



STATE OF OHIO  
OFFICE OF THE AUDITOR

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JIM PETRO, AUDITOR OF STATE

**Trimble Local School District**  
Athens County

Financial Forecast  
For The Fiscal Year Ending June 30, 2001

Trimble Local School District  
Athens County

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### CERTIFICATION

Certification is hereby made that, based upon the requirement set forth in Section 3313.483, Revised Code, the Local Government Services Division of the Auditor of State's Office has examined the financial forecast of the General Fund of the Trimble Local School District, Athens County, Ohio, as requested by the Board of Education by resolution passed on August 21, 2000. This forecast is based on the assumption that the School District will continue to operate its instructional program in accordance with its adopted school calendar and pay all obligations. Additional significant assumptions are set forth in the forecast. However, some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, the actual results of operations during the forecast period will vary from the forecast, and the variations may be material. The forecast reflects an operating deficit for the fiscal year ending June 30, 2001, of \$945,000 which includes \$184,000 in cash reserves. The cash reserves consist of a textbooks and instructional materials reserve of \$118,000 and budget reserve of \$66,000.

Section 5705.29, Revised Code, allows the School District to appropriate monies from the amount set aside for a budget reserve if it has a plan to replenish the reserve approved by the Superintendent of Public Instruction. As of the date of this forecast, the School District has not submitted a plan to the Superintendent of Public Instruction.

Section 133.301, Revised Code, allows the School District to issue notes during the current fiscal year in anticipation of fiscal year 2002 property tax revenues provided that such amount, referred to as the spending reserve, is included in the current year tax budget and the State Superintendent of Public Instruction has authorized such notes. The School District did not include a spending reserve in their current year tax budget.

The forecasted revenues include all property taxes scheduled for settlement during the forecast period. The forecast excludes the receipt of any advances against fiscal year 2002 scheduled property tax settlements. The potential advances have been excluded due to the District's inability to appropriate this revenue until received and the uncertainty of the timing of any advances. The projected operating deficit could be reduced to the extent tax advances are received prior to June 30, 2001 and to the extent the Board appropriates such advances. Currently, it is the Board's intent not to appropriate any such advances for fiscal year 2001.

Christine L. Hansen, CPA  
Chief of Local Government Services

December 21, 2000



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We have examined the accompanying forecasted schedule of revenues, expenditures and changes in fund balance of the general fund of the Trimble Local School District for the fiscal year ending June 30, 2001. Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included such procedures as we considered necessary to evaluate both the assumptions used by the Board of Education and the preparation and presentation of the forecast.

The accompanying forecast was prepared for the purpose of determining whether the Trimble Local School District qualifies for fiscal watch under Section 3316.03 of the Ohio Revised Code, and to enable the Auditor of State to certify the operating deficit to the State Department of Education and should not be used for any other purpose.

In our opinion, the forecasted schedule referred to above is presented in conformity with the guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants, and the underlying assumptions provide a reasonable basis for the Board's forecast. However, there will usually be differences between the forecasted and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after its date.

The historical financial statements for the years ended June 30, 1998, and June 30, 1999, (from which the historical data are derived) were audited by the Auditor of State's Office. The financial statements for the year ended June 30, 1998 and 1999, included an unqualified opinion and were dated March 12, 1999, and March 9, 2000, respectively.

We have compiled the accompanying Schedules of Revenues, Expenditures and Changes in Fund Balances of the general fund of Trimble Local School District for the fiscal year ended June 30, 2000 in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed these financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

JIM PETRO  
Auditor of State

December 11, 2000

**Trimble Local School District**

Schedule of Revenues, Expenditures and Changes in Fund Bbalance  
For The Fiscal Year Ending June 30, 2001 Forecasted  
General fund

