



**JIM PETRO**  
**AUDITOR OF STATE**

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STATE OF OHIO

**YOUNGSTOWN CITY SCHOOL DISTRICT**  
**YOUNGSTOWN REGION, MAHONING COUNTY**

**FINANCIAL FORECAST**

**JULY 1, 1999 THROUGH JUNE 30, 2000**

**YOUNGSTOWN CITY SCHOOL DISTRICT  
MAHONING COUNTY**

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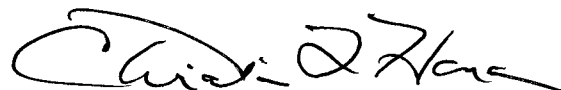
**CERTIFICATION**

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 Youngstown City School District, Mahoning County, Ohio, as requested by the Financial Planning and Supervision Commission by resolution passed on November 18, 1999. 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 \$879,000, which includes \$3,164,000 in cash reserves for restricted purchases. The cash reserves consist of textbook monies of \$72,000, a budget reserve of \$477,000 and Disadvantaged Pupil Impact Aid (DPIA) monies of \$2,615,000.

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 State 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. 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

March 24, 2000



STATE OF OHIO  
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 Youngstown City 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 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 schedules referred to above are 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 the Auditor of State's Office and we expressed an unqualified opinion on the financial statements for the year ended June 30, 1997 in a report dated May 28, 1999 and for the year ended June 30, 1998 in a report dated December 21, 1999. The financial statements for the year ended June 30, 1999 are being audited by the Auditor of State's Office, however, no opinion has been issued as of the date of this report.

We have compiled the accompanying Schedules of Revenues, Expenditures, and Changes in Fund Balance of the general fund of the Youngstown 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

March 24, 2000

**YOUNGSTOWN CITY SCHOOL DISTRICT**  
**MAHONING COUNTY**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE FISCAL YEAR ENDING JUNE 30, 2000 FORECASTED**  
**GENERAL FUND**

|   | <u>Fiscal Year<br/>2000 Forecasted</u> |
|---|--|
| <b>Revenues</b>   |  |
| General Property Tax  | \$18,190,000                           |
| Tangible Personal Property Tax  | 4,078,000                              |
| Unrestricted Grant-in-Aid   | 53,602,000                             |
| Restricted Grants-in-Aid  | 7,101,000                              |
| Property Tax Allocation   | 2,842,000                              |
| All Other Revenues  | 2,228,000                              |
| <i>Total Revenues</i>   | <u>88,041,000</u>                      |
| <b>Other Financing Sources</b>  |  |
| Operating Advances In   | 50,000                                 |
| <i>Total Revenues and Other Financing Sources</i>   | <u>88,091,000</u>                      |
| <b>Expenditures</b>   |  |
| Personal Services   | 44,448,000                             |
| Employees' Retirement/Insurance Benefits  | 14,108,000                             |
| Purchased Services  | 12,971,000                             |
| Supplies and Materials  | 2,418,000                              |
| Capital Outlay  | 345,000                                |
| Debt Service:   |  |
| Principal-Notes/Bonds   | 311,000                                |
| Principal-State Loans   | 10,120,000                             |
| Solvency Assistance Advance   | 1,287,000                              |
| Principal-HB 264 Loans  | 1,310,000                              |
| Interest and Fiscal Charges   | 1,394,000                              |
| Other Objects   | 841,000                                |
| <i>Total Expenditures</i>   | <u>89,553,000</u>                      |
| <b>Other Financing Uses</b>   |  |
| Operating Transfers Out   | 1,042,000                              |
| <i>Total Expenditures and Other Financing Uses</i>  | <u>90,595,000</u>                      |
| Excess of Revenues and Other Financing Sources Under<br>Expenditures and Other Financing Uses | (2,504,000)                            |
| Cash Balance July 1, 1999   | <u>5,969,000</u>                       |
| Cash Balances June 30, 2000   | <u>3,465,000</u>                       |
| Estimated Encumbrances June 30, 2000  | <u>1,180,000</u>                       |
| Reservation of Fund Balance   |  |
| Textbooks and Instructional Materials   | 72,000                                 |
| Budget Reserve  | 477,000                                |
| Disadvantaged Pupil Impact Aid  | 2,615,000                              |
| Subtotal  | <u>3,164,000</u>                       |
| Unreserved Fund (Deficit) June 30, 2000   | <u>(\$879,000)</u>                     |

