

**MASSILLON CITY SCHOOL DISTRICT**  
**AKRON/CANTON REGION, STARK COUNTY**  
**FINANCIAL FORECAST**  
JULY 1, 1999, THROUGH JUNE 30, 2000

**MASSILLON CITY SCHOOL DISTRICT  
STARK COUNTY**

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**OFFICE OF THE AUDITOR**  

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Massillon City School District  
207 Oak Avenue SE  
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CERTIFICATION

Certification is hereby made that, based upon the requirement set forth in Section 3316.08, 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 Massillon City School District, Stark County, Ohio, as requested by the Board of Education by resolution passed on September 28, 1999 and as required by Section 3316.08, Revised Code. This forecast is based on the assumption that the School District will continue to operate its instructional program in accordance with its adopted school calendar and pay all obligations. Additional significant assumptions are set forth in the forecast. However, some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, the actual results of operations during the forecast period will vary from the forecast, and the variations may be material. The forecast reflects an operating deficit for the year ending June 30, 2000 of, \$3,316,000, which includes \$263,000 in cash reserves for restricted purchases. The cash reserves consist of a budget reserve of \$260,000 and bus purchase monies of \$3,000.

Section 5705.29, Revised Code, allows the School District to appropriate monies from the amount set aside for budget reserve if it meets certain conditions and after receiving approval from the Superintendent of Public Instruction. As of the date of this forecast, no such request has been made to the State Superintendent of Public Instruction.

Section 133.301, Revised Code, allows the School District to issue notes during the current fiscal year in anticipation of fiscal year 2001 property tax revenues provided that such amount, referred to as the spending reserve, is included in the current year tax budget and that the State Superintendent of Public Instruction has authorized such notes. Our calculation would indicate that the spending reserve could be established at \$802,000. The School District did include a spending reserve in the current year tax budget; however, the School District intends to request an advance from the State Solvency Assistance Fund, whereby no interest expense will be incurred by the School District.

The forecasted revenues include all property taxes scheduled for settlement during the forecast period less any amount advanced to the District prior to July 2000. The forecast excludes the receipt of any advances against fiscal year 2001 scheduled property tax settlements. The potential advances have been excluded due to the District's inability to appropriate this revenue until received and the uncertainty of the timing of any advances. The projected operating deficit could be reduced to the extent tax advances are received prior to June 30, 2000 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 2000.



Christine L. Hansen, CPA  
Chief of Local Government Services

January 12, 2000



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**OFFICE OF THE AUDITOR**

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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 Massillon City School District for the fiscal year ending 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/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 for the State Department of Education for the purpose of determining whether an operating deficit exists as required under Section 3316.08, Revised Code, and to enable the School District to obtain authorization to receive an advance to finance current year operations through the State Solvency Assistance Fund, pursuant to Section 3316.20, 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 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 year ended June 30, 1997 and June 30, 1998 were audited by Guillan & Company, who expressed an unqualified opinion on them in reports dated March 4, 1998 and April 27, 1999, respectively. The firm has not performed any auditing procedures since.

We have compiled the accompanying Schedules of Revenues, Expenditures, and Changes in Fund Balance of the Massillon City 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 12, 2000



