

JACKSON-MILTON LOCAL SCHOOL DISTRICT
NORTHEAST REGION, MAHONING COUNTY
FINANCIAL FORECAST
JULY 1, 1999, THROUGH JUNE 30, 2000

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

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Jackson-Milton Local School District
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North Jackson, Ohio 44451

We have examined the accompanying forecasted Schedule of Revenues, Expenditures, and Changes in Fund Balance of the general fund of the Jackson-Milton Local School District for the fiscal year ending June 30, 2000. 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 Financial Planning and Supervision Commission and the preparation and presentation of the forecast.

The accompanying Schedule of Revenues, Expenditures, and Changes in Fund Balance of the general fund for the fiscal year ending June 30, 2000 present, to the best of management's knowledge and belief, the expected revenues, expenditures, and changes in fund balance of the general fund for the forecast period. The accompanying forecasted Schedule of Revenues, Expenditures, and Changes in Fund Balance of the general fund and this report were prepared to determine whether the School District will incur an operating deficit for the current fiscal year, pursuant to Section 3316.08, Revised Code, 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 forecasted information established by the American Institute of Certified Public Accountants (AICPA), and the underlying assumptions provide a reasonable basis for the Board of Education's and Financial Planning and Supervision Commission's forecast. Our examination of the financial forecast presented in this document was made for the purpose of forming an opinion on whether the financial forecast is presented in conformity with AICPA guidelines for the presentation of a forecast and whether the underlying assumptions provide a reasonable basis for the forecast. The supplemental data as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial forecast. Such information has not been subjected to procedures applied in the examination of the financial forecast and, accordingly, we express no opinion or any other form of assurance on it. Furthermore, differences between the forecasted and actual results will

usually happen 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 financial statements for the years ended June 30, 1997 and 1998 were audited by Gillian & Company, CPAs. The firm expressed an unqualified opinion on these statements in reports dated May 12, 1998 and March 23, 1999. The Ohio Auditor of State's Office is performing the audit for fiscal year 1999 and it is still in progress at this time.

We have compiled the accompanying Schedules of Revenues, Expenditures, and Changes in Fund Balance of the general fund for the Jackson-Milton Local School District for the years ended June 30, 1997, 1998, 1999, and 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

January 27, 2000

JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FISCAL YEAR ENDING JUNE 30, 2000 FORECASTED
GENERAL FUND

	<u>Fiscal Year</u> <u>2000 Forecasted</u>
Revenues	
General Property Tax (Real Estate)	\$3,020,000
Tangible Personal Property Tax	577,000
Unrestricted Grants-in-Aid	2,417,000
Restricted Grants-in-Aid	60,000
Property Tax Allocation	370,000
All Other Revenues	122,000
<i>Total Revenues</i>	<u>6,566,000</u>
Other Financing Sources	
All Other Financing Sources	<u>12,000</u>
<i>Total Revenues and Other Financing Sources</i>	<u>6,578,000</u>
Expenditures	
Personal Services	3,736,000
Employees' Retirement/Insurance Benefits	1,319,000
Purchased Services	882,000
Supplies and Materials	168,000
Capital Outlay	4,000
Debt Service:	
Principal-Solvency Assistance Advance	336,000
Principal-HB 264 Loans	50,000
Principal-Other	15,000
Interest and Fiscal Charges	27,000
Other Objects	103,000
<i>Total Expenditures</i>	<u>6,304,000</u>
Other Financing Uses	
Operating Transfers Out	<u>44,000</u>
<i>Total Expenditures and Other Financing Uses</i>	<u>6,348,000</u>
<i>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</i>	230,000
<i>Cash Balance July 1, 1999</i>	<u>258,000</u>
<i>Cash Balance June 30, 2000</i>	<u>488,000</u>
<i>Estimated Encumbrances June 30, 2000</i>	<u>58,000</u>
Reservation of Fund Balance	
Budget Reserve	35,000
Bus Purchases	60,000
<i>Subtotal</i>	<u>95,000</u>
<i>Unreserved Fund Balance June 30, 2000</i>	<u><u>\$335,000</u></u>