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

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

**YOUNGSTOWN CITY 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<br>1997 Actual | Fiscal Year<br>1998 Actual | Fiscal Year<br>1999 Actual | Fiscal Year<br>2000 Forecasted |
|--|----------------------------|----------------------------|----------------------------|--------------------------------|
| <b>Revenues</b>  |                            |                            |                            |                                |
| General Property Tax   | \$16,957,000               | \$16,917,000               | \$17,765,000               | \$18,190,000                   |
| Tangible Personal Property Tax   | 4,851,000                  | 4,197,000                  | 4,112,000                  | 4,078,000                      |
| Unrestricted Grant-in-Aid  | 43,777,000                 | 44,075,000                 | 53,934,000                 | 53,602,000                     |
| Restricted Grants-in-Aid   | 6,749,000                  | 7,530,000                  | 6,424,000                  | 7,101,000                      |
| Property Tax Allocation  | 2,551,000                  | 2,892,000                  | 2,857,000                  | 2,842,000                      |
| All Other Revenues   | 1,794,000                  | 4,135,000                  | 2,630,000                  | 2,228,000                      |
| <i>Total Revenues</i>  | <u>76,679,000</u>          | <u>79,746,000</u>          | <u>87,722,000</u>          | <u>88,041,000</u>              |
| <b>Other Financing Sources</b>   |                            |                            |                            |                                |
| Proceeds from Sale of Notes  | 4,500,000                  | 4,500,000                  | 0                          | 0                              |
| State Loans and Advance  | 12,951,000                 | 17,200,000                 | 2,574,000                  | 0                              |
| Operating Advances In  | 0                          | 0                          | 113,000                    | 50,000                         |
| All Other Financing Sources  | 34,000                     | 1,651,000                  | 50,000                     | 0                              |
| <i>Total Other Financing Sources</i>   | <u>17,485,000</u>          | <u>23,351,000</u>          | <u>2,737,000</u>           | <u>50,000</u>                  |
| <i>Total Revenues and Other Financing Sources</i>  | <u>94,164,000</u>          | <u>103,097,000</u>         | <u>90,459,000</u>          | <u>88,091,000</u>              |
| <b>Expenditures</b>  |                            |                            |                            |                                |
| Personal Services  | 43,963,000                 | 43,521,000                 | 44,843,000                 | 44,448,000                     |
| Employees' Retirement/Insurance Benefits   | 21,077,000                 | 21,058,000                 | 13,635,000                 | 14,108,000                     |
| Purchased Services   | 7,298,000                  | 7,164,000                  | 10,568,000                 | 12,971,000                     |
| Supplies and Materials   | 2,657,000                  | 2,054,000                  | 2,509,000                  | 2,418,000                      |
| Capital Outlay   | 274,000                    | 230,000                    | 447,000                    | 345,000                        |
| Debt Service:  |                            |                            |                            |                                |
| Principal-Notes/Bonds  | 6,000,000                  | 4,500,000                  | 0                          | 311,000                        |
| Principal-State Loans  | 5,826,000                  | 13,127,000                 | 15,469,000                 | 10,120,000                     |
| Solvency Assistance Advance  | 0                          | 0                          | 0                          | 1,287,000                      |
| Principal-HB 264 Loans   | 1,508,000                  | 1,575,000                  | 1,525,000                  | 1,310,000                      |
| Interest and Fiscal Charges  | 2,012,000                  | 2,041,000                  | 2,672,000                  | 1,394,000                      |
| Other Objects  | 697,000                    | 766,000                    | 922,000                    | 841,000                        |
| <i>Total Expenditures</i>  | <u>91,312,000</u>          | <u>96,036,000</u>          | <u>92,590,000</u>          | <u>89,553,000</u>              |
| <b>Other Financing Uses</b>  |                            |                            |                            |                                |
| Operating Transfers Out  | 72,000                     | 74,000                     | 0                          | 1,042,000                      |
| Operating Advance Out  | 0                          | 200,000                    | 0                          | 0                              |
| All Other Financing Uses   | 0                          | 39,000                     | 0                          | 0                              |
| <i>Total Other Financing Uses</i>  | <u>72,000</u>              | <u>313,000</u>             | <u>0</u>                   | <u>1,042,000</u>               |
| <b>Total Expenditures and Other Financing Uses</b>   | <u>91,384,000</u>          | <u>96,349,000</u>          | <u>92,590,000</u>          | <u>90,595,000</u>              |
| <b>Excess of Revenues and Other Financing Sources Over (under) Expenditures and Other Financing Uses</b> | 2,780,000                  | 6,748,000                  | (2,131,000)                | (2,504,000)                    |
| Cash Balance July 1  | 1,283,000                  | 1,352,000                  | 8,100,000                  | 5,969,000                      |
| Auditor's Adjustment to Beginning Cash   | (2,711,000)                | 0                          | 0                          | 0                              |
| Cash Balances June 30  | <u>1,352,000</u>           | <u>8,100,000</u>           | <u>5,969,000</u>           | <u>3,465,000</u>               |
| Estimated Encumbrances June 30   | 766,000                    | 531,000                    | 574,000                    | 1,180,000                      |
| Reservation of Fund Balance  |                            |                            |                            |                                |
| Textbooks and Instructional Materials  | 0                          | 168,000                    | 171,000                    | 72,000                         |
| Budget Reserve   | 0                          | 477,000                    | 477,000                    | 477,000                        |
| Disadvantaged Pupil Impact Aid   | 0                          | 1,138,000                  | 1,140,000                  | 2,615,000                      |
| Bus Purchases  | 0                          | 0                          | 103,000                    | 0                              |
| Subtotal   | <u>0</u>                   | <u>1,783,000</u>           | <u>1,891,000</u>           | <u>3,164,000</u>               |
| <b>Unreserved Fund Balance (Deficit) June 30</b>   | <u>\$586,000</u>           | <u>\$5,786,000</u>         | <u>\$3,504,000</u>         | <u>(\$879,000)</u>             |