	Fiscal Year 2001 Forecasted Forecasted
	<hr/>
<b>Revenues</b>	
General Property Tax (Real Estate)	\$466,000
Tangible Personal Property Tax	12,000
Unrestricted Grants-in-Aid	5,063,000
Restricted Grants-in-Aid	367,000
Property Tax Allocation	86,000
All Other Revenues	279,000
Total Revenues	<hr/> 6,273,000
<b>Other Financing Sources</b>	
Advances In	60,000
Total Revenues and Other Financing Sources	<hr/> 6,333,000
<b>Expenditures</b>	
Personal Services	4,383,000
Employees' Retirement/Insurance Benefits	1,807,000
Purchased Services	454,000
Supplies and Materials	186,000
Capital Outlay	96,000
Other Objects	223,000
Total Expenditures	<hr/> 7,149,000
<b>Other Financing Uses</b>	
Operating Transfers Out	32,000
Total Expenditures and Other Financing Uses	<hr/> 7,181,000
Excess of Revenues and Other Financing Sources under Expenditures and Other Financing Uses	(848,000)
Cash Balance July 1, 2000	<hr/> 140,000
Cash Deficit June 30, 2001	<hr/> (708,000)
Estimated Encumbrances June 30, 2001	<hr/> 53,000
Reservations of Fund Balance	
Textbooks and Instructional Materials	118,000
Budget Reserve	66,000
Total Reservations of Fund Balance	<hr/> 184,000
Unreserved Fund Balance Deficit June 30, 2001	<hr/> <hr/> (\$945,000)

See accompanying summary of significant forecast assumptions, accounting policies, and accountant's report.

Note: Schedule includes general fund, disadvantaged pupil impact aid fund, and debt service fund activity related to general fund debt.

**Trimble Local School District**

Schedule of Revenues, Expenditures and Changes in Fund Balance  
For The Fiscal Years Ended June 30, 1998, 1999 and 2000 Actual;  
Fiscal Year Ending June 30, 2001 Forecasted  
General Fund

	Fiscal Year 1998 Actual	Fiscal Year 1,999 Actual	Fiscal Year 2,000 Actual	Fiscal Year 2001 Forecasted
<b>Revenues</b>				
General Property Tax (Real Estate)	\$432,000	\$447,000	\$466,000	\$466,000
Tangible Personal Property Tax	18,000	12,000	18,000	12,000
Income Tax	386,000	58,000	4,000	0
Unrestricted Grants-in-Aid	4,293,000	4,722,000	5,016,000	5,063,000
Restricted Grants-in-Aid	398,000	404,000	364,000	367,000
Property Tax Allocation	84,000	80,000	79,000	86,000
All Other Revenues	299,000	236,000	193,000	279,000
<b>Total Revenues</b>	<b>5,910,000</b>	<b>5,959,000</b>	<b>6,140,000</b>	<b>6,273,000</b>
<b>Other Financing Sources</b>				
Advances In	0	0	1,000	60,000
<b>Total Revenues and Other Financing Sources</b>	<b>5,910,000</b>	<b>5,959,000</b>	<b>6,141,000</b>	<b>6,333,000</b>
<b>Expenditures</b>				
Personal Services	3,793,000	3,865,000	4,076,000	4,383,000
Employees' Retirement/Insurance Benefits	1,067,000	1,385,000	1,395,000	1,807,000
Purchased Services	408,000	384,000	441,000	454,000
Supplies and Materials	201,000	233,000	173,000	186,000
Capital Outlay	122,000	126,000	56,000	96,000
Debt Service:				
Principal - Notes	27,000	27,000	54,000	0
Interest and Fiscal Charges	6,000	4,000	3,000	0
Other Objects	227,000	245,000	181,000	223,000
<b>Total Expenditures</b>	<b>5,851,000</b>	<b>6,269,000</b>	<b>6,379,000</b>	<b>7,149,000</b>
<b>Other Financing Uses</b>				
Operating Transfers Out	60,000	64,000	47,000	32,000
Advances Out	0	1,000	60,000	0
<b>Total Other Financing Uses</b>	<b>60,000</b>	<b>65,000</b>	<b>107,000</b>	<b>32,000</b>
<b>Total Expenditures and Other Financing Uses</b>	<b>5,911,000</b>	<b>6,334,000</b>	<b>6,486,000</b>	<b>7,181,000</b>
Excess of Revenues and Other Financing Sources under Expenditures and Other Financing Uses	(1,000)	(375,000)	(345,000)	(848,000)
Cash Balance July 1	861,000	860,000	485,000	140,000
Cash Balance June 30	860,000	485,000	140,000	(708,000)
Estimated Encumbrances June 30	59,000	23,000	5,000	53,000
Reservations of Fund Balance				
Textbooks and Instructional Materials	0	0	39,000	118,000
Budget Reserve	32,000	66,000	66,000	66,000
<b>Total Reservations of Fund Balance</b>	<b>32,000</b>	<b>66,000</b>	<b>105,000</b>	<b>184,000</b>
<b>Unreserved Fund Balance/(Deficit) June 30</b>	<b>\$769,000</b>	<b>\$396,000</b>	<b>\$30,000</b>	<b>(\$945,000)</b>

