

LORDSTOWN LOCAL SCHOOL DISTRICT
YOUNGSTOWN REGION, TRUMBULL COUNTY
FINANCIAL FORECAST
JULY 1, 2000 THROUGH JUNE 30, 2001

**LORDSTOWN LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

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CERTIFICATION

Certification is hereby made that, based upon the requirement set forth in Section 3313.483, Revised Code, the Local Government Services Division of the Auditor of State's Office has examined the financial forecast of the general fund of the Lordstown Local School District, Trumbull County, Ohio, as requested by the Board of Education by resolution passed on June 28, 2000 and subsequently amended October 18, 2000. This forecast is based on the assumption that the School District will continue to operate its instructional program in accordance with its adopted school calendar and pay all obligations. Additional significant assumptions are set forth in the forecast. However, some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, the actual results of operations during the forecast period will vary from the forecast, and the variations may be material. The forecast reflects an unreserved General Fund operating deficit for the year ending June 30, 2001 of \$1,357,000. The cash reserves in the amount of \$126,000 include a capital improvements reserve of \$58,000, a budget reserve of \$38,000 and bus purchase allowance of \$30,000.

Section 5705.29, Revised Code, allows the School District to appropriate monies from the budget reserve if it has a plan to replenish the reserve approved by State Superintendent of Public Instruction. The School District has not submitted a plan to the State Superintendent of Public Instruction as of the date of this certification.

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 and the State Superintendent of Public Instruction has authorized such notes. The School District did not include a spending reserve in their current year tax budget.

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

A handwritten signature in black ink, appearing to read "Christine L. Hansen".

Christine L. Hansen, CPA
Chief of Local Government Services

October 23, 2000



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

The accompanying forecast was prepared for the purpose of determining whether the Lordstown Local School District meets the criteria of fiscal watch or fiscal emergency under Section 3316.03, of the Ohio Revised Code and enable the Auditor of State to certify the operating deficit to the State Department of Education.

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 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 historical financial statements for the fiscal years ended June 30, 1998 and 1999 (from which the historical data are derived) were audited by the Auditor of State's Office. The financial statements for the year ended June 30, 1998 and 1999, included an unqualified opinion and were dated October 28, 1998 and September 30, 1999, respectively.

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

JIM PETRO
Auditor of State

October 18, 2000

LORDSTOWN LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FISCAL YEAR ENDING JUNE 30, 2001 FORECASTED
GENERAL FUND

	Fiscal Year 2001 Forecasted
Revenues	
General Property Tax	\$2,827,000
Tangible Personal Property Tax	1,588,000
Unrestricted Grants-in-Aid	1,158,000
Restricted Grants-in-Aid	14,000
Property Tax Allocation	243,000
All Other Revenues	1,422,000
<i>Total Revenues</i>	7,252,000
Other Financing Sources	
Proceeds from Sale of Notes	800,000
Advances In	54,000
<i>Total Other Financing Sources</i>	854,000
<i>Total Revenues and Other Financing Sources</i>	8,106,000
Expenditures	
Personal Services	4,322,000
Employees' Retirement/Insurance Benefits	1,950,000
Purchased Services	784,000
Supplies and Materials	248,000
Capital Outlay	64,000
Debt Service:	
Principal-Notes	800,000
Principal-HB 264 Loans	112,000
Interest and Fiscal Charges	104,000
Other Objects	1,079,000
<i>Total Expenditures</i>	9,463,000
Other Financing Uses	
Operating Transfers Out	35,000
Advances Out	55,000
<i>Total Other Financing Uses</i>	90,000
<i>Total Expenditures and Other Financing Uses</i>	9,553,000
<i>Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses</i>	(1,447,000)
<i>Cash Balance July 1</i>	288,000
<i>Cash (Deficit) Balance June 30</i>	(1,159,000)
<i>Estimated Encumbrances June 30</i>	72,000
Reservation of Fund Balance	
Capital Improvements	58,000
Budget Reserve	38,000
Bus Purchase	30,000
<i>Total Reservations</i>	126,000
<i>Unreserved Fund (Deficit) Balance June 30</i>	(\$1,357,000)

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

Note: Schedule includes the general fund, emergency levy fund, vocational compact fund, textbook subsidy fund and debt service related to general fund debt.

