



**Auditor of State
Betty Montgomery**

**Trimble Local School District
Athens County, Ohio**

Fiscal Emergency Termination

Local Government Services Section

Trimble Local School District - Athens County

Fiscal Emergency Termination

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**Auditor of State
Betty Montgomery**

CERTIFICATION

Pursuant to a request to the Auditor of State by the Financial Planning and Supervision Commission of the Trimble Local School District, the Auditor of State has determined that the Trimble Local School District no longer meets the fiscal emergency conditions set forth in Section 3316.03(B), Revised Code, and that the Trimble Local School District has met the requirements of Section 3316.16, Revised Code, for termination of the Trimble Local School District Financial Planning and Supervision Commission. Therefore, the existence of the Trimble Local School District Financial Planning and Supervision Commission and its role in the operation of the Trimble Local School District is terminated as of June 9, 2005.

Accordingly, on behalf of the Auditor of State, this report is hereby submitted to the Trimble Local School District Board of Education, the Financial Planning and Supervision Commission, Bob Taft, Governor, Thomas W. Johnson, Director of the Office of Budget and Management, Jill A. Thompson, Athens County Auditor, and Susan Tave Zelman, State Superintendent of Public Instruction.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

June 9, 2005

Trimble Local School District - Athens County

Report on Termination of the Trimble Local School District Financial Planning and Supervision Commission

The Declaration of Fiscal Emergency

The Auditor of State conducted an analysis of the Trimble Local School District, dated December 21, 2000, to determine whether the School District met the conditions for fiscal watch. The results of the analysis were as follows:

1. The Auditor of State certified an operating deficit for the general fund for the fiscal year ended June 30, 2001 in the amount of \$945,000, which exceeded eight percent of the general fund revenues for fiscal year 2000;
2. The Trimble Local School District's unencumbered cash balance for the fiscal year ended June 30, 2000 was \$140,000, which was less than eight percent of the preceding fiscal year's expenditures; and,
3. The Auditor of State determined that the School District had not passed a levy that would raise enough additional revenue to eliminate the first condition.

Based on the analysis the School District was placed in fiscal watch on December 21, 2000. Section 3316.02(B)(2) of the Ohio Revised Code requires the Auditor of State to declare a school district to be in a state of fiscal emergency if the district board of education fails, pursuant to Section 3316.04 of the Ohio Revised Code, to submit a financial plan acceptable to the State Superintendent of Public Instruction within 120 days of the Auditor's declaration of a fiscal watch.

On January 31, 2001, the Auditor of State declared the Trimble Local School District in Fiscal Emergency based on the Board of Education's resolution, dated January 8, 2001, which indicated that the Trimble Local School District Board of Education would not be able to submit a financial plan acceptable to the State Superintendent of Public Instruction within 120 days of the Auditor's declaration of a fiscal watch made pursuant to Section 3316.03 of the Ohio Revised Code. The result of the emergency declaration was the creation of the Financial Planning and Supervision Commission whose purpose is to direct the School District's return to financial stability.

Termination of Fiscal Emergency

Under Section 3316.16 of the Ohio Revised Code, a school district financial planning and supervision commission, once established, will continue in existence until the Auditor of State, or the commission itself, determines the following:

1. An effective financial accounting and reporting system is in the process of being implemented, and is expected to be completed within two years;
2. All of the fiscal emergency conditions have been corrected or eliminated, and no new emergency conditions have occurred;
3. The objectives of the financial recovery plan are being met; and,
4. The school district has prepared a financial forecast for a five-year period in accordance with standards issued by the Auditor of State, and such forecast is, in the Auditor's opinion, "nonadverse".

Trimble Local School District - Athens County

Report on Termination of the Trimble Local School District Financial Planning and Supervision Commission

At the request of the Financial Planning and Supervision Commission (the Commission) of the Trimble Local School District (the School District), Athens County, the Auditor of State has performed an analysis to determine whether this Commission and its functions should be terminated. The results of the analysis performed by the Auditor of State to determine if each of these four conditions has been satisfied follow.

I. The Financial Accounting and Reporting System

When a school district is placed in fiscal emergency, the Auditor of State is required to report on the effectiveness of the school district's financial accounting and reporting system. The Auditor of State, in accordance with Section 3316.10(A), Revised Code, assessed the methods, accuracy, and legality of the accounts, records, files, and reports of the Trimble Local School District (the School District) and issued an Accounting Report, dated April 28, 2001. The report identified areas where the School District's financial accounting and reporting system were not in compliance with Section 117.43, Revised Code, and the requirements of the Auditor of State.

The criteria for termination of the Commission include a determination by the Auditor of State that an effective financial accounting and reporting system has been implemented, or is in the process of implementation and is expected to be completed within two years. This determination included confirmation of the actions taken by management to address the issues identified in the Financial Accounting Report. A summary of the actions taken by management to address those issues is presented below:

Budgetary Process:

Auditor of State Comment from Financial Accounting Report:

The Treasurer should periodically compare estimated to actual revenue to determine if the School District will receive the amounts anticipated on the most recent amended certificate of estimated resources. If it is determined that receipts will be less than anticipated, the Treasurer should obtain a reduced amended certificate. The Treasurer should then review appropriations and take necessary steps to insure that they will not exceed the new amended certificate.

Current Status:

The treasurer reviews estimated and actual revenue on a monthly basis and obtains amended certificates of estimated resources when necessary. During fiscal year 2005, the treasurer obtained amended certificates on July 8, 2004 and September 30, 2004. The Treasurer also reviews appropriations and expenditures. Appropriations have not needed to be adjusted because of these new amended certificates.

Revenue Activity:

Auditor of State Comment from Financial Accounting Report:

Season passes to sporting events should be pre-numbered to insure that all passes have been accounted for.

Current Status:

Pre-numbered season passes are now sold only in the treasurer's office.

Trimble Local School District - Athens County

Report on Termination of the Trimble Local School District Financial Planning and Supervision Commission

Auditor of State Comment from Financial Accounting Report:

The School District should have a policy regarding the cashing of personal checks.