See accompanying summary of significant forecast assumptions, accounting policies, and accountant's report.

Note: Schedule includes general fund, disadvantaged pupil impact aid fund, and debt service fund activity related to general fund debt.

Trimble Local School District

Summary of Significant Forecast Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2001

**Note 1 - Nature and Limitations of the Forecast**

This financial forecast presents, to the best of the Trimble Local School District Board of Education's knowledge and belief, the expected revenues, expenditures and operating balance of the general fund. Accordingly, the forecast reflects the Board of Education's judgment of the expected conditions and its expected course of action as of December 11, 2000, the date of this forecast. The assumptions disclosed herein are those that management believes are significant to the forecast. Differences between the forecasted and actual results will usually arise because events and circumstances frequently do not occur as expected, and those differences may be material.

This forecast was prepared to assist in determining whether the Trimble Local School District (the School District) meets the criteria for fiscal watch under Section 3316.03 of the Ohio Revised Code and to allow the Auditor of State to certify the operating deficit to the State Department of Education and should not be used for any other purpose.

**Note 2 - Nature of the Presentation**

The forecast presents the revenues, expenditures, and changes in fund balance of the general fund. Under State law, certain general fund resources received from the State must be spent on specific programs. These resources and the related expenditures have been segregated in the accounting records of the School District to demonstrate compliance. State laws also requires general fund resources pledged for the repayment of debt to be recorded directly in the debt service fund.

For presentation in the forecast, the general fund has been adjusted to include the financial activity and balances of the disadvantaged pupil impact aid (DPIA) and the activity of the debt service fund related to the general fund supported debt. The inclusion of this activity has generated differences with the audited financial statements for the fiscal years ended June 30, 1998 and 1999, and the compiled financial statements for the fiscal year ended June 30, 2000. These differences are as follows:

	Fiscal Year 1998	Fiscal Year 1999	Fiscal Year 2000
<u>Revenues and Other Sources</u>			
General Fund as Previously Reported	\$5,598,000	\$5,525,000	\$5,604,000
DPIA	279,000	403,000	480,000
Debt Service Activity Related to General Fund Supported Debt	33,000	31,000	57,000
Total Revenues and Other Uses per Forecast	5,910,000	5,959,000	6,141,000
<u>Expenditures and Other Uses</u>			
General Fund as Previously Reported	5,599,000	5,900,000	5,949,000
DPIA	279,000	403,000	480,000
Debt Service Activity Related to General Fund Supported Debt	33,000	31,000	57,000
Total Expenditures and Other Uses per Forecast	5,911,000	6,334,000	6,486,000

Continued

Trimble Local School District

Summary of Significant Forecast Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2001