LORDSTOWN LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEARS ENDED JUNE 30, 1998 THROUGH 2000 ACTUAL;
FISCAL YEAR ENDING JUNE 30, 2001 FORECASTED
GENERAL FUND

	Fiscal Year 1998 Actual	Fiscal Year 1999 Actual	Fiscal Year 2000 Actual	Fiscal Year 2001 Forecasted
Revenues				
General Property Tax	\$2,570,000	\$2,529,000	\$2,637,000	\$2,827,000
Tangible Personal Property Tax	1,517,000	1,560,000	1,466,000	1,588,000
Unrestricted Grants-in-Aid	934,000	1,139,000	2,051,000	1,158,000
Restricted Grants-in-Aid	10,000	10,000	14,000	14,000
Property Tax Allocation	250,000	234,000	241,000	243,000
All Other Revenues	1,764,000	1,054,000	1,402,000	1,422,000
<i>Total Revenues</i>	<u>7,045,000</u>	<u>6,526,000</u>	<u>7,811,000</u>	<u>7,252,000</u>
Other Financing Sources				
Proceeds from Sale of Notes	0	0	0	800,000
Advances-In	18,000	19,000	47,000	54,000
<i>Total Other Financing Sources</i>	<u>18,000</u>	<u>19,000</u>	<u>47,000</u>	<u>854,000</u>
<i>Total Revenues and Other Financing Sources</i>	<u>7,063,000</u>	<u>6,545,000</u>	<u>7,858,000</u>	<u>8,106,000</u>
Expenditures				
Personal Services	3,841,000	4,086,000	4,462,000	4,322,000
Employees' Retirement/Insurance Benefits	1,393,000	1,580,000	1,890,000	1,950,000
Purchased Services	1,239,000	1,090,000	770,000	784,000
Supplies and Materials	325,000	255,000	248,000	248,000
Capital Outlay	291,000	0	58,000	64,000
Debt Service:				
Principal-Notes	0	0	0	800,000
Principal-HB 264 Loans	0	0	0	112,000
Interest and Fiscal Charges	0	0	0	104,000
Other Objects	114,000	310,000	336,000	1,079,000
<i>Total Expenditures</i>	<u>7,203,000</u>	<u>7,321,000</u>	<u>7,764,000</u>	<u>9,463,000</u>
Other Financing Uses				
Operating Transfers Out	11,000	153,000	56,000	35,000
Advances Out	19,000	47,000	54,000	55,000
<i>Total Other Financing Uses</i>	<u>30,000</u>	<u>199,000</u>	<u>110,000</u>	<u>90,000</u>
<i>Total Expenditures and Other Financing Uses</i>	<u>7,233,000</u>	<u>7,520,000</u>	<u>7,874,000</u>	<u>9,553,000</u>
<i>Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses</i>	(170,000)	(975,000)	(16,000)	(1,447,000)
<i>Cash Balance July 1</i>	<u>1,449,000</u>	<u>1,279,000</u>	<u>304,000</u>	<u>288,000</u>
<i>Cash Balance June 30</i>	1,279,000	304,000	288,000	(1,159,000)
<i>Estimated Encumbrances June 30</i>	81,000	12,000	25,000	72,000
Reservation of Fund Balance				
Capital Improvements	0	0	0	58,000
Textbooks and Instructional Materials	0	0	19,000	0
Budget Reserve	38,000	38,000	38,000	38,000
Bus Purchase	0	0	20,000	30,000
<i>Total Reservations</i>	<u>\$38,000</u>	<u>\$38,000</u>	<u>\$77,000</u>	<u>\$126,000</u>
<i>Unreserved Fund Balance (Deficit) June 30</i>	<u>\$1,160,000</u>	<u>\$254,000</u>	<u>\$186,000</u>	<u>(\$1,357,000)</u>

See accompanying summary of significant forecast assumptions and accounting policies

Note: Schedule includes the general fund, emergency levy fund, vocational compact fund, textbook subsidy fund and debt service related to general fund debt.

**LORDSTOWN LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2001**

Nature of Presentation

This financial forecast presents, to the best of the Lordstown Local School District Board of Education'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 judgment of the expected conditions and its expected course of action as of October 18, 2000, the date of this forecast. The assumptions disclosed herein are those that management believes are significant to the forecast. Differences between the forecasted and actual results will usually arise because events and circumstances frequently do not occur as expected, and those differences may be material.

The forecast is designed to present the revenues, expenditures and changes in fund balance for the purpose of determining whether the School District qualifies for fiscal watch or fiscal emergency under Section 3316.03, Ohio Revised Code and to allow the Auditor of State to certify the operating to the State Department of Education.