Current Status:

The Board of Education has revised its administrative guidelines and Policy Manual. Section 6622 prohibits the cashing of any personal/payroll checks from the District's revenues, including but not limited to, food service, student activity, athletic events, student fees, etc.

Auditor of State Comment from Financial Accounting Report:

All monies collected by employees of the School District should be paid into the treasury. Teachers should not be cashing checks and taking the proceeds to purchase supplies or pay for field trips for their students. All disbursements should be handled with a proper requisition and purchase order.

Current Status:

In 2001, the School District implemented a "cash advance" purchasing procedure, requiring the use of a requisition and a purchase order, and the issuance of a check. The employee completes a requisition for supplies or field trip related expenses. A purchase order is then issued along with a check in the amount of the request. The employee is given a check made payable to them and must sign off on a cash advance form. The employee then uses the cash to purchase the items needed. Once completed, the employee returns any remaining cash along with receipts for the cash used. Cash returned plus receipts must equal the amount of the check issued to the employee. If an employee fails to follow the above procedures, collection of funds proceeds through the proper process and no further cash advances are permitted to that particular employee.

Auditor of State Comment from Financial Accounting Report:

Daily reports prepared by the elementary school lunchroom aide should be reviewed by the assistant treasurer or Treasurer.

Current Status:

Daily lunch room reports are given to the Treasurer at the end of every month for verification of daily receipts to daily deposits. The Treasurer then enters the information on the Ohio Department of Education School Food Service website to obtain reimbursement for free and reduced lunches provided by the School District. The daily reports are also used to produce a financial report that is distributed to the Food Service Supervisor and the Board of Education on a monthly basis.

Auditor of State Comment from Financial Accounting Report:

All forms used to account for the collection of monies should be initialed by the preparer, as well as by the Treasurer to indicate that a review has been performed.

Trimble Local School District - Athens County

Report on Termination of the Trimble Local School District Financial Planning and Supervision Commission

Current Status:

Any monies that are received in the Treasurer's office have the preparer's signature on the pay-in form. The payroll assistant treasurer counts the money and compares it to the forms. A spreadsheet is completed which reflects all of the daily revenue. All supporting documents are attached to the spreadsheet. The spreadsheet, along with supporting documents is then given to the Treasurer who reviews the information. The Treasurer then writes in the proper revenue codes for each item. The spreadsheet is given to the accounts payable assistant treasurer who inputs the data into the computer for posting. The receipt forms are printed and then given to the Treasurer for signature.

Auditor of State Comment from Financial Accounting Report:

The number of people collecting and tracking receipts and the amount of manual paperwork to account for these receipts is extensive, and allows for errors and omissions. The School District should consider an automated system for lunchroom collections.

Current Status:

The School District purchased a point of service computer system for the Food Service Program. All students and employees are given a unique number. At the elementary school, teachers collect money from students during homeroom and turn it in to the food service aide, who posts the receipts to the student accounts. In the high school, students can add funds to their account by depositing money into an ATM-type device. Funds can also be accepted in the lunch line. The system keeps track of all food purchased by each employee or student. At the end of each day a report is generated showing daily lunch counts. The system also keeps track of student balances and lunch charges.

Purchasing Process:

Auditor of State Comment from Financial Accounting Report:

The School District should obtain the certificates required by section 5705.412, R.C., which are signed by the Treasurer, Superintendent and Board president for all qualifying contracts, negotiated agreements, salary schedules and appropriation measures.

Current Status:

In the recently adopted Policy Manual, the School District has included a policy that requires the use of 412 certificates for all qualifying contracts, negotiated agreements, salary schedules, and appropriation measures.

Payroll Process

Auditor of State Comment from Financial Accounting Report:

Overtime should be authorized and approved by the Superintendent, as indicated by district policy, or the Board should consider amending the policy to allow building principals or supervisors to authorize and approve overtime.

Trimble Local School District - Athens County

**Report on Termination of the Trimble Local School District
Financial Planning and Supervision Commission**

Current Status:

Based on the recently adopted policy manual, all overtime must have prior approval of the Superintendent. All time sheets with overtime shall also have the signature/initials of the Supervisor.

Debt Administration

Auditor of State Comment from Financial Accounting Report:

The School District should verify that debt information on Statement M in the cash basis annual financial report is correct before issuing the report.

Current Status:

The Treasurer uses the most current debt schedules to complete the debt information reflected on the cash basis annual report.

Capital Assets and Supplies Inventories

Auditor of State Comment from Financial Accounting Report:

The School District should develop a comprehensive capital asset policy that includes the tracking of capital assets using state software, as well as annual verification of capital assets.

Current Status:

The School District contracted with American Appraisal Company to do a complete inventory of all capital assets in accordance with the Board policy. The appraisal was completed as of June 30, 2002. The School District was given a hard copy of the report as well as a file of all assets. The file was given to the Data Acquisition Site and was loaded into the state software tracking system. The School District continues to track assets on the State software and produces a series of reports as of each fiscal year end. The School District has incorporated a Capital Asset Policy, based on samples provided by the Auditor of State's office, into the new Board Policy book.

Cash Management and Investing

Auditor of State Comment from Financial Accounting Report:

All change funds should be reflected on the District's financial statements.

Current Status:

No change funds exist at fiscal year-end. The change fund in question has been deposited to the credit of the Lunchroom Fund and is no longer used.

Trimble Local School District - Athens County

Report on Termination of the Trimble Local School District Financial Planning and Supervision Commission

Auditor of State Comment from Financial Accounting Report:

All change funds should be deposited to School District accounts at the end of each school year.

Current Status:

The School District maintains two change funds during the school year, one for the lunchroom and one for the Athletic Department. At the end of the school year, these change funds are deposited to the credit of the funds from which they were drawn.

II. The Fiscal Emergency Conditions

In order to be released from fiscal emergency, a school district must have corrected or eliminated the fiscal emergency conditions that existed at the time of the emergency declaration and no new emergency conditions may have occurred.