	Fiscal Year 1998	Fiscal Year 1999	Fiscal Year 2000
Excess of Revenues and Other Source Over(Under) Expenditures and Other Uses	(\$1,000)	(\$375,000)	(\$345,000)
Cash Fund Balance at Beginning of Fiscal Year	861,000	860,000	485,000
Cash Fund Balance at End of Fiscal Year	860,000	485,000	140,000
Encumbrances at Fiscal Year End	(59,000)	(23,000)	(5,000)
Unencumbered Fund Balance at Fiscal Year End	\$801,000	\$462,000	\$135,000

**Note 3 - Summary of Significant Accounting Policies**

**A. - Basis of Accounting**

This financial forecast has been prepared on a basis of cash receipts and disbursements which is consistent with the required budget basis (non-GAAP) of accounting used to prepare the historical financial statements. Under this basis of accounting, certain revenue and related assets are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred. However, by virtue of Ohio law, the School District is required to maintain the encumbrance method of accounting. This method requires purchase orders, contracts, and other commitments for the expenditure of monies to be recorded as the equivalent of an expenditure in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

**B. - Fund Accounting**

The School District maintains its accounting in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the segregation of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

**Governmental Funds**

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

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



Trimble Local School District

Summary of Significant Forecast Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2001

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Debt Service Funds - Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term and short-term debt principal and interest.

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

**Proprietary Funds**

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

**Fiduciary Funds**

Trust and Agency Funds - Trust and agency funds account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include (a) expendable trust funds, (b) non-expendable trust funds, and (c) agency funds.

**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 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.

Budget - A budget of estimated cash receipts and disbursements is submitted to the Athens County Auditor, as secretary of the County Budget Commission, by January 20 of each year, for the succeeding fiscal year.

Estimated Resources - The County Budget Commission certifies its actions to the School District by March 1. As part of this certification, the School District receives the official certificate of estimated resources which states the projected receipts of each fund. On or about July 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations - A temporary appropriation measure to control cash disbursements may be passed on or about July 1 of each year. The temporary appropriation measure remains in place until the annual appropriation measure is adopted for the entire year. The appropriation measure may be amended or supplemented during the year as new information becomes available.

Trimble Local School District

Summary of Significant Forecast Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2001

Encumbrances - The School District uses the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation.

**Note 4 - General Operating Assumptions**

The Trimble Local School District will continue to operate its instructional program in accordance with its adopted school calendar and pay all obligations. The forecast contains those expenditures the Board of Education has determined to be necessary to provide for an adequate educational program.

**Note 5 - Significant Assumptions for Revenues and Other Financing Sources**

**A. - General and Tangible Personal Property Taxes**

Property taxes consist of real estate, public utility real and personal property, and tangible personal property taxes. Advances may be requested from the Athens and Morgan County Auditors as the tax is collected. When settlements are made, any amounts remaining to be distributed to the School District are paid. Deductions for auditor and treasurer fees, advertising delinquent taxes, election expenses, and other fees are made at these settlement times.

State law allows for certain reductions in the form of rollbacks and homestead exemption for real estate taxes and exempts from taxation the first \$10,000 of tangible personal property. The State reimburses the School District for all revenues lost due to these exemptions. The amount of the reimbursement is included in the forecasted amount for property tax allocation.

Property taxes are levied and collected on a calendar year basis. Settlements that occur in the second half of the year are recorded as revenue in next fiscal year. New and /or expiring levies result in one-half of the annual revenue being recorded in the first and/or last year of collection.