1. General Assumptions

The Lordstown Local School District (the 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, the emergency fund, the textbook subsidy fund, the vocational compact fund, and any debt service activity related to general fund debt.

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 2001 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 and tangible personal property taxes. Advances may be requested from the Trumbull County Auditor as the tax is collected. When settlements are made, any amounts remaining to be distributed to the School District are paid. Deductions for auditor and treasurer's fees, advertising delinquent taxes, election expenses, and other fees are made at these settlement times.

The forecasted figures for fiscal year 2001 were based on the most recent information provided by the Trumbull County Auditor. The amounts shown in the revenue section of the forecast schedules represent gross property tax revenue.

**LORDSTOWN LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2001**

General Property Tax (Real Estate)

The general property tax revenue estimates are based upon confirmations received from the Trumbull County Auditor dated September 12, 2000. Included in this revenue source are real estate and trailer tax revenues. 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 \$2,827,000 in real estate tax revenue, an increase of \$190,000 from the prior fiscal year. The increase is due to higher valuation and increased construction in the area.

Tangible Personal Property Tax

This revenue source consists of tangible personal property tax revenue and the public utility personal property tax revenue. 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 Trumbull County Auditor, is included in the forecasted amount of property tax allocation for fiscal year 2001.

As with real estate taxes, tangible personal property tax and public utility personal property tax revenues are based upon confirmations received from the Trumbull County Auditor. Based upon these estimates, the School District anticipates receiving \$1,588,000, in tangible personal property tax revenue, including the tangible personal property tax exemption revenue, an increase of \$122,000 from the prior fiscal year. The increase is attributed 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 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.

This revenue source includes formula aid, special education aid, training and experience of classroom teachers funding, extended service, gifted aid, transportation and vocational education and equalization enhancement revenues received from the State Department of Education, Division of School Finance. The amount of revenue reported on the most recent school foundation settlement is \$1,158,000, which represents a decrease of \$893,000 from the prior year. This decrease is primarily due to the School District erroneously receiving State foundation monies in excess of its State allocation in the amount of \$806,000 during fiscal year 2000 to which it was not entitled.

Restricted Grants-in-Aid

Restricted grants-in-aid consist of an anticipated bus purchase allowance of \$10,000 and a DPIA subsidy of \$4,000 which is consistent with the prior fiscal year.

**LORDSTOWN LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2001**

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 Trumbull County Auditor certified the amounts for homestead and rollback at \$243,000, an increase of \$2,000 over the prior fiscal year.

All Other Revenues

The following schedule represents all other revenues not classified elsewhere:

Tuition	\$1,187,000
Earning on Investment	30,000
General Motors	147,000
Miscellaneous	13,000
Refund of Prior Year Expenditures	<u>45,000</u>
Total	<u><u>\$1,422,000</u></u>

The forecasted revenue was based on the following:

- Tuition is expected to increase based on an agreed tuition rate by the Vocational Compact. Tuition consists of monies from school foundation and tuition charged to the school districts which participate in the Vocational Compact. The amount charged to all participating districts is determined by a formula specified in the Vocational Compact agreement.
- Investment earnings are expected to decrease due to the School District having less cash available for investment purposes.
- During fiscal year 1996, General Motors and the Lordstown Local School District reached an agreement which ensures that the School District would receive at least forty percent of the personal property tax that it would have been authorized to levy on certain projects. During fiscal year 2000, the Board of Education passed a resolution to have the General Motors monies placed in the general fund instead of the capital projects fund.
- Miscellaneous revenues consist of donations, rental of school property and book fines.

**LORDSTOWN LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2001**

Other Financing Sources

Proceeds from Sale of Notes

During the current fiscal year, the School District issued \$800,000 in tax anticipation notes. The notes are to be repaid November 8, 2000. The School District does not anticipate issuing any other notes during the forecast period.

Advances In

Advances in represent amounts advanced to several other funds in the prior fiscal year and are being repaid to the general fund in the forecasted year. Advances in are expected to be \$54,000 in fiscal year 2001.