**MASSILON CITY SCHOOL DISTRICT  
STARK COUNTY**  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEARS ENDED JUNE 30, 1997, 1998 AND 1999 ACTUAL;  
FOR THE 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
<b>Revenues</b>				
General Property Tax (Real Estate)	\$7,414,000	\$8,157,000	\$7,849,000	\$8,128,000
Tangible Personal Property Tax	3,078,000	3,504,000	3,443,000	2,756,000
Income Tax	0	210,000	1,938,000	2,521,000
Unrestricted Grants-in-Aid	12,612,000	13,234,000	14,030,000	14,270,000
Restricted Grants-in-Aid	60,000	146,000	897,000	978,000
Property Tax Allocation	940,000	1,035,000	997,000	1,015,000
All Other Revenues	308,000	479,000	861,000	951,000
<i>Total Revenues</i>	<u>24,412,000</u>	<u>26,765,000</u>	<u>30,015,000</u>	<u>30,619,000</u>
<b>Other Financing Sources</b>				
Proceeds from Sale of Notes	4,983,000	6,880,000	1,600,000	4,877,000
Advances In	0	0	602,000	242,000
<i>Total Other Financing Sources</i>	<u>4,983,000</u>	<u>6,880,000</u>	<u>2,202,000</u>	<u>5,119,000</u>
<i>Total Revenues and Other Financing Sources</i>	<u>29,395,000</u>	<u>33,645,000</u>	<u>32,217,000</u>	<u>35,738,000</u>
<b>Expenditures</b>				
Personal Services	16,425,000	15,879,000	16,801,000	17,274,000
Employees' Retirement/Insurance Benefits	4,607,000	5,979,000	6,562,000	8,578,000
Purchased Services	1,515,000	1,949,000	2,104,000	2,347,000
Supplies and Materials	697,000	939,000	1,157,000	1,400,000
Capital Outlay	124,000	89,000	122,000	1,221,000
Debt Service:				
Principal-Notes and Loans	5,312,000	2,238,000	2,742,000	5,770,000
Principal-State Loans	N/A	5,999,000	1,083,000	1,132,000
Interest and Fiscal Charges	427,000	294,000	415,000	546,000
Other Objects	233,000	255,000	241,000	265,000
<i>Total Expenditures</i>	<u>29,340,000</u>	<u>33,621,000</u>	<u>31,227,000</u>	<u>38,533,000</u>
<b>Other Financing Uses</b>				
Operating Transfers Out	0	0	75,000	0
Advances Out	2,000	0	163,000	852,000
<i>Total Other Financing Uses</i>	<u>2,000</u>	<u>0</u>	<u>238,000</u>	<u>852,000</u>
<i>Total Expenditures and Other Financing Uses</i>	<u>29,342,000</u>	<u>33,621,000</u>	<u>31,465,000</u>	<u>39,385,000</u>
<i>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</i>	53,000	24,000	752,000	(3,647,000)
<i>Cash Balance July 1</i>	<u>44,000</u>	<u>97,000</u>	<u>121,000</u>	<u>873,000</u>
<i>Cash Balance (Deficit) June 30</i>	<u>97,000</u>	<u>121,000</u>	<u>873,000</u>	<u>(2,774,000)</u>
<i>Estimated Encumbrances June 30</i>	<u>56,000</u>	<u>117,000</u>	<u>234,000</u>	<u>279,000</u>
<b>Reservation of Fund Balance</b>				
Textbooks and Instructional Materials	0	0	40,000	0
Capital Improvement and Maintenance	0	0	158,000	0
Budget Reserve	0	181,000	260,000	260,000
DPIA	0	0	193,000	0
Bus Purchases	14,000	21,000	87,000	3,000
<i>Subtotal</i>	<u>14,000</u>	<u>202,000</u>	<u>738,000</u>	<u>263,000</u>
<i>Unreserved Fund Balance (Deficit) June 30</i>	<u>\$27,000</u>	<u>(\$198,000)</u>	<u>(\$99,000)</u>	<u>(\$3,316,000)</u>

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

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



**MASSILLON CITY SCHOOL DISTRICT  
STARK COUNTY**

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

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**Nature of Presentation**

This financial forecast presents, to the best of the Massillon City School District Board of Education 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 12, 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 an operating deficit exists as required under Section 3316.08, Revised Code, and to enable the School District to obtain authorization to receive an advance to finance current year operations through the State Solvency Assistance Fund, pursuant to Section 3316.20, 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 Massillon City 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, disadvantaged pupil impact aid fund, textbook subsidy fund, and that portion of the debt service fund relating to general fund debt. Transfers in and transfers out that were made between these funds were eliminated.

The forecast contains those expenditures the Board and Commission have 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 Stark 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 2000 were based on the most recent information provided by the Stark County Auditor as of January 4, 2000. The amounts shown in the revenue section of the forecast statements represent gross property tax revenue.

**MASSILLON CITY SCHOOL DISTRICT  
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**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS  
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

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**General Property Tax (Real Estate)**

The general property tax revenue amounts are based upon confirmation received from the Stark County Auditor. 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 \$8,128,000 in real estate tax revenue, an increase of \$279,000 from the prior fiscal year. The increase is due to the passage of a new 9.7 mill, five-year emergency operating levy in the November 1999 election, which will generate approximately \$3,400,000 annually. The School District will receive one half of the proceeds during fiscal year 2000. The expiration of a 7.9 mill emergency operating levy generating \$2,050,000 at the end of 1998 partially offsets the new levy.

**Tangible Personal Property Tax**

This revenue source consists of tangible 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 this exemption is included in the forecasted tangible personal property tax revenue.

