special Education Cluster:</i>						
Title VI-B	044784-6B-SF-99P	84.027	0	0	37,520	0
	044784-6B-SF-00P		226,049	0	206,525	0
Total Title VI-B			226,049	0	244,045	0
Preschool Grants	044784-PG-S1-99C	84.173	0		2,067	
	044784-PG-S1-00P		11,680	0	8,885	0
Total Preschool Grants			11,680	0	10,952	0
Total Special Education Cluster			237,729	0	254,997	0
Title I	044784-C1-S1-99	84.010	26,589	0	82,632	0
	044784-C1-S1-99C		44,099	0	44,084	0
	044784-C1-S1-00		426,032	0	356,830	0
Total Title I			496,720	0	483,546	0
Drug Free Education	044784-DR-S1-99	84.186	0	0	3,533	0
	044784-DR-S1-99C		0	0	12,552	0
	044784-DR-S1-00		17,148	0	17,148	0
Total Drug Free Education			17,148	0	33,233	0
Innovative Education Program	044784-C2-S1-98C	84.298	0	0	191	0
	044784-C2-S1-99		0	0	1,915	0
	044784-C2-S1-99C		3,356	0	2,595	0
	044784-C2-S1-00		16,853	0	16,840	0
Total Innovative Education Program			20,209	0	21,541	0
Comprehensive School Reform	044784-RF-S1-99	84.332	41,776	0	41,776	0
	044784-RF-S1-99C		33,224	0	17,752	0
	044784-RF-S1-00		50,000	0	31,527	0
	044784-RF-S1-00		62,500	0	0	0
Total Comprehensive School Reform			187,500	0	91,055	0
Class Size Reduction	044784-CR-S1-00	84.340	64,577	0	65,426	0
Total U.S. Department of Education			1,023,883	0	949,798	0
Total Federal Financial Assistance			\$1,320,117	\$67,298	\$1,246,032	\$67,298

See accompanying notes to the Schedule of Federal Awards Expenditures.

**SIDNEY CITY SCHOOL DISTRICT
SHELBY COUNTY**

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

NOTE A- SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B- NUTRITION CLUSTER

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the District had \$6,301 in donated food commodity inventory.

NOTE C - MATCHING REQUIREMENTS

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



**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**

Sidney City School District
Shelby County
232 North Miami Avenue
Sidney, Ohio 45365

To the Board of Education:

We have audited the financial statements of the Sidney City School District, Shelby County, (the District), as of and for the year ended June 30, 2000, and have issued our report thereon dated December 7, 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 District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 7, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the District in a separate letter dated December 7, 2000.

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

Jim Petro
Auditor of State

December 7, 2000



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

Sidney City School District
Shelby County
232 North Miami Avenue
Sidney, Ohio 45365

To the Board of Education:

Compliance

We have audited the compliance of the Sidney City School District, Shelby County, (the District), with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2000. The 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 District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

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

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

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

Jim Petro
Auditor of State

December 7, 2000

**SIDNEY CITY SCHOOL DISTRICT
SHELBY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
FOR THE FISCAL YEAR ENDED 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 noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under §.510?	No
(d)(1)(vii)	Major Programs (list):	Title I CFDA #84.010
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

NONE

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE



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OFFICE OF THE AUDITOR

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SIDNEY CITY SCHOOL DISTRICT

SHELBY 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
DECEMBER 26, 2000**