See accompanying summary of significant forecast assumptions and accounting policies, and accountants report.

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



**YOUNGSTOWN CITY SCHOOL DISTRICT  
MAHONING 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 Youngstown City 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 March 24, 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 Youngstown 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, the disadvantaged pupil impact aid fund, the textbook subsidy fund, and any portion of the debt service fund that relates to the general fund. 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 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's and treasurer's fees, advertising delinquent taxes, election expenses, and other fees are made at these settlement times.

**YOUNGSTOWN CITY SCHOOL DISTRICT  
MAHONING COUNTY**

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

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The forecasted figures for fiscal year 2000 were based on the most recent information provided by the Mahoning County Auditor. 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. 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 \$18,190,000 in real estate tax revenue, a \$425,000 increase over fiscal year 1999 levels. The increase in real estate tax revenue is due to an increase in real estate valuation.

**Tangible Personal Property Tax**

This revenue source consists of tangible personal property tax revenue and a portion of 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 Mahoning County Auditor, is included under the property tax allocation account.

As with real estate tax, tangible personal property tax and public utility personal property tax revenues are based upon a confirmation received from the Mahoning County Auditor. Based upon these estimates, the School District anticipates receiving \$4,078,000 in tangible personal property tax, a \$34,000 decrease from fiscal year 1999. This decrease is due to lower estimated inventories of tangible personal property as confirmed by the County Auditor.

**Unrestricted Grant-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 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 funding, gifted aid, transportation aid, vocational education funding, equalization enhancement revenues received from the State Department of Education, Division of School Finance and other unrestricted grants-in-aid including CAFS reimbursements. The \$53,602,000 of anticipated revenue includes State aid based on the most recent school foundation statement, an Ohio Department of Education interest subsidy, and CAFS reimbursements, which represents a decrease of \$332,000 from the prior fiscal year.

**YOUNGSTOWN CITY SCHOOL DISTRICT  
MAHONING 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 of \$7,101,000 consist of a bus purchase allowance of \$133,000 and disadvantaged pupil impact aid (DPIA) revenues of \$6,968,000. These are the only forms of restricted grant revenues 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, as estimated by the Mahoning County Auditor, is also included in the forecasted amount of property tax allocation.

The Mahoning County Auditor certified the amount for rollback and homestead exemption revenue and personal property tax exemption revenue at \$2,531,000 and \$311,000 respectively.