The property tax revenues for the School District are generated from several levies. The type of levies, the year approved, last year of collection, and the full tax rate are as follows:

<u>Tax Levies</u>	<u>Year Approved</u>	<u>Last year of Collection</u>	<u>Full Tax Rate (Mills)</u>
Continuing Operating	1972	n/a	\$4.00
Continuing Operating	1973	n/a	6.90
Continuing Operating	1973	n/a	0.50
Continuing Operating	1974	n/a	7.00
Continuing Operating	1976	n/a	5.10
Total Tax Rate			<u><u>\$23.50</u></u>

Trimble Local School District

Summary of Significant Forecast Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2001

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General Property Tax (Real Estate) - General property tax revenue includes real estate taxes, public utility property taxes, and manufactured home taxes. The amount shown in the revenue section of the forecast schedules represent gross property tax revenue. The general property tax revenue estimate is based upon actual receipts and information provided by the Athens and Morgan County Auditors. Amounts forecasted for the rollback and homestead exemption are included under the property tax allocation account. Based upon these estimates, the School District anticipates receiving \$466,000 in real estate tax revenue, which is consistent with the prior year.

Tangible Personal Property Tax - Tangible personal property tax revenues are generated from the property used in business (except for public utilities). As with general property taxes, tangible personal property tax revenues are based upon information provided by the Athens and Morgan County Auditors. Based upon these estimates, the School District anticipates receiving \$12,000 in tangible personal property tax revenue, which is comparable to fiscal year 1999 receipts; however, it is \$6,000 less than the amount received in fiscal year 2000. The tangible personal property tax revenues are affected by businesses starting and closing, as well as the timing of the receipt of the June property tax settlement.

The School District has assumed in the forecast that it will be held harmless with respect to the changes implemented in the taxing structure of public utilities (namely electric companies). Additionally, the Ohio legislature passed and the governor approved legislation during 1999 calling for the reduction in the assessed valuation of the inventory component of personal property tax by one percent each year over the next 25 years.

**B. - Income Tax**

The School District failed to obtain voter approval for renewal of a one and one-fourth percent income tax levy in May 1997. The School District received the final distribution of the income tax revenue during fiscal year 2000.

**C. - Unrestricted Grants-in-Aid**

State foundation payments established by Chapter 3317 of the Ohio Revised Code are calculated by the State Department of Education, Division of School Finance, on the basis of pupil enrollment (ADM) and classroom teacher ratios plus other factors. The funds are distributed on a semi-monthly basis. Deductions from the monthly payments for contributions to the two school retirement systems are included in the expenditure section. Unrestricted grants-in-aid includes formula aid, special education aid, training and experience of classroom teachers funding, unrestricted disadvantaged pupil impact aid, extended service, gifted aid, transportation, and vocational education.

In 1998, State law set the base cost per pupil at \$4,063 and increased the rate each year thereafter, based on annual rate of inflation of two and eight-tenths percent, to \$4,177 for fiscal year 2000, and \$4,294 for fiscal year 2001.

The anticipated revenue for fiscal year 2001 is based on current estimates provided by the Ohio Department of Education. The anticipated increase of \$47,000 is caused by increases in the per pupil funding and ADM changes from the prior fiscal year.

Trimble Local School District

Summary of Significant Forecast Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2001

**D. - Restricted Grants-in-Aid**

Restricted grants-in-aid consists of disadvantaged pupil impact aid (DPIA) and a bus purchase allowance in the amount of \$313,000, and \$54,000, respectively, which reflects a \$3,000 increase over fiscal year 2000.

**E. - Property Tax Allocation**

State law grants tax relief in the form of a ten percent reduction in real property tax bills. In addition, a two and one-half percent rollback is granted on residential property taxes. Tax relief is also granted to qualified elderly and disabled homeowners based on their income. The State reimburses the School District for the loss of real property taxes as a result of the above (rollback and homestead).

Property tax allocation revenue, based on information provided by the Athens and Morgan County Auditors, is anticipated to increase \$7,000 from the prior fiscal year.