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

Note: Schedule includes the general fund, emergency levy fund, DPIA fund, and any portion of the debt service fund related to general fund debt

JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEARS ENDED JUNE 30, 1997, 1998 AND 1999 ACTUAL;
FISCAL YEAR ENDING JUNE 30, 2000 FORECASTED
GENERAL FUND

	Fiscal Year 1997 Actual	Fiscal Year 1998 Actual	Fiscal Year 1999 Actual	Fiscal Year 2000 Forecasted
Revenues				
General Property Tax (Real Estate)	\$2,130,000	\$2,167,000	\$2,629,000	\$3,020,000
Tangible Personal Property Tax	365,000	400,000	496,000	577,000
Unrestricted Grants-in-Aid	2,271,000	2,327,000	2,371,000	2,417,000
Restricted Grants-in-Aid	83,000	74,000	79,000	60,000
Property Tax Allocation	230,000	232,000	280,000	370,000
All Other Revenues	102,000	131,000	109,000	122,000
Total Revenues	<u>5,181,000</u>	<u>5,331,000</u>	<u>5,964,000</u>	<u>6,566,000</u>
Other Financing Sources				
Proceeds from Sale of Notes	75,000	1,711,000	0	0
Solvency Assistance Advance	0	0	672,000	0
Advances In	0	4,000	14,000	0
All Other Financing Sources	0	0	1,000	12,000
Total Other Financing Sources	<u>75,000</u>	<u>1,715,000</u>	<u>687,000</u>	<u>12,000</u>
Total Revenues and Other Financing Sources	<u>5,256,000</u>	<u>7,046,000</u>	<u>6,651,000</u>	<u>6,578,000</u>
Expenditures				
Personal Services	3,571,000	3,670,000	3,595,000	3,736,000
Employees' Retirement/Insurance Benefits	1,135,000	1,288,000	1,387,000	1,319,000
Purchased Services	466,000	436,000	524,000	882,000
Supplies and Materials	284,000	125,000	120,000	168,000
Capital Outlay	59,000	18,000	15,000	4,000
Debt Service:				
Principal-Notes	0	675,000	147,000	0
Principal-State Loans	0	0	684,000	0
Principal-Solvency Assistance Advance	0	0	0	336,000
Principal-HB 264 Loans	30,000	32,000	48,000	50,000
Principal-Other	15,000	15,000	0	15,000
Interest and Fiscal Charges	19,000	28,000	76,000	27,000
Other Objects	62,000	70,000	116,000	103,000
Total Expenditures	<u>5,641,000</u>	<u>6,357,000</u>	<u>6,712,000</u>	<u>6,304,000</u>
Other Financing Uses				
Operating Transfers Out	46,000	349,000	52,000	44,000
Advances Out	2,000	19,000	0	0
Total Other Financing Uses	<u>48,000</u>	<u>368,000</u>	<u>52,000</u>	<u>44,000</u>
Total Expenditures and Other Financing Uses	<u>5,689,000</u>	<u>6,725,000</u>	<u>6,764,000</u>	<u>6,348,000</u>
Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses	(433,000)	321,000	(113,000)	230,000
Cash Balance July 1	<u>483,000</u>	<u>50,000</u>	<u>371,000</u>	<u>258,000</u>
Cash Balance June 30	<u>50,000</u>	<u>371,000</u>	<u>258,000</u>	<u>488,000</u>
Estimated Encumbrances June 30	<u>54,000</u>	<u>77,000</u>	<u>65,000</u>	<u>58,000</u>
Reservation of Fund Balance				
Textbooks and Instructional Materials	0	14,000	0	0
Budget Reserve	0	35,000	35,000	35,000
Bus Purchases	25,000	40,000	45,000	60,000
Subtotal	<u>25,000</u>	<u>89,000</u>	<u>80,000</u>	<u>95,000</u>
Unreserved Fund Balance (Deficit) June 30	<u>(\$29,000)</u>	<u>\$205,000</u>	<u>\$113,000</u>	<u>\$335,000</u>