The Auditor of State issues an order, under Section 3316.03, Revised Code, declaring a school district to be in a state of fiscal emergency if the Auditor of State determines that a school district meets any of the following conditions:

1. The Auditor of State may issue an order declaring a school district to be in a state of fiscal emergency if an operating deficit has been certified for the general fund that exceeds 15 percent of the school district's general fund revenues for the preceding fiscal year; or (1) an operating deficit has been certified for the current fiscal year, and the certified operating exceeds 10 percent, but does not exceed 15 percent, of the school district's general fund revenue for the preceding fiscal year; (2) a levy has not been passed by the voters that will raise enough additional revenue to eliminate the first condition in the succeeding fiscal year; and, (3) the Auditor of State determines that a declaration of fiscal emergency is necessary to correct the district's fiscal problems and to prevent further fiscal decline.
2. A declaration is made under Section 3316.04 of the Ohio Revised Code for a school district that has restructured or refinanced an emergency operating loan under Section 3316.041 of the Ohio Revised Code; and,
3. The Superintendent of Public Instruction has reported to the Auditor of State that the district is not materially complying with the provisions of an original or updated plan as approved by the State Superintendent, and that the State Superintendent has determined a declaration of a state of fiscal emergency is necessary to prevent further fiscal decline, and the Auditor of State finds that the determination of the Superintendent is reasonable.

The results of our analysis of the fiscal emergency conditions are as follows:

1. The School District no longer has an operating deficit in the general fund;
2. The School District has not restructured or refinanced an emergency operating loan under Section 3316.041 of the Ohio Revised Code; and,
3. The State Superintendent of Public Instruction has not reported to the Auditor of State any material noncompliance with the original or amended financial recovery plan.

Trimble Local School District - Athens County

Report on Termination of the Trimble Local School District Financial Planning and Supervision Commission

III. The Financial Recovery Plan

Before a fiscal emergency may be terminated, the objectives of the fiscal recovery plan created by the Commission must have been satisfied. We obtained and reviewed a copy of the latest financial recovery plan of the School District, dated June 23, 2001, as well as an addendum to the plan dated October 9, 2003. The Treasurer of the School District and the Chairperson of the Financial Planning and Supervision Commission identified the actions taken to achieve the key provisions of the plan which we confirmed. The key provisions of the financial plan are as follows:

1. Completion of new facility construction;
2. Reductions in personnel;
3. Reduction of non-personnel operating expenditures;
4. Implementation of proper accounting procedures;
5. Approval by the Financial Planning and Supervision Commission of the Trimble Local Schools of any deviations from the five-year financial forecast or from the Financial Recovery Plan; and,
6. Monthly monitoring by staff from the Fiscal Assistance Section of the Ohio Department of Education to ensure compliance with the Financial Recovery Plan and five-year forecast.

To achieve the provisions of the plan, the School District met regularly with the Commission to approve any deviations from the five year forecast or from the Financial Recovery Plan. The School District also provided monthly reports to the staff of the Fiscal Assistance Section of the Ohio Department of Education.

Additional actions taken to achieve the provisions of the plan include the following:

1. Completed the School District's Ohio School Facilities program, which allowed the District to eliminate \$20,000 in expenditures per year for temporary classroom rental. Under the program, the School District obtained voter approval of a ½ mill school maintenance levy to be used in place of General Fund resources;
2. Joined an electrical consortium which reduces annual expenditure for electricity by \$5,000;
3. Eliminated the early retirement incentive program for professional staff, resulting in an annual saving of \$176,000;
4. Implemented an insurance premium co-pay for all staff and increased the number of employees with single coverage while decreasing the number of employees with family coverage. These changes result in an annual saving of \$239,000;
5. Restructured the School District's use of part-time employees. Part-time employees working less than four hours per day are not eligible for health insurance benefits. A reduction in the number of part-time hours, combined with the reduction in insurance costs, resulted in an annual saving of \$23,000; and,
6. Eliminated nine certified positions and five classified positions through a combination of retirement and position eliminations. These changes produced an annual saving of \$545,000.

Trimble Local School District - Athens County

Report on Termination of the Trimble Local School District Financial Planning and Supervision Commission

The total projected annual savings is \$1,026,000.

IV. The Five Year Forecast

The Auditor of State examined the School District's financial forecast for the fiscal years ending June 30, 2005 through 2009, for the purpose of determining whether the fiscal emergency conditions have been eliminated and whether any new fiscal emergency conditions are expected to occur during the forecast period.

The School District's five year forecast (see Appendix A) indicates that no new fiscal emergency conditions are expected to occur through fiscal year 2008. The Auditor of State, in a report dated April 30, 2005, rendered a "nonadverse" opinion on the financial forecast.

Conclusion

Based on our review, the Auditor of State has determined the following:

1. The School District has adopted and implemented an effective accounting and reporting system;
2. The School District has corrected or eliminated all the fiscal emergency conditions, no new conditions have occurred, and it appears that, based on the five-year financial forecast, the School District will remain out of fiscal emergency during the forecast period;
3. The School District has met the major objectives of the Financial Recovery Plan; and,
4. The School District has prepared a financial forecast for a five-year period in accordance with standards issued by the Auditor of State, and the opinion expressed by the Auditor of State is "nonadverse".

Therefore, the Auditor of State has determined that the Financial Planning and Supervision Commission of the Trimble Local School District and its functions may be terminated.

It is understood that this report's determination is for the use of the Trimble Local School District Board of Education, the Financial Planning and Supervision Commission, Bob Taft, Governor, Thomas W. Johnson, Director of the Office of Budget and Management, Jill A. Thompson, Athens County Auditor, and Susan Tave Zelman, State Superintendent of Public Instruction, and others as designated by the Auditor of State, and is not to be used for any other purpose.

DISCLAIMER

Because the preceding procedures were not sufficient to constitute an audit made in accordance with generally accepted auditing standards, we do not express an opinion on any of the specific accounts and fund balances referred to above. Had we performed additional procedures or had we made an audit of the financial statements in accordance with generally accepted auditing standards, other matters might have come to our attention that would have been reported herein.