**F. - All Other Revenues**

All other revenues consist of the following:

Revenue Sources	Actual Fiscal Year 2000	Forecast Fiscal Year 2001	Variance Increase (Decrease)
Interest on Investments	\$52,000	\$50,000	(\$2,000)
Classroom Materials and Fees	10,000	10,000	0
Tuition	11,000	11,000	0
County Human Services	94,000	204,000	110,000
Miscellaneous	26,000	4,000	(22,000)
Totals	\$193,000	\$279,000	\$86,000

Interest on Investments are expected to remain consistent with prior years. The School District pools cash from all funds for investment purposes. Investments are restricted by provisions of the Ohio Revised Code and are valued at cost. Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings with the balance recorded to the general fund.

The increase of \$110,000 in county human services revenues is due to increased funding for human services programs provided by the School District.

**G. - Advances In**

Advances in represents amounts advanced to other funds in the current of prior fiscal year which are being repaid to the general fund in the forecast year. The general fund will receive \$60,000 which represents the repayment of advances from various special revenue grant funds.

Trimble Local School District

Summary of Significant Forecast Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2001

**Note 5 - Significant Assumptions For Expenditures and Other Financing Uses**

**A. - Personal Services**

Personal service expenditures represent the salaries and wages paid to certified and classified staff, supplemental contracts, substitutes, severance pay, and board members' compensation. All employees receive their compensation on a bi-weekly basis. Historically, the certified, classified, and administrative staff levels have remained the same.

Certified (teacher) staff salaries are based on a negotiated contract which includes base and step increases and educational incentives. The contract covers the period of August 24, 1998, to August 24, 2001, and allows increases of approximately three percent each year. Classified staff salaries are also based on a negotiated contract which includes base and step increases. The contract covers the period from August 24, 1998, to August 24, 2001, and allows for increases of three percent in each year of the contract. Administrative salaries are set by the Board of Education.

The School District offers severance pay to its employees of up to one-fourth of the accumulated sick leave to a maximum of 200 days and the unused personal leave upon retirement to be paid at the employee's current per diem rate.

Presented below is a comparison of salaries and wages for the fiscal year 2000 and the forecast period.

	Actual Fiscal Year 2000	Forecast Fiscal Year 2001	Variance Increase (Decrease)
Certified Salaries	\$3,237,000	\$3,389,000	\$152,000
Classified Salaries	654,000	701,000	47,000
Substitute Salaries	103,000	91,000	(12,000)
Supplemental Contracts	55,000	55,000	0
Severance Pay	3,000	125,000	122,000
Other Salaries and Wages	24,000	22,000	(2,000)
	\$4,076,000	\$4,383,000	\$307,000

The significant increases are based on the following:

An increase of three percent in base salaries as well as step increases and staff changes; and,

An increase in severance payments because of an early retirement incentive offered to employees with at least 28 years of services.

**B. - Employees' Retirement/Insurance Benefits**

Employees' retirement and insurance benefits include employer contributions to the State pension systems, health care, medicare, workers' compensation, and other benefits arising from the negotiated agreements.

Trimble Local School District

Summary of Significant Forecast Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2001

Retirement costs are based on the employers' contribution rate of 14 percent for STRS and SERS. Payments are made based upon estimated salary and wages for each fiscal year. Adjustments resulting from over/under estimates are prorated over the next fiscal year.

Health care costs are based on the coverage terms of the existing health insurance contracts, the anticipated number of employees participating in the program, and the monthly premiums. Effective October 1, 2000, the School District switched their traditional medical plan to a PPO plan.

The School District offered an early retirement incentive program to its teachers in which the School District would buy up to two years of service credit. The program is available to those teachers who are at least 50 years of age and have 28 years of service, or age 60 with five years of service. The program expires April 1, 2001. The School District anticipates no more than 10 employees (the maximum allowed) will take advantage of the program at an estimated cost of \$446,000.

Medicare benefits are based on the employers' rate of 1.45 percent and the payroll costs for contributing staff.

Workers' compensation premiums are based on the School District's rate and the anticipated salaries for the fiscal year.