As with real estate taxes, tangible personal property tax revenues for this forecast are based upon confirmation received from the Stark County Auditor as of January 4, 2000. Based upon these estimates, the School District expects to receive \$2,756,000 in tangible personal property tax revenue, including the tangible personal property tax exemption revenue, a decrease of \$687,000 from the prior fiscal year. The decrease is due to a \$2,000,000 reduction in personal property values according to the Stark County Auditor's office.

**Income Tax**

Income tax revenues are projected at \$2,521,000, an increase of \$583,000 over fiscal year 1999 based on collection information provided by State Department of Taxation.

**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, unrestricted disadvantaged pupil impact aid, extended service, gifted aid, transportation, 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 statement of settlement is \$14,270,000, which represents an increase of \$240,000 over the prior fiscal year.

**MASSILLON CITY SCHOOL DISTRICT  
STARK COUNTY**

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

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**Restricted Grants-in-Aid**

Restricted grants-in-aid consists of an anticipated bus purchase allowance of \$65,000 and disadvantaged pupil impact aid (DPIA) revenue of \$913,000.

**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 Stark County Auditor certified the amounts for homestead and rollback at \$1,015,000, an increase of \$18,000 from the prior fiscal year.

**All Other Revenues**

The following schedule represents all other revenues not classified elsewhere:

Earnings on Investments	\$345,000
Tuition and Fees	128,000
Federal Subsidy	73,000
Refund of Prior Year Expenditures	137,000
Miscellaneous	<u>268,000</u>
Total	<u>\$951,000</u>

The forecasted revenue was based on the following:

1. Earnings on investments of \$345,000 are based on historical investment practices and current interest rates.
2. Tuition and fees of \$128,000 are based on the prior fiscal year's collections, which are expected to remain constant.
3. The federal subsidy of \$73,000 received in fiscal year 1999 is anticipated to be the same in the forecast year.
4. Refund of prior year expenditures is based on actual receipts of \$137,000.
5. Miscellaneous revenues of \$268,000 consist of donations, rental of school property, sale of assets, pay phone and vending machine commissions, miscellaneous grants, book fines, insurance claims and various other reimbursements.

**MASSILLON CITY SCHOOL DISTRICT  
STARK COUNTY**

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

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**Proceeds from Sale of Notes**

During the current fiscal year, the School District issued a tax anticipation note in the amount of \$4,877,000 at 4.88 percent. The note is issued against property tax revenues with principal and interest due on June 30, 2000.

**Advances In**

Advances in represent amounts advanced to other funds in the prior fiscal year which are being repaid to the general fund in the forecast year. The total amount is projected at \$242,000.

**3. Expenditure and Other Financing Use Assumptions**

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

**Personal Services**

The personal service expenditures of \$17,274,000 forecasted for fiscal year 2000 are comprised of:

Certified Salaries	\$12,813,000
Classified Salaries	2,655,000
Substitute Salaries	660,000
Supplemental Contracts	450,000
Severance Pay	439,000
Overtime Pay	240,000
Student Workers Compensation	17,000
Total	<u>\$17,274,000</u>

The School District is anticipating a \$473,000 increase in the cost of personal services from fiscal year 1999 levels. The major reasons for this increase are outlined below:

An increase in certified and classified salaries due to step increases and educational moves as negotiated in prior contracts.

- The addition of an assistant superintendent and a principal for one half of fiscal year 2000.
- A \$433,000 increase in severance pay due to an unusually large number of staff retiring in fiscal year 2000.
- A decrease in substitute costs due to a smaller demand for substitutes.
- A decrease of overtime and student workers costs due to cost reduction efforts and elimination of student workers in January 2000.

**MASSILLON CITY SCHOOL DISTRICT  
STARK COUNTY**

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

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**Employees' Retirement/Insurance Benefits**

Employee retirement and insurance benefits are forecasted at \$8,578,000 for fiscal year 2000. The forecasted amount includes:

Retirement	\$2,511,000
Early Retirement Incentive	2,453,000
Insurances	3,312,000
Workers' Compensation	155,000
Medicare	137,000
Unemployment	10,000
Total	<u><u>\$8,578,000</u></u>

The School District anticipates an increase of \$2,016,000 in the cost of benefits for fiscal year 2000. This increase is a combination of the following:

- Retirement benefits are decreasing due to personnel reductions, retirements, and the practice of paying retirement costs based on estimated rather than actual salaries.
- Early retirement incentive program costs will increase based on actual billings. In addition, the School District anticipates paying off fiscal year 2001 ERI payments in the current fiscal year to save on interest costs.
- Insurance costs are anticipated to increase due primarily to the School District paying \$1,106,000 in hospitalization premiums for fiscal year 1999 in fiscal year 2000.
- Workers Compensation costs are anticipated to increase due to the School District not paying the full amount during fiscal year 1999. The District will pay the remaining 55 per cent from the May 1999 billing and the full amount billed in May 2000.
- Increases in medicare costs are also anticipated.