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APPENDIX A

Trimble Local School District
Athens County

Financial Forecast

For the Fiscal Years Ending June 30, 2005 Through 2009

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Trimble Local School District - Athens County

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**Auditor of State
Betty Montgomery**

Board of Education
Trimble Local School District
1 Tomcat Drive
Glouster, Ohio 45732

Independent Accountant's Report

We have examined the accompanying forecasted statement of revenues, expenditures, and changes in fund balance of the general fund of the Trimble Local School District for the fiscal years ending June 30, 2005 through 2009. The Trimble Local School District's management is responsible for the forecast. Our responsibility is to express an opinion on the forecast based on our examination.

Our examination was conducted in accordance with the attestation 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 management and the preparation and presentation of the forecast. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the accompanying forecast is presented in conformity with guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants, and the underlying assumptions provide a reasonable basis for managements 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 the date of this report.

We have compiled the historical financial information for the fiscal years ended June 30, 2002, 2003, and 2004, in accordance with the 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 the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

April 30, 2005

TRIMBLE LOCAL SCHOOL DISTRICT -ATHENS COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEARS ENDED JUNE 30, 2002 THROUGH 2004 ACTUAL;
FOR THE FISCAL YEARS ENDING JUNE 30, 2005 THROUGH 2009 FORECASTED
GENERAL FUND

	Fiscal Year 2002 Actual	Fiscal Year 2003 Actual	Fiscal Year 2004 Actual
Revenues			
General Property Tax (Real Estate)	\$479,000	\$493,000	\$547,000
Tangible Personal Property Tax	71,000	101,000	107,000
Income Tax	1,000	4,000	1,000
Unrestricted Grants-in-Aid	5,390,000	5,331,000	5,756,000
Restricted Grants-in-Aid	674,000	932,000	564,000
Property Tax Allocation	84,000	47,000	144,000
All Other Revenues	306,000	322,000	298,000
<i>Total Revenues</i>	<u>7,005,000</u>	<u>7,230,000</u>	<u>7,417,000</u>
Other Financing Sources			
Solvency Assistance Advance	0	379,000	0
Advances-In	14,000	1,000	0
Operating Transfers In	120,000	0	30,000
<i>Total Other Financing Sources</i>	<u>134,000</u>	<u>380,000</u>	<u>30,000</u>
<i>Total Revenues and Other Financing Sources</i>	<u>7,139,000</u>	<u>7,610,000</u>	<u>7,447,000</u>
Expenditures			
Personal Services	4,253,000	4,389,000	4,253,000
Employees' Retirement/Insurance Benefits	1,683,000	1,928,000	1,787,000
Purchased Services	403,000	553,000	520,000
Supplies and Materials	166,000	259,000	266,000
Capital Outlay	17,000	121,000	8,000
Debt Service:			
Solvency Assistance Advance	473,000	472,000	189,000
Other Objects	242,000	247,000	278,000
<i>Total Expenditures</i>	<u>7,237,000</u>	<u>7,969,000</u>	<u>7,301,000</u>
Other Financing Uses			
Operating Transfers Out	137,000	27,000	70,000
Advances Out	1,000	0	2,000
<i>Total Other Financing Uses</i>	<u>138,000</u>	<u>27,000</u>	<u>72,000</u>
<i>Total Expenditures and Other Financing Uses</i>	<u>7,375,000</u>	<u>7,996,000</u>	<u>7,373,000</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	(236,000)	(386,000)	74,000
Cash Balance July 1,	760,000	524,000	138,000
Cash Balance June 30,	524,000	138,000	212,000
Encumbrances and Reserves:			
Actual/Estimated Encumbrances June 30	65,000	79,000	4,000
Reserve for Textbooks and Instructional Materials	56,000	0	26,000
Reserve for Bus Purchase	99,000	30,000	50,000
<i>Total Encumbrances and Reserves</i>	<u>155,000</u>	<u>30,000</u>	<u>76,000</u>
Unencumbered/Unreserved Fund Balance (Deficit) June 30	<u>\$304,000</u>	<u>\$29,000</u>	<u>\$132,000</u>

See accompanying summary of significant forecast assumptions and accounting policies

Fiscal Year 2005 Forecasted	Fiscal Year 2006 Forecasted	Fiscal Year 2007 Forecasted	Fiscal Year 2008 Forecasted	Fiscal Year 2009 Forecasted
\$572,000	\$613,000	\$650,000	\$662,000	\$733,000
107,000	108,000	108,000	108,000	108,000
1,000	0	0	0	0
5,854,000	5,889,000	6,014,000	6,166,000	6,322,000
542,000	552,000	563,000	574,000	585,000
85,000	91,000	97,000	98,000	109,000
259,000	261,000	267,000	273,000	278,000
<u>7,420,000</u>	<u>7,514,000</u>	<u>7,699,000</u>	<u>7,881,000</u>	<u>8,135,000</u>
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>7,420,000</u>	<u>7,514,000</u>	<u>7,699,000</u>	<u>7,881,000</u>	<u>8,135,000</u>
4,408,000	4,432,000	4,622,000	4,737,000	4,935,000
1,779,000	1,867,000	2,053,000	2,248,000	2,479,000
546,000	523,000	550,000	577,000	606,000
216,000	216,000	216,000	216,000	216,000
89,000	8,000	8,000	69,000	8,000
189,000	0	0	0	0
235,000	237,000	243,000	248,000	252,000
<u>7,462,000</u>	<u>7,283,000</u>	<u>7,692,000</u>	<u>8,095,000</u>	<u>8,496,000</u>
60,000	15,000	15,000	15,000	15,000
0	0	0	0	0
<u>60,000</u>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>
<u>7,522,000</u>	<u>7,298,000</u>	<u>7,707,000</u>	<u>8,110,000</u>	<u>8,511,000</u>
(102,000)	216,000	(8,000)	(229,000)	(376,000)
212,000	110,000	326,000	318,000	89,000
110,000	326,000	318,000	89,000	(287,000)
10,000	10,000	10,000	10,000	10,000
0	0	0	0	0
15,000	34,000	53,000	11,000	30,000
<u>15,000</u>	<u>34,000</u>	<u>53,000</u>	<u>11,000</u>	<u>30,000</u>
<u>\$85,000</u>	<u>\$282,000</u>	<u>\$255,000</u>	<u>\$68,000</u>	<u>(\$327,000)</u>

Trimble Local School District - Athens County

Summary of Significant Forecast Assumptions and Accounting Policies For the Fiscal Years Ending June 30, 2005 through 2009

Note 1 – The School District

The Trimble Local School District (School District) is organized under Article VI, Sections 2 and 3, of the Constitution of the State of Ohio. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at large for staggered four year terms. The School District provides educational services as authorized by state and/or local guidelines. The School District currently operates 3 instructional/support facilities staffed by 81 certificated employees and 53 classified employees who provide services to 912 students and other community members.