Presented below is a comparison of fiscal year 2000 and the forecast period:

	Actual Fiscal Year 2000	Forecast Fiscal Year 2001	Variance Increase (Decrease)
Employer's Retirement	\$566,000	\$570,000	\$4,000
Early Retirement Incentive	34,000	446,000	412,000
Health Care Insurance	754,000	728,000	(26,000)
Workers' Compensation	6,000	23,000	17,000
Medicare	34,000	39,000	5,000
Unemployment	1,000	1,000	0
	<u>\$1,395,000</u>	<u>\$1,807,000</u>	<u>\$412,000</u>

The significant changes in employees' retirement and insurance benefits are based on the following:

- An early retirement incentive program for employees with at least 28 years of service;
- A 75 percent reduction in workers' compensation premiums for the prior year; and,
- A reduction in the health care premiums because of the change to a PPO plan.

Trimble Local School District

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For the Fiscal Year Ending June 30, 2001

**C. - Purchased Services**

Purchased service expenditures forecasted in the amount of \$454,000 are comprised of the following:

	Actual Fiscal Year 2000	Forecast Fiscal Year 2001	Variance Increase (Decrease)
Professional and Technical Services	\$73,000	\$81,000	\$8,000
Property Services	69,000	71,000	2,000
Travel and Meeting Expenses	5,000	8,000	3,000
Communication Costs	19,000	20,000	1,000
Utility Services	152,000	155,000	3,000
Tuition Payments	123,000	118,000	(5,000)
Pupil Transportation Costs	0	1,000	1,000
	<u>\$441,000</u>	<u>\$454,000</u>	<u>\$13,000</u>

Purchased services are anticipated to remain consistent with the prior fiscal year except for an increase for legal services relating to contract negotiations with the certified and classified employees.

**D. - Supplies and Materials**

Supplies and materials are comprised of the following:

	Actual Fiscal Year 2000	Forecast Fiscal Year 2001	Variance Increase (Decrease)
General Supplies, Library Books and Periodicals	\$73,000	\$81,000	\$8,000
Operations, Maintenance, and Repair	69,000	71,000	2,000
Textbooks	5,000	8,000	3,000
	<u>\$147,000</u>	<u>\$160,000</u>	<u>\$13,000</u>

**E. - Capital Outlay**

Property, plant and equipment acquired or constructed for general governmental services are recorded as expenditures. Depreciation is not recorded for these general fixed assets as the purpose of the financial statements for the general government services is to report the expenditure of resources, not costs.

Capital outlay expenditures are forecasted in the amount of \$96,000. The increase of \$40,000 is due to the purchase of a school bus.

**F. - Debt Service**

General fund supported debt consists of general obligation bonds issued for the purchase of school buses. The bonds matured September 1, 2000; however, the School District made the final payment in June 2000.

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**G. - Other Objects**

Other objects include dues, fees, liability insurance, and county educational service center costs. The School District is projecting \$223,000 of expenditures in this area in fiscal year 2001. The most significant increase is in the county education service center costs.

**H. - Operating Transfers and Advances Out**

The School District expects to transfer \$32,000 to the athletic fund and the food service fund. No advances are forecasted during fiscal year 2001.

**I. - Spending Reserve**

Section 133.301, Revised Code, allows the School District to issue notes during the current fiscal year in anticipation of fiscal year 2001 property tax revenues provided that such amount, referred to as the spending reserve, is included in the current year tax budget. The School District did not include a spending reserve in their current year tax budget.

**Note 6 - Encumbrances**

Encumbrances represent purchase authorizations and contracts for goods or services that are pending vendor performance and those purchase commitments which have been performed, invoiced, and are awaiting payment. Encumbrances on a budget basis of accounting are treated as the equivalent of an expenditure at the time authorization is made in order to maintain compliance with spending restrictions established by Ohio law. For presentation in the forecast, outstanding encumbrances are presented as a reduction of the general fund balance.