Expenditure and Other Financing Use Assumptions

The fiscal year 2001 anticipated expenditures and other financing uses are based on the following:

Personal Services

The personal service expenditures of \$4,322,000 forecasted for fiscal year 2001 are comprised of the following:

Certified Salaries	\$3,286,000
Classified Salaries	693,000
Substitute Compensation	118,000
Supplemental Contracts	127,000
Severance Pay	72,000
Tutors	21,000
Board Members Compensation	5,000
Total	<u><u>\$4,322,000</u></u>

The School District is anticipating a \$140,000 decrease in the cost of personal services from fiscal year 2000 levels. The major reasons for this decrease are outlined below:

- A decrease in classified and certified salaries is expected due to three teachers retiring at the end of fiscal year 2000 and being replaced with teachers at the lower end of the wage scale and the School District only giving step increases.
- During fiscal year 2000, the School District settled on employee related judgement.

**LORDSTOWN LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2001**

- Substitute compensation is anticipated to decrease due to three employee pregnancies in fiscal year 2000 and an employee absence for all of fiscal 2000 due to a severe illness, which caused the School District to pay for a substitute for the entire fiscal year. This is not expected to recur in fiscal year 2001.
- Supplemental contract costs are anticipated to decrease due to the School District not filling all positions during fiscal year 2001.

Employees' Retirement/Insurance Benefits

Employee retirement and insurance benefits are forecasted at \$1,950,000 for fiscal year 2001. This amount includes the following:

Retirement	\$625,000
Insurance	991,000
Workers' Compensation	23,000
Medicare	40,000
Tuition Reimbursement	12,000
Dues	2,000
Early Retirement Incentive	<u>257,000</u>
Total	<u><u>\$1,950,000</u></u>

The School District anticipates a \$60,000 increase in benefits for fiscal year 2001. This increase is due primarily to the following:

- Retirement costs decreased due to three teachers retiring and the positions being filled at the lower rate of pay.
- Insurance payments will increase due to an increase in rates for health insurance, effective September, 2000.
- Worker's compensation premiums are anticipated to increase due to the School District receiving a 75 percent rate decrease in fiscal year 2000 which will not recur in the current fiscal year.
- An increase in early retirement incentive is expected because additional employees retired during fiscal year 2000 and the first payment for these employees is due during fiscal year 2001.

**LORDSTOWN LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2001**

Purchased Services

Purchased service expenditures forecasted in the amount of \$784,000 are comprised of:

Professional and Technical Services	\$76,000
Property Services	93,000
Travel and Meeting Expenses	26,000
Communication	39,000
Utilities Services	396,000
Trade Services	7,000
Tuition	98,000
Pupil Transportation	49,000
Total	<u><u>\$784,000</u></u>

The School District is anticipating a \$14,000 increase in purchased services for fiscal year 2001. This increase is due primarily to increased tuition to the Vocational Compact. The tuition increase is due to a decrease in enrollment and a decrease in State foundation monies going to the Vocational Compact.

Supplies and Materials

The School District anticipates spending \$248,000 for supplies and materials in fiscal year 2001. The expenditures are as follows:

General Supplies, Library Books and Periodicals	\$166,000
Supplies and Materials for Operation, Maintenance and Repair	68,000
Textbooks	14,000
Total	<u><u>\$248,000</u></u>

The School District is anticipating no change in materials and supplies for the forecast period.

Capital Outlay

Capital outlay expenditures are forecasted for fiscal year 2001 in the amount of \$64,000, which represents \$50,000 for new capital outlay and \$14,000 of replacement capital outlay. The majority of the planned expenditures are for purchases of new computer hardware and software for an additional class added at the Vocational Compact.

**LORDSTOWN LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2001**

Debt Service

The School District's debt service expenditures required for fiscal year 2001 include a tax anticipation note and two House Bill 264 loans. The notes and loans, with principal payments of \$912,000 and interest of \$104,000, will be repaid from property tax revenue.

Other Objects

This account includes dues, fees, liability insurance, judgements, county board deductions, and miscellaneous expenditures not classified elsewhere. The School District is projecting \$1,079,000 in this expenditure classification for fiscal year 2001, a \$743,000 increase from the prior fiscal year.

The School District erroneously received school foundation monies of \$806,000 in fiscal year 2000 to which it was not entitled and has to return these funds to the State Department of Education during fiscal year 2001.

The increase is offset by a \$63,000 decrease in judgements from fiscal year 2000.

Transfers and Advances

This account includes transfers out of \$35,000 and advances out of \$55,000. Total financing uses is forecasted at \$90,000.

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 and the State Superintendent of Public Instruction has authorized such notes. The School District did not include a spending reserve in the current year tax budget.