Note 2 - Nature 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 April 30, 2005, 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.

Note 3 - 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. For presentation in the forecast, the disadvantaged pupil impact aid (DPIA) fund is included with the general fund.

Note 4 - Summary of Significant Accounting Policies

A. - Basis of Accounting

This financial forecast has been prepared on a basis of cash receipts, disbursements, and encumbrances, which is consistent with the budget basis of accounting (non-GAAP) 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:

Trimble Local School District - Athens County

Summary of Significant Forecast Assumptions and Accounting Policies
For the Fiscal Years Ending June 30, 2005 through 2009

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 those for major capital projects) that are legally restricted to disbursements for specified purposes.

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 are used to account for any activity for which a fee is charged to external users for goods and services.

Fiduciary Funds

Fiduciary funds account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, or other governmental units. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and 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.

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.

Trimble Local School District - Athens County

Summary of Significant Forecast Assumptions and Accounting Policies
For the Fiscal Years Ending June 30, 2005 through 2009

Appropriations – The appropriation resolution sets the limit for expenditures from each fund. A temporary appropriation resolution may be passed on or about July 1 of each year. The temporary appropriation resolution 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.

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 5 - 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 6 - Significant Assumptions for Revenues and Other Financing Sources

A. - General and Tangible Personal Property Taxes

Property taxes consist of real property, public utility real and personal property, manufactured home and tangible personal property taxes. General property tax revenue includes real estate, manufactured home and public utility property taxes. Tangible personal property tax is applied to property used in business (except for public utilities). Property taxes are collected for and distributed to the School District by the Athens County Auditor. The School District may request advances from the Athens County Auditor as the taxes are collected. When final 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. The amounts shown in the revenue section of the forecast represent gross property tax revenue.

The forecast excludes the receipt of any advances against fiscal year 2006 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 forecasted operating balance may be increased to the extent advances are received prior to June 30, 2005 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 2005.

The property tax revenues for the general fund 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 Per \$1,000 of Assessed Value</u>
Inside Ten Mill Limitation	n/a	n/a	\$3.90
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
Current Operating	1976	n/a	5.10
Total Tax Rate			<u>\$27.40</u>

Trimble Local School District - Athens County

Summary of Significant Forecast Assumptions and Accounting Policies For the Fiscal Years Ending June 30, 2005 through 2009

The School District has levies for bonded debt and maintenance of classroom facilities totaling \$5.52 per \$1,000 of assessed valuation. \$5.02 is used for the payment of bonds issued for the construction of school facilities and \$0.50 is used for the upkeep of project facilities.

Ohio law provides for a reduction in the rates of voted levies to offset increased values resulting from a reappraisal of real property. Reduction factors are applied to authorized voted levies so that each levy yields the same amount of real property taxes as in the year in which the levy was approved; however, increases in assessed valuation caused by new construction will increase the revenue generated by the levies. Reduction factors are computed annually and applied separately for residential and agricultural property and commercial and industrial real property. State statute also prevents the reduction factors from reducing the general fund effective rate below \$20.00 per \$1,000 of assessed valuation. Trimble Local School District's effective residential and agricultural rate and the commercial and industrial rate is \$20.00 per \$1,000 of assessed valuation. Therefore, any increase in assessed valuation will increase property tax revenues.

General Property Tax (Real Estate) - The fiscal year 2005 general property tax revenue estimate is based upon actual receipts and information provided by the Athens County Auditor. Based upon these estimates, the School District anticipates receiving a \$25,000 increase in fiscal year 2005 from the previous fiscal year. This increase is attributable to increases in assessed valuation. There will be a triennial revaluation in calendar year 2005, which will affect the second half of calendar year 2006 settlements and all of 2007 by approximately four percent. In calendar year 2008, there will be a sexennial revaluation, which will impact the second half fiscal year 2009 property tax revenues resulting in a nine percent increase. These increases are in addition to an annual two percent increase for increases in assessed valuation due to new construction.

State law allows for certain reductions in the form of rollbacks and the homestead exemption for real estate taxes. The State reimburses the School District for all revenues lost due to these reductions. The amount of the reimbursement is presented in the account "property tax allocation."

Tangible Personal Property Tax - Tangible personal property tax revenues are based upon the actual receipts received from the Athens County Auditor. The School District received \$107,000 in tangible personal property tax revenue for fiscal year 2005. Tangible personal property taxes are expected to remain consistent throughout the forecast period.

Changes in assessment rates for the inventory component of the personal property tax and phase out of the reimbursement of the ten thousand dollar exemption are not expected to have any impact on Tangible Personal Property Taxes received during the forecast period, because the majority of personal property tax revenue is generated from equipment rather than inventory.

B. – Income Tax

During fiscal year 2005, the School District collected \$1,000 dollars in delinquent income tax from a levy that expired in fiscal year 1999. The School District does not anticipate any further collections.

C. - Unrestricted Grants-in-Aid

Unrestricted Grants-in-Aid include State Foundation payments made up of formula aid and various categorical aid programs such as special and gifted education, career and technical education, and transportation. Other programs such as equity and parity aid, excess cost supplement, and charge-off supplement, provided to address certain policy issues or correct flaws in formula aid, and are also included in this revenue category.