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

Note: Schedule includes general fund, emergency levy fund, DPIA fund, textbook subsidy fund and any portion of debt service fund related to general fund debt

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

Nature of Presentation

This financial forecast presents, to the best of the Jackson-Milton Local School District Board of Education's and the Financial Planning and Supervision Commission's knowledge and belief, the expected revenues, expenditures, and changes in fund balance of the general fund for the forecast period. Accordingly, the forecast reflects the Board of Education's and Financial Planning and Supervision Commission's judgment of the expected conditions and its expected course of action as of January 27, 2000 the date of this forecast. The forecast is designed to present the revenues, expenditures and changes in fund balance for the purpose of determining whether the School District will incur an operating deficit for the current fiscal year, pursuant to Section 3316.08, Revised Code, and should not be used for any other purpose. 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.

1. General Assumptions

The Jackson-Milton Local School District will continue to operate its instructional program in accordance with its adopted school calendar and pay all obligations.

The forecast includes the revenue and expenditure activity of the general fund, emergency levy fund, disadvantaged pupil impact aid fund and the debt service fund as it relates to general fund debt only. Transfers in and transfers out that were made between these funds were eliminated.

The forecast contains those expenditures the Board has determined to be necessary to provide for an adequate educational program.

2. Revenue and Other Financing Source Assumptions

The fiscal year 2000 revenue and other financing source assumptions are based on the following:

Property Taxes

Property taxes consist of real estate, public utility real and personal property, tangible personal property, and trailer taxes. Advances may be requested from the Mahoning County and Trumbull County Auditors as the tax is collected. When settlements are made, any amounts remaining to be distributed to the School District are paid.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

Deductions for auditor and treasurer's fees, advertising delinquent taxes, election expenses, and other fees are made at these settlement times.

The forecasted figures for fiscal year 2000 were based on the most recent information provided by the Mahoning and Trumbull County Auditors. The amounts shown in the revenue section of the forecast schedules represent gross property tax revenue.

General Property Tax (Real Estate)

The general property tax revenue estimates are based upon confirmation received from the Mahoning County Auditor and the Trumbull County Auditor. 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 \$3,020,000 in real estate tax revenue, an increase of \$391,000 over the prior fiscal year.

The increase is due to the School District receiving a full year's revenue from the May 1998 passage of a 9.9 mill emergency operating levy.

Tangible Personal Property Tax

This revenue source consists of tangible personal property tax revenue, \$10,000 tangible personal property tax exemption revenues, and trailer tax revenues. The first \$10,000 of tangible personal property is exempt from taxation. The State reimburses the School District for all revenue lost due to this exemption. The amount of the reimbursement, as estimated by the Mahoning and Trumbull County Auditors, is included in the forecasted amount of tangible personal property tax revenue.

As with real estate taxes, tangible personal property tax revenues and trailer tax revenues are based upon a confirmation received from the Mahoning and Trumbull County Auditors. The School District anticipates receiving \$577,000 in tangible personal property tax, personal property exempt reimbursement, and trailer tax revenues. The amount represents an increase from the prior fiscal year of \$81,000. This increase is due to higher levels of inventories held by businesses in the area.

Unrestricted Grants-in-Aid

State foundation payments established by Chapter 3317 of the 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

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

for contributions to the two school retirement systems are included in the expenditure section. Forecasted amounts are based on current information provided by the State Department of Education. The forecast reflects a two percent increase, largely due to a new method used to calculate school foundation.

This revenue source includes formula aid, special education aid, training and experience of classroom teachers funding, unrestricted disadvantaged pupil impact aid (a portion is also restricted as explained below), extended service, gifted aid, transportation, vocational education, and equalization enhancement revenues received from the State Department of Education, Division of School Finance. Based on the most current school foundation information, unrestricted grants-in aid is forecasted at \$2,417,000 an increase of \$46,000 from fiscal year 1999.