5. Encumbrances

Encumbrances for the fiscal year ended June 30, 1999 and June 30, 2000 were \$11,000 and \$25,000, respectively. The School District anticipates \$72,000 in encumbrances for the current fiscal year. Current year encumbrances include the State Teachers' Retirement System advance of \$57,000 which is not included in the historical encumbrances.

**LORDSTOWN LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2001**

6. Reservation of Fund Balance

Textbooks and Instructional Materials

The required three percent contribution for fiscal year 2001 for the textbooks and instructional materials set aside amounted to \$122,000. The carryover from the prior fiscal year was \$19,000. The set aside was completely offset by \$163,000 of qualifying expenditures for textbooks, instructional materials, instructional supplies, instructional software, and instructional equipment. Therefore, no reserve is included.

Capital Improvements

The required three percent contribution for fiscal year 2001 for the capital improvements and maintenance set aside amounted to \$122,000. The School District anticipates \$64,000 in qualifying expenditures in fiscal year 2001, leaving a reserve balance of \$58,000.

Budget Reserve

A set aside of current year revenue for a budget reserve is required for each year a school district has an increase of three percent or more in base revenues. Each year a school district has a growth of three percent or more in the base revenues, the required balance in the budget reserve increases by one percent until the five percent limit is reached.

The revenue base for the Lordstown Local School District decreased by .13 percent for fiscal year 2001; therefore, no reserve contribution is required.

Under Section 39 of House Bill 770, school districts are required to credit any refund from the Bureau of Worker's Compensation to the budget reserve. In 1998, the School District created the budget reserve with a refund in the amount of \$38,000.

Bus Purchases

At June 30, 2000 the School District had \$20,000 in unspent bus monies. In addition, the School District received \$10,000 in bus purchase allowance during fiscal year 2001. The School District does not anticipate purchasing any school buses during the forecast year. Therefore, a balance of \$30,000 is reserved.

DPIA Monies

During the forecast period, the School District received \$4,000 in DPIA monies. The School District is expected to spend the entire amount. Therefore, there is no reserve included for DPIA.

**LORDSTOWN LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2001**

7. Levies

The School District, along with the Village of Lordstown, placed a shared income tax issue on the on November 7, 2000 ballot that states that Lordstown Village will share a one half of one percent (.5%) municipal income tax currently being collected by the Village with the Lordstown Local School District for a period of one year. If passed, this levy will generate approximately \$960,000 beginning January, 2001.

The School District also placed a five-year 6.8 mill emergency renewal levy on November 7, 2000 ballot. If passed, this levy will continue to generate approximately \$841,000 in annual revenues to the School District. The current five-year emergency levy expires in December, 2001.

8. Pending Litigation

The School District has no pending litigation that will have a financial impact according to the School District's legal counsel.

**LORDSTOWN LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FISCAL YEAR ENDING JUNE 30, 2001**

A. Basis of Accounting

This financial forecast has been prepared on a basis of cash receipts and disbursements which is consistent with the basis of accounting used to prepare the historical financial statements. 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.

**LORDSTOWN LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FISCAL YEAR ENDING JUNE 30, 2001**

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 Fund

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 Fund

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.

**LORDSTOWN LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FISCAL YEAR ENDING JUNE 30, 2001**

D. Budgetary Process

Budget

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

**LORDSTOWN LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**SCHEDULE OF NOTE INDEBTEDNESS
OCTOBER 18, 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>
Energy Conservation	5.99%	11/16/99	11/16/14	\$449,040	\$449,040	\$0	\$449,040
Energy Conservation	3.85%-5.52%	6/24/99	7/5/14	92,400	1,376,200	92,400	1,283,800
Tax Anticipation Notes	6.27%	8/10/00	11/8/00	800,000	800,000	0	800,000

**LORDSTOWN LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

TEN-YEAR LEVY HISTORY

<u>DATE</u>	<u>TYPE</u>	<u>AMOUNT</u>	<u>TERM</u>	<u>ELECTION RESULTS</u>
November, 1996	Emergency Renewal	7.112 mills	5 years	Passed
November, 1991	Emergency Renewal	6.53 mills	5 years	Passed
February, 1991	General Operating	9.5 mills	Continuing	Passed
November, 1990	General Operating	9.5 mills	Continuing	Failed



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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LORDSTOWN LOCAL SCHOOL DISTRICT

TRUMBULL 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
OCTOBER 23, 2000**