Trimble Local School District - Athens County

Summary of Significant Forecast Assumptions and Accounting Policies
For the Fiscal Years Ending June 30, 2005 through 2009

The State's foundation program is established by Chapter 3317 of the Ohio Revised Code. The semi-monthly payments are calculated by the State Department of Education, Division of School Finance, on the basis of average daily membership (ADM) times a per pupil foundation level (adjusted for a regional cost of doing business factor set by the State legislature) less the equivalent of 23 mills times the school district's taxable property valuation. The per pupil foundation level for fiscal year 2002 was set by the legislature at \$4,490 and \$4,949 for 2003. In 2003, State law set the base cost per pupil for fiscal year 2004 at \$5,058 and \$5,169 for fiscal year 2005.

The base cost per pupil for fiscal years 2006 through 2009 is yet to be set by the Ohio General Assembly. It is anticipated that similar increases as in the last State bi-annual budget will be approved. The School District does not anticipate any changes in ADM throughout the forecast period. Presented below is a comparison of unrestricted grants-in-aid for fiscal years 2004 through 2009.

	Actual	Forecasted				
	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008	Fiscal Year 2009
Formula Aid	\$3,940,000	\$3,939,000	\$3,996,000	\$4,075,000	\$4,165,000	\$4,258,000
Categorical Funding	1,139,000	1,033,000	1,054,000	1,081,000	1,103,000	1,125,000
Equity Aid	208,000	100,000	0	0	0	0
Excess Cost	71,000	56,000	57,000	58,000	59,000	60,000
Parity Aid	544,000	718,000	718,000	766,000	780,000	796,000
Charge Off Supplement	66,000	126,000	185,000	159,000	188,000	216,000
Other Adjustments	(212,000)	(118,000)	(121,000)	(125,000)	(129,000)	(133,000)
	<u>\$5,756,000</u>	<u>\$5,854,000</u>	<u>\$5,889,000</u>	<u>\$6,014,000</u>	<u>\$6,166,000</u>	<u>\$6,322,000</u>

Formula aid is increasing due to the increase in the per pupil amount offset by decreases due to the increase in assessed valuation of property.

Parity aid was recorded as part of restricted grants-in-aid in fiscal year 2003. As of fiscal year 2004, parity aid is no longer restricted. Parity aid is being phased in through fiscal year 2007. The funding level was 58 percent in 2004, 76 percent in 2005, and 94 percent in 2006 with 2007 being fully funded. However, the District does not believe that current legislation will be upheld, and is estimating 76 percent for 2006, with seven percent increase in fiscal year 2007, and two percent each year for 2008 and 2009. If current legislation is upheld, it will result in an increase in parity aid of \$170,000 for fiscal year 2006, \$181,000 for fiscal year 2007, \$185,000 for fiscal year 2008, and \$189,000 for fiscal year 2009.

Equity aid, which goes to the 117 poorest school districts in the State, is being phased out, dropping to 75 percent of total equity aid amount in fiscal year 2003 to 50 percent in fiscal year 2004, and to 25 percent in fiscal year 2005, with 2005 being the last year for equity aid.

The charge off supplement is intended to fill any gap that exists between the local property tax revenue raised by the School District and the amount the foundation formula assumes the School District should raise to meet the local share under the State's foundation formula. The charge off supplement decreased in 2004 due to the partial recognition of a sexennial revaluation, and is anticipated to increase in 2005 and 2006 because the School District's tax base is not expected to increase.

Trimble Local School District - Athens County

Summary of Significant Forecast Assumptions and Accounting Policies
For the Fiscal Years Ending June 30, 2005 through 2009

D. - Restricted Grants-in-Aid

Presented below is a comparison of restricted grants-in-aid for fiscal years 2004 through 2009.

	Actual		Forecasted			
	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2004	2005	2006	2007	2008	2009
Bus Purchase Allowance	\$21,000	\$19,000	\$19,000	\$19,000	\$19,000	\$19,000
Career Tech/Adult Ed	40,000	11,000	11,000	11,000	11,000	11,000
DPIA	503,000	512,000	522,000	533,000	544,000	555,000
Totals	<u>\$564,000</u>	<u>\$542,000</u>	<u>\$552,000</u>	<u>\$563,000</u>	<u>\$574,000</u>	<u>\$585,000</u>

The School District bus purchase revenues decreased in fiscal year 2005 in the amount of \$2,000. The School District anticipates bus purchase revenues to remain at \$19,000 in fiscal years 2006 through 2009. The School District anticipates receiving and spending \$512,000 in restricted DPIA monies during fiscal year 2005. The School District estimates that this funding will increase two percent each year for the remaining forecast period based on historical trends, and the full amount will be spent each year.

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 rollback and homestead tax relief programs. Based on information provided by the Athens County Auditor and historical data, property tax allocation revenues are forecasted to be approximately 15 percent of forecasted real property tax revenues.

F. - All Other Revenues

All other revenues include tuition, open enrollment, classroom materials and fees, earnings on investments, miscellaneous receipts from local sources, vocational mileage reimbursements, county preschool reimbursements, and refunds of prior year expenditures.

Presented below is a comparison of all other revenues for fiscal years 2004 through 2009.

	Actual		Forecasted			
	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2004	2005	2006	2007	2008	2009
Tuition/Open Enrollment	\$207,000	\$182,000	\$182,000	\$187,000	\$191,000	\$195,000
Interest	3,000	3,000	3,000	3,000	3,000	3,000
Class Fees	2,000	2,000	2,000	2,000	2,000	2,000
Refund of P/Y Expenditures	2,000	2,000	2,000	2,000	2,000	2,000
County Preschool	84,000	70,000	72,000	73,000	75,000	76,000
Total	<u>\$298,000</u>	<u>\$259,000</u>	<u>\$261,000</u>	<u>\$267,000</u>	<u>\$273,000</u>	<u>\$278,000</u>

The decrease in County Preschool is due to the District receiving a payment for fiscal year 2003 during fiscal year 2004. The School District does not anticipate significant increases in preschool funding in the forecast period. All other revenues for fiscal years 2006 through 2009 are based upon fiscal year 2005 amounts and are projected to increase two percent each year.