Restricted Grants-in-Aid

Restricted grants-in-aid amount to \$60,000 and consists of restricted disadvantaged pupil impact aid (DPIA) of \$23,000 and bus purchase allowance revenues of \$37,000. These are the only forms of restricted revenue that the School District expects to receive.

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).

The first \$10,000 of tangible personal property is exempt from taxation. The State reimburses the School District for all revenue lost due to this exemption. The amount of the reimbursement is included in the forecasted amount of tangible personal property tax revenues.

The Mahoning and Trumbull County Auditors certified \$370,000 in revenue from rollback and homestead reimbursements and the manufactured home homestead reimbursement. The increase of \$90,000 is due to the School District receiving a full year's collections against the May 1998 passage of a 9.9 mill emergency operating levy.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

All Other Revenues

The following schedule represents all other revenues not classified elsewhere:

Earnings on Investments	\$33,000
Tuition	40,000
Miscellaneous	<u>49,000</u>
Total	<u><u>\$122,000</u></u>

The forecasted revenue was based on the following:

- Investment earnings were based on historical investment practices and current interest rates.
- Tuition revenues received from the State are expected to remain at the same levels as in previous fiscal years.
- Miscellaneous revenues of \$49,000 consist of donations, pay phone and vending machine commissions, lost book fines, employee reimbursement for a portion of health care benefit premiums, rental of School District property, and various other reimbursements.

Other Financing Sources

Refund of Prior Year Expenditure

The District has received \$12,000 in repayment of excess tuition cost during fiscal year 2000.

3. Expenditure and Other Financing Use Assumptions

The fiscal year 2000 anticipated expenditures and other financing uses are based on the following:

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

Personal Services

Personal service expenditures of \$3,736,000 forecasted for fiscal year 2000 are comprised of:

Certified Salaries	\$2,813,000
Classified Salaries	646,000
Substitute Compensation	51,000
Supplemental Contracts	146,000
Severance Pay	27,000
Overtime Pay	34,000
Board Members Compensation	8,000
Payment in Lieu of Hospitalization	11,000
Total	<u><u>\$3,736,000</u></u>

The School District anticipates an increase of \$141,000 in the cost of personal services from fiscal year 1999 levels. The major reasons for this increase are outlined below:

- An increase in certified salaries due to step increases received by teachers and administrators.
- An increase resulting from a four percent pay raise for classified employees for fiscal year 2000 and step increases, partially offset by savings from the elimination of several positions, reduction of overtime, and elimination of student workers.
- The remaining increase is due to severance pay in the amount of \$27,000 resulting from retirement eligible employees leaving the School District.

Employees' Retirement/Insurance Benefits

Employee retirement and insurance benefits are forecasted at \$1,319,000 for fiscal year 2000, as follows:

Retirement	\$527,000
Insurances	755,000
Workers' Compensation	11,000
Medicare	19,000
Tuition Reimbursement	7,000
Total	<u><u>\$1,319,000</u></u>

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

The School District anticipates a \$68,000 decrease in benefits for fiscal year 2000. This decrease is due primarily to the following:

- A decrease in retirement benefits due to personnel reductions and the procedure of contributing to the retirement systems based on estimated salaries rather than actual salaries.
- Insurance costs are anticipated to increase primarily due to increases in all premium rates for every type of insurance for the current fiscal year.
- In fiscal year 2000, the School District received a 75 percent premium credit from the Bureau of Workers' Compensation decreasing workers' compensation insurance costs by \$32,000.
- A decrease in early retirement incentive payments of \$131,000 due to the final payment being made in fiscal year 1999.
- An increase in medicare payments due to increases in salaries.