**All Other Revenue**

The following schedule represents all other revenue not classified elsewhere:

|   |                           |
|---|---------------------------|
| Tuition                                   | \$310,000                 |
| Transportation Fees                       | 157,000                   |
| Earnings on Investments                   | 1,021,000                 |
| Miscellaneous Receipts from Local Sources | 675,000                   |
| Sale of Assets                            | 9,000                     |
| Other Revenue Sources                     | 4,000                     |
| Receipts from Federal Sources             | 49,000                    |
| Refund of Prior Year's Expenditures       | 3,000                     |
|   | <hr/>                     |
| Total                                     | <u><u>\$2,228,000</u></u> |

**YOUNGSTOWN CITY SCHOOL DISTRICT  
MAHONING COUNTY**

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

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The forecasted revenue was based on the following:

- Revenues related to excess costs incurred by the District related to tuition students is received by the District from twenty different school districts. This revenue amount is calculated by the Ohio Department of Education and is expected to remain consistent with fiscal year 1999 tuition revenue.
- Transportation fees are expected to increase by two percent from the prior fiscal year resulting from a higher State reimbursement of 52.5 percent for fiscal year 2000.
- Earning on investments are expected to decrease \$257,000 from the prior fiscal year due to smaller balances available for investment purposes throughout fiscal year 2000.
- A decrease of \$165,000 from fiscal year 1999 resulting from an open enrollment adjustment received by the School District in fiscal year 1999 that will not be received in fiscal year 2000.
- Miscellaneous revenues are anticipated to increase due largely to indirect costs from title funds, reimbursement for substitute costs from other funds and other miscellaneous items.

**Advance In**

In fiscal year 2000, the adult education fund will repay \$50,000 to the general fund. In fiscal year 1998, the general fund advanced the adult education fund \$200,000, to be paid back as money is available.

**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 \$44,448,000 forecasted for fiscal year 2000 are comprised of the following:

|                            |                     |
|----------------------------|---------------------|
| Certified Salaries         | \$32,794,000        |
| Classified Salaries        | 9,162,000           |
| Substitute Compensation    | 1,432,000           |
| Supplemental Contracts     | 298,000             |
| Severance Pay              | 59,000              |
| Overtime Pay               | 305,000             |
| Board Members Compensation | 20,000              |
| Student Wages              | 378,000             |
|                            | <hr/>               |
| Total                      | <u>\$44,448,000</u> |

**YOUNGSTOWN CITY SCHOOL DISTRICT  
MAHONING COUNTY**

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

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The School District anticipates a \$395,000 decrease in the cost of personal services from fiscal year 1999 levels. This decrease is due primarily to the following:

- A decrease from the elimination of three positions and retirement of twenty-one employees replaced at lower salaries is partially offset by base salary raises, step increases, and increases due to educational moves.
- Supplemental salaries are anticipated to increase due to additional positions.
- Substitute costs are anticipated to decrease due to reduced demand for certified substitutes for the current fiscal year.
- Severance pay costs are expected to decrease due to a smaller number of staff signing up for retirement in fiscal year 2000.
- Overtime is anticipated to decrease due to improved control of overtime.
- Student wages are expected to decrease due to the District cutting back in the use of students.

**Employees' Retirement/Insurance Benefits**

Employee retirement and insurance benefits are forecasted at \$14,108,000 for fiscal year 2000. This amount includes the following:

|                       |              |
|-----------------------|--------------|
| Retirement            | \$6,739,000  |
| Insurance             | 6,555,000    |
| Workers' Compensation | 472,000      |
| Unemployment          | 45,000       |
| Tuition               | 28,000       |
| Medicare              | 268,000      |
| Meeting Expense       | 1,000        |
| Total                 | \$14,108,000 |

The School District anticipates a \$473,000 increase in benefits for fiscal year 2000. This increase is due primarily to the following:

- An increase in retirement benefits due to the procedure of contributing to the retirement systems based on estimated salaries rather than actual salaries and increased salaries subject to retirement for the current fiscal year.
- Insurance costs are increasing due to a premium rate increase effective January 1, 1999 included in the forecast for a full year.

**YOUNGSTOWN CITY SCHOOL DISTRICT  
MAHONING COUNTY**

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

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- Unemployment and medicare costs are anticipated to increase in fiscal year 2000 based on actual expenditures to date.
- Workers' compensation insurance costs will decrease due to a seventy-five per cent premium rate decrease.