Trimble Local School District - Athens County

Summary of Significant Forecast Assumptions and Accounting Policies
For the Fiscal Years Ending June 30, 2005 through 2009

Note 6 - Significant Assumptions for Expenditures and Other Financing Uses

A. - Personal Services

Personal service expenditures represent the salaries and wages paid to certified, classified and administrative staff, substitutes, and board members. In addition to regular salaries, it includes payment for supplemental contracts, severance pay and payments to student workers. All employees receive their compensation on a bi-weekly basis.

Staffing levels within the School District are expected to decrease during the forecast period. In 2005, two bus drivers, five aides, and three teaching positions are being eliminated from the general fund due either to attrition or moving to federal funding. In fiscal year 2006, staffing levels will decrease by three certified and two and one-half classified employees. Staffing levels are expected to level off in fiscal years 2007 through 2009.

Certified and classified staff salaries are based on a contract with their respective bargaining units. The certified contract covers the period August 2004 through August 2007. The certified staff contract allows for base increases of 4.27 percent in 2005; 3.52 percent in 2006; and 3.0 percent for 2007 in addition to step increases of one and one-half percent each year. The classified contract covers the period September 2003 through August 2006. The classified employees will receive base salary increases of 7.32 percent for 2005 and 4.88 percent for 2006. Step increases for classified staff are one and one-half percent each year. For fiscal years not covered by the contracts the School District anticipates base salary increases of 2.0 percent and step increases of 1.5 percent. Administrative salaries are set by the Board of Education.

Certified and classified staff receives three personal days each year and a personal leave bonus depending on the number of days of personal leave used. The pay off for unused personal leave is anticipated to be \$5,000 in each year of the forecast.

The School District offers severance pay to its retiring employees of one-fourth of their accumulated sick leave to a maximum of 200 days accrued for certified employees and 180 days accrued for classified employees to be paid at the employees' current per diem rate. Severance amounts during the forecast period are based on specific employees anticipated to retire.

The following is a comparison of salaries and wages for fiscal years 2004 through 2009:

	Actual	Forecasted				
	Fiscal Year 2004	2005	2006	2007	2008	2009
Salaries	\$4,032,000	\$4,180,000	\$4,181,000	\$4,358,000	\$4,508,000	\$4,661,000
Supplementals	75,000	79,000	82,000	85,000	86,000	88,000
Substitutes	88,000	88,000	88,000	88,000	88,000	88,000
Severance	9,000	16,000	35,000	44,000	7,000	49,000
Miscellaneous	49,000	45,000	46,000	47,000	48,000	49,000
	<u>\$4,253,000</u>	<u>\$4,408,000</u>	<u>\$4,432,000</u>	<u>\$4,622,000</u>	<u>\$4,737,000</u>	<u>\$4,935,000</u>

Trimble Local School District - Athens County

Summary of Significant Forecast Assumptions and Accounting Policies
For the Fiscal Years Ending June 30, 2005 through 2009

B. - Employees' Retirement/Insurance Benefits

Employees' retirement and insurance benefits include employer contributions to the State pension systems, Medicare, and workers' compensation, and medical, dental, and vision benefits arising from the negotiated agreements.

Employees' retirement costs are based on the employer's contribution rate of 14 percent of salaries for STRS and SERS members. Payments are made based upon estimated salary and wages for each fiscal year. Adjustments resulting from over/under estimates are prorated over the next calendar year. The School District pays the employee's retirement contribution of the superintendent and treasurer. Employee retirement is expected to increase in relation to the increases in salaries and wages.

Workers' compensation premiums are based on the School District's assigned rate and the salaries for the prior calendar year. For fiscal year 2005, the School District anticipates paying \$10,000 in workers' compensation premiums. This amount reflects a 20 percent rebate of the premium from Workers' Compensation. In prior years, workers' compensation premium rebates were 75 percent for fiscal year 2002, 50 percent for fiscal year 2003, and 20 percent for fiscal year 2004. The School District does not anticipate any significant changes in Workers' Compensation during the forecast period.

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

The School District offered in the prior bargaining agreement an early retirement incentive program to its teachers in which the School District would buy up to two years of service credit. The program was available to those teachers who were at least 50 year of age and had 28 years of service, or were age 60 or more with five years of service. Fiscal year 2004 was the last year the School District made payments to the pension system for the program. This program has been excluded from the new bargaining agreement.

The School District also provides medical benefits and prescription drug benefits to all of its employees. Beginning in 2005, dental benefits equal to those received by certified employees will be provided to all classified employees at a cost of \$13,000 per year. Medical and dental benefits costs are based on the coverage terms of the existing health insurance contracts, the anticipated number of employees participating in the program, and the anticipated monthly premiums. Beginning in fiscal year 2005, the employee contribution towards health care costs is the average payment employees of other districts in the county are making. Beginning in fiscal year 2006, the employees contribution is the average percentage of the premium paid by the employees of other districts in the county.

Based on information provided by the School District's insurance carrier, premiums for medical benefits are anticipated to increase a 20 percent in 2005 and a 15 percent in each year for the remainder of the forecast period. No significant increases in premiums are anticipated for dental insurance during the forecast period. In 2005, the School District will receive a one-time premium holiday equal to one month's premiums for all employees from their insurance carrier. The School District does not anticipate any additional premium holidays throughout the forecast period. The increases in insurance benefits are off-set by staff reductions in fiscal years 2005 and 2006.