Purchased Services

Purchased service expenditures forecasted in the amount of \$882,000 are comprised of:

Professional and Technical Services	\$412,000
Property Services	90,000
Travel and Meeting Expenses	5,000
Communication Costs	34,000
Utilities Services	131,000
Tuition Payments	186,000
Pupil Transportation Costs	16,000
Other Purchased Services	8,000
Total	<u>\$882,000</u>

The School District anticipates a \$358,000 increase in the cost of purchased services for fiscal year 2000. This increase is due primarily to the following:

- Professional and technical services are anticipated to increase in fiscal year 2000 due to increased legal costs for contract negotiations.
- The cost of property services is forecasted to increase resulting from the School District using the general fund for repair and maintenance of facilities and buses.
- Tuition costs are forecasted to decrease based on the contract information provided to the School District from the Mahoning County Educational Service Center.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2000

Supplies and Materials

The School District anticipates spending \$168,000 for supplies and materials in fiscal year 2000. The expenditures are as follows:

General Supplies, Library Books, and Periodicals	\$95,000
Supplies and Materials for Operation, Maintenance and Repair	73,000
Total	<u><u>\$168,000</u></u>

There is a forecasted \$48,000 increase in expenditures for supplies and materials from fiscal year 1999 levels. This increase is due to the purchase of textbooks and bus repairs.

Capital Outlay

Capital outlay expenditures are forecasted for fiscal year 2000 in the amount of \$4,000, which represents new capital outlay. The School District does not contemplate any expenditures for replacement capital outlay.

Debt Service

The School District's debt service expenditures required for fiscal year 2000 include a solvency assistance fund advance, two energy conservation (HB 264) loans and a bus purchase bond. The amounts are as follows:

	Principal Amount	Interest Amount	Total
Solvency Assistance Fund Advance	\$336,000	\$0	\$336,000
Bus Purchase Bond 1994	15,000	6,000	21,000
HB 264 Energy Conservation Note, 1994	35,000	6,000	41,000
HB 264 Energy Conservation Note, 1998	15,000	15,000	30,000
Total	<u>\$401,000</u>	<u>\$27,000</u>	<u>\$428,000</u>

The funds necessary for payment of principal and interest are provided by property taxes, State foundation revenues, and bus purchase allowances.

Other Objects

This account includes dues, fees, liability insurance, county educational service center deductions, and award costs. The School District projects a \$13,000 decrease in other objects for fiscal year 2000.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

Operating Transfers Out

For fiscal year 2000, transfers are anticipated to the food service, uniform school supplies and EMIS funds amounting to \$44,000.

Advances Out

No advances to other funds are planned during fiscal year 2000.

4. 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.

5. Encumbrances

Encumbrances for purchased services and supplies and materials for the fiscal year ended June 30, 1999 were \$26,000 and are forecasted at \$20,000 at June 30, 2000. Also, \$38,000 is projected for the State Teacher's Retirement System advance.

6. Reservation of Fund Balance

Textbooks and Instructional Materials

The required three percent contribution for fiscal year 2000 for the textbooks and instructional materials set aside amounted to \$146,000. The set aside amount will be completely offset by \$155,000 of qualifying planned expenditures for textbooks, instructional materials, instructional supplies, instructional software, and instructional equipment.

Capital Improvements

The required three percent contribution for fiscal year 2000 for the capital improvements and maintenance set aside amounted to \$146,000. The set aside is completely offset by the proceeds from a permanent improvement levy adopted under Section 5705.21 of the Ohio Revised Code, and 1.5 mills of general fund inside millage allocated to permanent improvements. The levies annually generate \$65,000 and \$141,000, respectively.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

Budget Reserve

A contribution for the budget stabilization set aside is generally required if the District's revenues for the prior year grew by at least three percent, unless the District is in fiscal emergency. The revenue for the Jackson-Milton Local School District increased by 15 percent; however, the School District is in a state of fiscal emergency.

The District received a refund from the Bureau of Workers' Compensation in fiscal year 1998 in the amount of \$35,000. This refund is required under Section 39 of House Bill 770 to be part of the set aside reserve balance. Therefore, the refund of \$35,000 received from the Bureau of Workers' Compensation has been reserved for budget stabilization.