**Purchased Services**

Purchased service expenditures forecasted in the amount of \$2,347,000 are comprised of:

Professional and Technical Services	\$535,000
Property Services	201,000
Travel and Meeting Expenses	30,000
Communication and Utility Costs	1,237,000
Tuition	343,000
Other Services	1,000
Total	<u><u>\$2,347,000</u></u>

The School District is anticipating a \$243,000 increase in purchased services for fiscal year 2000. This increase is due primarily to legal costs for contract negotiations and adding security services in the current fiscal year.

**MASSILLON CITY SCHOOL DISTRICT  
STARK COUNTY**

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

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**Supplies and Materials**

The School District anticipates spending \$1,400,00 for supplies and materials in fiscal year 2000. The expenditures are as follows:

General Supplies, Library Books, and Periodicals	\$402,000
Textbooks	349,000
Supplies and Materials for Operation, Maintenance and Repair	649,000
Total	\$1,400,000

There is a forecasted \$243,000 increase in expenditures for supplies and materials from fiscal year 1999 levels. The increase is attributed to expenditures for textbook and instructional materials and inflationary increases for general fund supplies.

**Capital Outlay**

Capital outlay expenditures are forecasted for fiscal year 2000 in the amount of \$1,221,000. The majority of the planned expenditures are for repairs to buildings and grounds from the capital improvements set aside money, the purchase of two replacement buses, and various replacement equipment purchases.

**Debt Service**

The School District's debt service expenditures required for fiscal year 2000 include tax anticipation notes, a State loan, and a vocational school building assistance note. The District will pay \$6,902,000 in principal and \$546,000 in interest. Details are as follows:

	Principal Amount	Interest Amount	Total
Tax Anticipation Note Series 1997	\$238,000	\$31,000	\$269,000
Tax Anticipation Note Series 1996	400,000	55,000	455,000
Tax Anticipation Note Series 1999	4,877,000	238,000	5,115,000
State Loan Series 1997	1,132,000	222,000	1,354,000
Vocational School Building Assistance Note	255,000	0	255,000
Total	\$6,902,000	\$546,000	\$7,448,000

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

**Other Objects**

This account includes dues, fees, liability insurance, county board deductions, assessments, and other county board costs. Total other objects expenditures are forecast at \$265,000, an increase of \$24,000 over fiscal year 1999. The increase is due primarily to increased county auditor and treasurer fees.

**MASSILLON CITY SCHOOL DISTRICT  
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**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS  
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

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**Advances Out**

The School District forecasts advances out of \$852,000. The amount is comprised of \$250,000 to be advanced to various grant funds and repayment of a \$602,000 advance from the Bond Retirement Fund to the General Fund made during fiscal year 1999. The Bond Retirement Fund receives tax revenue from a voted levy to repay bonded debt. During fiscal year 1999, the Bond Retirement Fund loaned money to pay General Fund Debt.

**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 State Superintendent of Public Instruction has not authorized such notes. The School District did include a spending reserve in the current year tax budget; however, it is the School District's intent not to borrow against the spending reserve. Our calculation indicates a spending reserve of \$802,000 is available should the State Superintendent of Public Instruction authorize such notes. Instead, the School District intends to request an advance from the State Solvency Assistance Fund, whereby no interest expense will be incurred by the District.

**5. Encumbrances**

Encumbrances for the fiscal year ended June 30, 1999 were \$234,000 and are forecasted at \$279,000, including the STRS advance of \$199,000 at June 30, 2000. The STRS advance is not normally encumbered by the District.

**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 \$664,000. The set aside is anticipated to be totally offset by planned expenditures for qualifying purchases for textbooks, instructional materials, instructional supplies, instructional software, and instructional equipment. (Note: While the District reflected a textbook set aside carryover for fiscal year 1999, calculations indicate that no such carryover existed.)

**Capital Improvements**

The required three percent contribution for fiscal year 2000 for the capital improvements and maintenance set aside amounted to \$664,000. The School District had a carry over balance requirement of \$249,000 at the end of fiscal year 1999. (Note: Previous District calculations reflected an incorrect carryover of \$158,000.) The set aside amount of \$913,000 is anticipated to be totally offset by qualifying expenditures for general maintenance, equipment, and building repairs, leaving no reserve balance requirement at June 30, 2000.