**Purchased Services**

Purchased service expenditures forecasted in the amount of \$12,971,000 are comprised of the following:

|                                     |                            |
|-------------------------------------|----------------------------|
| Professional and Technical Services | \$1,201,000                |
| Property Services                   | 1,322,000                  |
| Travel Milage and Meeting Expense   | 38,000                     |
| Communication                       | 485,000                    |
| Utility Services                    | 1,992,000                  |
| Contracted Craft and Trade Services | 3,000                      |
| Tuition                             | 5,992,000                  |
| Pupil Transportation                | 1,938,000                  |
|                                     | <hr/>                      |
| Total                               | <u><u>\$12,971,000</u></u> |

The School District is anticipating a \$2,403,000 increase in the cost of purchased services for fiscal year 2000. The significant increases are \$152,000 for legal costs, additional consulting services, fixed asset appraisal fees, \$119,000 for utilities services, \$1,528,000 for community school payments, \$254,000 for tuition to other districts, and \$100,000 for open enrollment adjustments. The forecasted expenditures also include \$250,000 of increases for property services, communications costs, and increased special education pupil transportation costs.

**Supplies and Materials**

The School District anticipates spending \$2,418,000 for supplies and materials in fiscal year 2000. The expenditures are as follows:

|   |                           |
|---|---------------------------|
| General Supplies  | \$1,001,000               |
| Textbooks   | 607,000                   |
| Library Books   | 151,000                   |
| Periodical, Newspaper, Film and Filmstrips  | 61,000                    |
| Food and Related Supplies and Materials   | 41,000                    |
| Supplies and Materials for Operation, Maintenance and Repair                      | 302,000                   |
| Supplies and Materials for Operation, Maintenance and Repair<br>of Motor Vehicles | 255,000                   |
|   | <hr/>                     |
| Total   | <u><u>\$2,418,000</u></u> |

**YOUNGSTOWN CITY SCHOOL DISTRICT  
MAHONING COUNTY**

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

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There is a forecasted \$91,000 decrease in expenditures for supplies and materials from fiscal year 1999 levels primarily due to a decrease in expenditures for textbooks and supplies and materials for operation, maintenance, and repair.

**Capital Outlay**

Capital outlay expenditures forecasted for fiscal year 2000 in the amount of \$345,000 represent the purchase of two buses, various types of school equipment, computers, and other new and replacement capital outlay expenditures.

**Debt Service**

The School District's debt service expenditures required for fiscal year 2000 include energy conservation and asbestos abatement notes (HB 264), self-insurance bonds, State loans for fiscal year 1995 and fiscal year 1998, and a Solvency Assistance Advance for fiscal year 1999. These debt payments will be repaid with general fund revenues. Debt service payments will amount to the following in fiscal year 2000:

| Type of Debt                    | Principal           | Interest           | Total               |
|---------------------------------|---------------------|--------------------|---------------------|
| Asbestos Note #1                | \$5,000             | \$0                | \$5,000             |
| Asbestos Note #2                | 35,000              | 0                  | 35,000              |
| Asbestos Note #3                | 6,000               | 0                  | 6,000               |
| Self Insurance Bonds            | 265,000             | 71,000             | 336,000             |
| Energy Conservation (HB 264) #1 | 530,000             | 249,000            | 779,000             |
| Energy Conservation (HB 264) #2 | 780,000             | 49,000             | 829,000             |
| State Loan 1995 (ten year)      | 1,120,000           | 575,000            | 1,695,000           |
| State Loan 1998 (two year)      | 9,000,000           | 450,000            | 9,450,000           |
| Solvency Assistance Advance     | 1,287,000           | 0                  | 1,287,000           |
| <b>Total</b>                    | <b>\$13,028,000</b> | <b>\$1,394,000</b> | <b>\$14,422,000</b> |

**Other Objects**

This account includes dues, fees, liability insurance, judgements and other miscellaneous goods and services not otherwise classified in another account. The School District is projecting an \$81,000 decrease in this area due primarily to reductions in county auditor and treasurer fees and lower insurance liability costs.

**Operating Transfers Out**

The School District is anticipating \$1,042,000 in transfers out during fiscal year 2000. The transfers include \$889,000 to the school facilities improvement fund, \$77,000 to the athletic fund, \$47,000 to the State family grant fund, and \$29,000 to the adult basic education fund.

**YOUNGSTOWN CITY SCHOOL DISTRICT  
MAHONING COUNTY**

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

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**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 include a spending reserve in their current year tax budget of \$2,200,000. 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.

**5. Encumbrances**

Encumbrances for benefits, purchased services, supplies and materials, capital outlay and other objects expenditures for fiscal year ended June 30, 1999 were \$574,000 and are forecasted at \$1,180,000 for June 30, 2000. Current year encumbrances include the State Teachers' Retirement System Advance of \$474,000.