Historically, the School District has very limited encumbrances at the end of a fiscal year. The amount forecasted for fiscal year 2001 represents the State Teacher's Retirement System advance in the amount of \$48,000, \$3,000 in purchased services, and \$2,000 in supplies and materials.

**Note 7 - Reservations of Fund Balance**

The School District is required by State statute to annually set aside in the general fund three percent of certain revenues 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 the future years. The School District is also required to set aside money for budget stabilization.



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**A. - Textbooks and Instructional Materials**

The School District is required to set aside annually three percent of certain revenues for the purchase of textbooks and instructional materials. The set aside amount for fiscal year 2001 is \$95,000. Qualifying expenditures in the amount of \$16,000 are anticipated. The amount not spent will be carried forward increasing the textbook and instructional materials reserve by \$79,000, from \$39,000 to \$118,000 at the end of the fiscal year 2001.

**B. - Capital Acquisition and Improvements**

The School District is also required to set aside annually three percent of certain revenues for capital acquisition and improvements. The set aside amount for fiscal year 2001 is \$95,000. Qualifying expenditures in the amount of \$43,000 and \$52,000 in off-sets are anticipated; therefore, no reserve is anticipated.

**C. - Budget Reserve**

The School District is required to establish a budget reserve and set aside one percent of certain revenues each year there is a growth of three percent or more in these revenues. Each year the School District meets the criteria the required balance in the budget reserve increases by one percent until the five percent limit is reached. Under Section 39 of House Bill 770 and 5705.29(I), Revised Code, school districts are required to credit any refund from the Bureau of Worker's Compensation to the budget reserve. Workers' compensation refunds may reduce the contribution required in the current and/or future periods. Since the increase in revenues was less than three percent, no set aside of current revenue is required for fiscal year 2001. However, the School District does have a carryover reserve of \$66,000 generated from workers' compensation refunds.

Section 5705.29(H)(1), Revised Code, allows the School District to appropriate monies from the budget reserve if it has a plan to replenish the reserve approved by the Superintendent of Public Instruction. As of the date of this forecast, the School District has not submitted a plan to the Superintendent of Public Instruction.

**D. - Disadvantaged Pupil Impact Aid (DPIA)**

DPIA restricted revenues are projected to be expended completely during fiscal year 2001; therefore, no carryover reserve is anticipated.

Trimble Local School District

Summary of Significant Forecast Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2001

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**Note 8 - Levies**

The School District does not plan to place any levies on the ballot during fiscal year 2001. In the past ten years the School District has placed several levies on the ballot. The type of levy, rate, term, and election results are as follows:

<u>Date</u>	<u>Type</u>	<u>Amount</u>	<u>Term</u>	<u>Election Results</u>
May 1992	Income Tax	1.5 Percent	5 Years	Passed
May 1997	Income Tax	1.25 Percent	5 Years	Failed
November 1997	Bond Issue	3.13 mills	23 Years	Failed
May 1998	Bond Issue	2.97 mills	23 Years	Failed
August 1998	Bond Issue	3.09 mills	23 Years	Failed
May 1999	Bond Issue	3.02 Mills	23 Years	Passed

**Note 9 - Pending Litigation**

Management is of the opinion that there are no issues that would have a material effect on the financial forecast.

**Note 10 - State School Funding Decision**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$4,782,776 of school foundation support for its general fund.

In addition, the Court declared the classroom facilities program unconstitutional, because, in the Court's opinion, the program had not been sufficiently funded by the State. The classroom facilities program provided money to build schools and furnish classrooms. As of June 30, 2000, the School District had been awarded a total of \$32.6 million under this program.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State 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 Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision,

Trimble Local School District

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however, it found seven “...major areas warrant further attention, study, and development by the General Assembly...”, including the State’s reliance on local property tax funding, the state’s basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State’s School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

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

As of the date of the financial forecast, the School 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 operation.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**TRIMBLE LOCAL SCHOOL DISTRICT**

**ATHENS 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 21, 2000**