Trimble Local School District - Athens County

Summary of Significant Forecast Assumptions and Accounting Policies
For the Fiscal Years Ending June 30, 2005 through 2009

Presented below is a comparison of benefits for fiscal years 2004 through 2009:

	Actual	Forecasted				
	Fiscal Year	2005	2006	2007	2008	2009
	2004					
Retirement Contributions	\$601,000	\$628,000	\$629,000	\$655,000	\$676,000	\$699,000
Medicare/Workers'						
Compensation	61,000	62,000	62,000	62,000	62,000	62,000
Insurance Benefits	1,069,000	1,089,000	1,176,000	1,336,000	1,510,000	1,718,000
Early Retirement						
Incentive Payments	56,000	0	0	0	0	0
Totals	<u>\$1,787,000</u>	<u>\$1,779,000</u>	<u>\$1,867,000</u>	<u>\$2,053,000</u>	<u>\$2,248,000</u>	<u>\$2,479,000</u>

C. - Purchased Services

The increase in purchased service costs in fiscal year 2005 is due to an anticipated increase of five percent based on a ten year average of purchased service costs and increasing utility costs. A reduction in purchased services of \$50,000 in fiscal year 2006 due to the moving of the Wellness Coordinator to federal funding is offset by the purchased services increases indicated above. For fiscal years 2007 through 2009, the School District anticipates annual five percent increases in purchased services.

D. - Supplies and Materials

Expenditures for supplies and materials include general and office supplies, teaching aids, dispensary supplies, software materials, textbooks, and supplemental textbooks. Fiscal year 2005 expenditures for general supplies and textbooks are anticipated to decrease \$50,000. This is due to the School District purchasing less costly textbooks for fiscal year 2005 and a reduction in vocational funding, which was used to purchase textbooks in prior years. The School District anticipates that spending for fiscal years 2006 through 2009 will remain consistent with fiscal year 2005. The School District anticipates no increases in supplies and materials throughout the forecast period due to lack of funds available for additional purchases.

E. - Capital Outlay

The construction or acquisition of property, plant and equipment for general governmental services is recorded as an expenditure. 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.

The School District anticipates expending \$8,000 in fiscal years 2005 through 2009 for miscellaneous capital outlay (computer equipment, etc.) and will also utilize capital grants for technology upgrades such as SchoolNet funding. The School District purchased a school bus in 2005 for \$57,000 and replaced a maintenance truck at a cost of \$24,000. The School District will only be able to purchase one bus every three years due to the reduction in the bus purchase allowance from the State. The School District will not purchase another school bus until 2008.

Trimble Local School District - Athens County

Summary of Significant Forecast Assumptions and Accounting Policies
For the Fiscal Years Ending June 30, 2005 through 2009

F. - Debt Service

Debt service payments represent the repayment of two solvency assistance advances in prior years. The first principal payment on the 2003 advance of \$189,000 was made in fiscal year 2004. The second and final principal payment of \$189,000 will be made in fiscal year 2005. The solvency assistance advance is paid from State foundation revenues. The School District does not anticipate any debt payments beyond fiscal year 2005.

G. - Other Objects

This account includes dues, fees, liability insurance, other miscellaneous goods and services not otherwise classified in another account, and the refund of prior years' receipts. The School District is anticipating a \$50,000 reduction in other objects in 2005 due to a reduction in the contract with the Athens County Educational Service Center. This reduction is partially offset by a two percent increase. The School District also anticipates a two percent increase in each of the remaining years of the forecast period.

H. - Interfund Transactions

The School District anticipates operating transfers out of \$60,000 for fiscal year 2005. The estimated transfers out are to the food service and athletic funds. Transfers out are expected to decrease \$45,000 for fiscal year 2006 due to the elimination of a food service position. Transfers are anticipated to remain consistent for the remainder of the forecast period. No advances are anticipated for the forecast period.

Note 7 - 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.

Encumbrances for purchased services, supplies and materials, and other objects expenditures for the fiscal year ended June 30, 2004 were \$4,000. The School District is forecasting \$10,000 in encumbrances for each of the forecast years as it is expected that textbooks or other items will be ordered, but not all received by year end.

Note 8 - 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 future years.

At year end, any balances for disadvantaged pupil impact aid and bus purchases from the previous year plus any receipts from the current year that have not been spent must be carried forward to be used for appropriate purposes in future years

Trimble Local School District - Athens County

Summary of Significant Forecast Assumptions and Accounting Policies
For the Fiscal Years Ending June 30, 2005 through 2009

A. - Textbooks and Instructional Materials

The set aside amount for fiscal year 2005 is \$115,000. There was a carryover of \$26,000 from fiscal year 2004. Qualifying expenditures in the area of textbooks, instructional materials, and related purchased services are anticipated to be greater than the current year set aside and carryover balance; therefore, no reserve is required. The School District anticipates that qualifying expenditures will exceed the set aside requirement for the remainder of the forecast period.

B. - Capital Acquisition and Improvements

The School District anticipates offsets and qualifying expenditures for capital acquisition and improvements to exceed the set aside requirement for each fiscal year of the forecast period. Therefore, no reserve is anticipated during the forecast period.

C. - Disadvantaged Pupil Impact Aid (DPIA)

The School District anticipates receiving and spending \$512,000 in the current fiscal year. Therefore, no reserve is anticipated at June 30, 2005. In fiscal years 2006 through 2009, the School District anticipates that the DPIA fund will continue to spend all revenues received for the fiscal year.

D. - Bus Purchase Reserve

The School District receives funding restricted for the purchase of school busses annually. If the money is not spent during the current fiscal year, it must be carried over to future fiscal years. The fluctuations in school bus purchase reserves are due to the School District's bus purchasing plan outlined in the Capital Outlay assumption above.

Note 9 - Levies

The School District does not plan to place any levies on the ballot during fiscal year 2005. In the past eleven 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	1.50 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 10 - Pending Litigation

The School District's management is of the opinion that there are no issues that would have a material effect on the financial forecast.

Trimble Local School District - Athens County

Summary of Significant Forecast Assumptions and Accounting Policies
For the Fiscal Years Ending June 30, 2005 through 2009

Note 11 - State School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding decision is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..."

The School District is currently unable to determine what effect, if any, this decision will have its future State funding and on its financial operations.

Trimble Local School District - Athens County

Summary of Significant Forecast Assumptions and Accounting Policies
For the Fiscal Years Ending June 30, 2005 through 2009

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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
JUNE 9, 2005**