Bus Purchases

The School District had a carryover bus purchase set aside balance of \$45,000 at the end of fiscal year 1999 and received \$37,000 in bus purchase allowance during fiscal year 2000. The set aside is offset by \$22,000 in bus acquisition bond payments. Therefore, a bus purchase reserve of \$60,000 is included.

7. Levies

A 3.6 mill renewal levy will appear on the March 2000 ballot. If passed, it will generate approximately \$383,000 in annual revenues.

8. Pending Litigation

The School District's legal counsel disclosed the existence of union issues, including negotiations and possible grievances. The District's legal counsel stated that such union negotiations or issues are not characterized as pending or threatened litigation and is not aware of any threatened or pending litigation.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

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 which is the same as that used to prepare the historical budgetary statements for the years ended June 30, 1997, 1998, and 1999. Under this system, 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 and to make appropriations for budgetary funds. The appropriations are made by the Board of Education to their classification of accounts and are restricted for such purpose until expended or amended by the Board.

B. Investments

Investment procedures are restricted by the provisions of the Ohio Revised Code. The School District pools cash from all funds for investment purposes. Purchased investments are valued at cost and are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Interest earned is recognized and recorded when received.

C. 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 recording 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

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.

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FISCAL YEAR ENDING JUNE 30, 2000

Capital Project Funds

To account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Debt Service Funds

To account for the accumulation of resources for, and the payment of, general long-term and short-term debt principal and interest. According to governmental accounting principles, the Debt Service Fund accounts for the payment of debt for governmental funds only. Under Ohio law, the debt service fund may be used to account for the payment of debt for both governmental and proprietary funds.

Proprietary Funds

Enterprise Funds

To account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs 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.

Internal Service Funds

To account for the financing of goods or services provided by one department or agency to other departments or agencies of the School District, or to other governmental units, on a cost-reimbursement basis.

Fiduciary Funds

Trust and Agency Funds

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

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

D. Budgetary Process

Budget

A budget of estimated cash receipts and disbursements is submitted to the Mahoning 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.

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.

E. Property, Plant and Equipment

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

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF NOTE INDEBTEDNESS
JANUARY 27, 2000**

<u>O.R.C. AUTHORITY</u>	<u>NOTE AMOUNT</u>	<u>HELD BY</u>	<u>DUE</u>	<u>RATE OF INTEREST</u>	<u>SOURCE OF REPAYMENT</u>
3313.372 H.B. 264	\$129,224	Mahoning National Bank	03-27-02	5.75%	General Fund Revenue
3313.372 H.B. 264	\$295,000	Huntington National Bank	06-01-13	5.50%	General Fund Revenue

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

**SCHEDULE OF BOND INDEBTEDNESS
AS OF JANUARY 27, 2000**

<u>DESCRIPTION OF ORIGINAL ISSUE</u>	<u>INTEREST RATE</u>	<u>ISSUE DATE</u>	<u>MATURITY DATE</u>	<u>REQUIRED ANNUAL PAYMENT</u>	<u>AUTHORIZED AND ISSUED</u>	<u>RETIRED TO DATE</u>	<u>OUTSTANDING</u>
School Bus Acquisition Bonds, Series 1994	4.25 to 5.20 %	08/01/1994	03/01/ 2005	\$15,000 to \$20,000	\$175,000	\$100,000	\$75,000

**JACKSON-MILTON LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

TEN-YEAR LEVY HISTORY
AS OF JANUARY 27, 2000

<u>DATE</u>	<u>TYPE</u>	<u>AMOUNT</u>	<u>TERM</u>	<u>ELECTION RESULTS</u>
11/05/90	Emergency	5.85 Mills	Five Years	Passed
11/02/93	Permanent Improvement	0.90 Mills	Five Years	Passed
05/02/95	Emergency	4.35 Mills	Five Years	Passed
11/04/97	Emergency	5.9 Mills	Five Years	Failed
05/05/98	Emergency	9.9 Mills	Five Years	Passed



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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P.O. Box 1140
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Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

JACKSON-MILTON LOCAL SCHOOL DISTRICT

MAHONING 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
MARCH 17, 2000**