**6. Reservation of Fund Balance**

**Textbooks and Instructional Materials**

The required three percent contribution for fiscal year 2000 for the textbook and instructional materials set aside amounted to \$1,494,000. There was a carryover from the prior fiscal year of \$171,000. The set aside is projected to be partially offset by \$1,593,000 in qualifying planned expenditures for textbooks, instructional materials, instructional supplies, instructional software, and instructional equipment; therefore, a reserve of \$72,000 is included.

**Capital Improvements**

The required three percent contribution for fiscal year 2000 for the capital improvements and maintenance set aside amounted to \$1,494,000. The set aside is projected to be totally offset by qualifying planned expenditures for capital improvements and maintenance.

**Budget Reserve**

The School District received a refund from the Bureau of Workers' Compensation 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. Therefore, the refund of \$477,000 received from the Bureau of Workers' Compensation has been reserved for budget stabilization.

A contribution for budget stabilization is generally required if the base for the prior year grew by at least three percent, unless the School District is in a state of fiscal emergency. The revenue for the Youngstown City School District actually increased by 4.26 percent. Since the School District is currently in a state of fiscal emergency, additions to this set aside are not required.



**YOUNGSTOWN CITY SCHOOL DISTRICT  
MAHONING COUNTY**

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

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**Bus Purchases**

There was a prior year balance of \$103,000 in bus purchase monies. The School District received \$133,000 in bus purchase allowance during fiscal year 2000. The School District has purchased three buses amounting to \$159,000 and will utilize the remaining monies to offset the cost for contracted busing by an outside agency.

**Disadvantaged Pupil Impact Aid**

At June 30, 1999 the School District had \$1,140,000 in unspent DPIA monies. In addition, the School District received \$6,968,000 in restricted DPIA monies during fiscal year 2000. The School District anticipates spending \$5,492,000 in the current fiscal year. Therefore, a reserve of \$2,615,000 is anticipated at June 30, 2000.

**7. Levies**

The School District does not plan to place a levy on the August 2000 ballot. The District has not placed a levy before the voters since 1988.

**8. Pending Litigation**

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

**YOUNGSTOWN CITY SCHOOL DISTRICT  
MAHONING COUNTY**

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

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**A. Basis of Accounting**

The financial statements of the District are prepared on a Generally Accepted Accounting Principles (GAAP) basis with the exception of the budgetary basis statements which are prepared on a non-GAAP basis.

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.

**YOUNGSTOWN CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
FOR THE FISCAL YEAR ENDING JUNE 30, 1999**

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**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.

**YOUNGSTOWN CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
FOR THE FISCAL YEAR ENDING JUNE 30, 1999**

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**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.

**YOUNGSTOWN CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**SCHEDULE OF NOTE INDEBTEDNESS  
AS OF MARCH 24, 2000**

| O.R.C.<br>Authority | Amount    | Note<br>Held By | Due      | Rate of<br>Interest | Source of<br>Repayment |
|---------------------|-----------|-----------------|----------|---------------------|------------------------|
| Chapter 133         | \$18,000  | U.S. Gov't EPA  | 12/01/04 | 0.00%               | General Fund           |
| Chapter 133         | 191,000   | U.S. Gov't EPA  | 12/01/05 | 0.00%               | General Fund           |
| Chapter 133         | 37,000    | U.S. Gov't EPA  | 06/01/09 | 0.00%               | General Fund           |
| HB 264              | 3,255,000 | Integra Bank    | 03/15/05 | 7.00%               | General Fund           |
| HB 264              | 425,000   | Bank One        | 10/01/00 | 6.00%               | General Fund           |
| 3313.483            | 7,228,000 | Bank One        | 6/30/05  | 6.40%               | General Fund           |
| 3313.483            | 9,000,000 | Bank One        | 6/15/00  | 7.20%               | General Fund           |
| 3316.20             | 1,638,000 | Bank One        | 6/30/01  | 0.00%               | General Fund           |

**YOUNGSTOWN CITY SCHOOL DISTRICT  
MAHONING COUNTY**

**SCHEDULE OF BOND INDEBTEDNESS  
AS OF MARCH 24, 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> |
|--------------------------------------|----------------------|-------------------|----------------------|--------------------------------|------------------------------|------------------------|--------------------|
| SELF INSURANCE                       | 6.10%                | 1/1/93            | 1/1/03               | VARIOUS                        | \$2,500,000                  | \$1,595,000            | \$965,000          |