**MASSILLON CITY SCHOOL DISTRICT  
STARK COUNTY**

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

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**Budget Reserve**

A contribution for budget stabilization is required if the School District's revenue base for the prior year grew by at least three percent, unless the District is in fiscal watch or fiscal emergency.

The School District received a refund from the Bureau of Workers' Compensation of \$181,000 in fiscal year 1998. This refund was required under Section 39 of House Bill 770 to be part of the five percent set aside reserve balance. While not required by law, the School District set aside an additional \$79,000 in fiscal year 1999, making the total carryover \$260,000. Since the School District is currently in fiscal emergency, no set aside is required for the budget reserve for fiscal year 2000.

**DPIA**

DPIA restricted revenues are projected to be expended completely during fiscal year 2000. Therefore, no carryover reservation of fund balance is anticipated.

**Bus Purchase**

The School District had a carryover bus purchase set aside balance of \$87,000 at the end of fiscal year 1999 and received \$65,000 in bus purchase allowance during fiscal year 2000. The School District plans to make bus purchase expenditures of \$149,000 during fiscal year 2000. A balance of \$3,000 remains; therefore, \$3,000 has been set aside for bus purchases.

**7. Levies**

The District passed a 9.7 mill, five-year, emergency operating levy on the November 2, 1999 ballot which will generate approximately \$3,400,000 annually. Collections will begin in January 2000.

**8. Pending Litigation**

There are currently no outstanding issues that would be deemed or interpreted as legally threatening at the time of this forecast.



**MASSILLON CITY SCHOOL DISTRICT  
STARK COUNTY**

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

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**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.

**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).

**MASSILLON CITY SCHOOL DISTRICT  
STARK COUNTY**

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

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**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.

**D. Budgetary Process**

**Budget**

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

**MASSILLON CITY SCHOOL DISTRICT  
STARK COUNTY**

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

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**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.

**MASSILLON CITY SCHOOL DISTRICT  
STARK COUNTY**

**SCHEDULE OF NOTE INDEBTEDNESS  
JANUARY 12, 2000**

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O.R.C. Authority	Note Amount	Note Held By	Due	Rate of Interest	Source of Repayment
5748.01	\$475,000	Key Bank	12/01/01	4.45%	Income Tax
5705.194	\$800,000	Bank One	12/01/01	4.56%	Real Property Tax
3313.4483	\$4,193,000	Bank One	06/15/03	4.44%	State Foundation
133.10	\$4,877,000	First Merit	06/30/00	4.88%	Real Property Tax
H.B. 808	\$1,785,000	State of Ohio	09/06/06	0.00%	Real Property Tax

**MASSILLON CITY SCHOOL DISTRICT**  
**STARK COUNTY**  
**SCHEDULE OF BOND INDEBTEDNESS**  
**AS OF JANUARY 12, 2000**

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<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 Improvement Refunding Bonds - Series 1994	2.50 to 5.30 %	08/01/1994	12/01/2011	\$1,090,000 to \$1,890,000	\$18,440,000	\$8,115,000	\$10,325,000

**MASSILLON CITY SCHOOL DISTRICT  
STARK COUNTY**

TEN YEAR LEVY HISTORY

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DATE	TYPE	AMOUNT	TERM	ELECTION RESULTS
11/90	Emergency Renewal	\$2,000,000	5 years	Passed
11/92	Emergency Additional	5.9 mills \$1,540,000	4 years	Failed
02/93	Emergency Additional	7.9 mills \$2,050,000	5 years	Failed
05/93	Emergency Additional	7.9 mills \$2,050,000	5 years	Passed
03/96	Emergency Renewal	\$2,000,000	5 years	Passed
11/96	Income Tax	.075 %	4 years	Failed
05/97	Income Tax	.075 %	4 years	Passed
05/98	Emergency Renewal	7.9 mills \$2,050,000	5 Years	Failed
11/98	Capital Improvement	4.3 mills	Continuing	Failed
08/99	Emergency Additional	9.7 mills \$3,400,000	5 years	Failed
11/99	Emergency Additional	9.7 mills \$3,400,000	5 years	Passed



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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800-282-0370  
Facsimile 614-466-4490

**MASSILLON CITY SCHOOL DISTRICT**

**STARK 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  
FEBRUARY 15, 2000**