



**Auditor of State  
Betty Montgomery**

**East Liverpool City School District  
Columbiana County, Ohio**

**Financial Forecast  
For the Fiscal Year Ending June 30, 2006**

**Local Government Services Section**

East Liverpool City School District  
Columbiana County

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**Auditor of State  
Betty Montgomery**

Financial Planning and Supervision Commission  
Ohio Department of Education  
25 South Front Street  
Columbus, Ohio 43215

and

Board of Education  
East Liverpool City School District  
500 Maryland Avenue  
East Liverpool, Ohio 43920

**CERTIFICATION**

Certification is hereby made that, based upon the requirement set forth in Section 3316.08, Revised Code, the Local Government Services Section of the Auditor of State's Office has examined the financial forecast of the general fund of the East Liverpool City School District, Columbiana County, Ohio, and issued a report dated March 14, 2006. The 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. 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 fiscal year ending June 30, 2006 of \$276,000 after meeting the required reserves for textbooks and bus purchases.

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 2007 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 forecasted operating deficit may be reduced to the extent tax advances are received prior to June 30, 2006 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 2006.

Each School District receiving certification of an operating deficit under 3316.08, Revised Code, is required to recommend to the Financial Planning and Supervision Commission whether or not a property or income tax levy should be placed on the ballot and shall provide supporting documentation for its recommendation. After considering the Board of Education's recommendation and supporting documentation, the Commission shall adopt a resolution either to submit a ballot question proposing a tax or not to submit such a question.

BETTY MONTGOMERY  
Auditor of State

A handwritten signature in black ink that reads "Peter R. Sorem".

Peter R. Sorem  
Chief of Local Government Services

May 4, 2006

Local Government Services Section  
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**Auditor of State  
Betty Montgomery**

Board of Education  
East Liverpool City School District  
500 Maryland Avenue  
East Liverpool, Ohio 43920

**Independent Accountant's Report**

We have examined the accompanying forecasted statement of revenues, expenditures and changes in fund balance of the general fund of the East Liverpool City School District for the fiscal year ending June 30, 2006. The East Liverpool City School District's management is responsible for the forecast. Our responsibility is to express an opinion on the forecast based on our examination.

Our examination was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants, and accordingly, included such procedures as we considered necessary to evaluate both the assumptions used by management and the preparation and presentation of the forecast. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the accompanying forecast is presented in conformity with guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants, and the underlying assumptions provide a reasonable basis for the Board's forecast. However, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

The accompanying financial forecast has been prepared assuming the East Liverpool City School District will continue as a going concern. The School District experienced an operating deficit for the fiscal years ended June 30, 2004 and 2005, obtained solvency assistance advances of \$2,606,000 and \$201,000; respectively, against future State revenues to finance fiscal years 2004 and 2005 operations, and has not obtained voter approval for an additional general fund operating levy. In addition, the School District was declared in Fiscal Emergency status (see Note 12) on December 18, 2003, and Management's plans have not been sufficient to eliminate the future deficits (see Note 13). These issues raise substantial doubt about the School District's ability to continue as a going concern. The financial forecast does not include any adjustments that might result from the outcome of this uncertainty.

The accompanying statement of revenues, expenditures and changes in fund balance of the general fund of East Liverpool City School District for the fiscal years ended June 30, 2003, 2004 and 2005 were compiled by us in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed this financial information, and, accordingly, do not express an opinion or any other form of assurance on them.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery  
Auditor of State

March 14, 2006

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EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
FOR THE FISCAL YEARS ENDED JUNE 30, 2003 THROUGH 2005 ACTUAL;  
FOR THE FISCAL YEAR ENDING JUNE 30, 2006 FORECASTED  
GENERAL FUND

	Fiscal Year 2003 Actual	Fiscal Year 2004 Actual	Fiscal Year 2005 Actual	Fiscal Year 2006 Forecasted
<b>Revenues</b>				
General Property Taxes	\$3,381,000	\$3,475,000	\$3,558,000	\$3,920,000
Tangible Personal Property Taxes	655,000	590,000	575,000	497,000
Unrestricted Grants-in-Aid	14,251,000	15,893,000	16,353,000	16,236,000
Restricted Grants-in-Aid	2,230,000	1,629,000	1,558,000	1,505,000
Property Tax Allocation	515,000	519,000	591,000	548,000
All Other Revenues	314,000	1,016,000	1,481,000	1,006,000
<i>Total Revenues</i>	<u>21,346,000</u>	<u>23,122,000</u>	<u>24,116,000</u>	<u>23,712,000</u>
<b>Other Financing Sources</b>				
Tax Anticipation Notes	0	0	0	1,600,000
Solvency Assistance Advance	0	2,606,000	201,000	0
Advances In	183,000	5,000	358,000	650,000
Operating Transfers In	0	25,000	23,000	3,000
<i>Total Other Financing Sources</i>	<u>183,000</u>	<u>2,636,000</u>	<u>582,000</u>	<u>2,253,000</u>
<i>Total Revenues and Other Financing Sources</i>	<u>21,529,000</u>	<u>25,758,000</u>	<u>24,698,000</u>	<u>25,965,000</u>
<b>Expenditures</b>				
Personal Services	14,453,000	14,649,000	13,489,000	11,954,000
Employees' Retirement/Insurance Benefits	5,523,000	6,004,000	5,889,000	5,428,000
Purchased Services	1,472,000	2,625,000	3,621,000	3,620,000
Supplies and Materials	616,000	491,000	398,000	531,000
Capital Outlay	47,000	123,000	72,000	110,000
Debt Service:				
Principal - Solvency Assistance	0	0	1,303,000	1,404,000
Principal - HB 264 Loan	82,000	87,000	91,000	95,000
Principal - Revenue Anticipation Note	0	0	0	1,600,000
Interest	22,000	18,000	14,000	80,000
Other Objects	378,000	279,000	337,000	278,000
<i>Total Expenditures</i>	<u>22,593,000</u>	<u>24,276,000</u>	<u>25,214,000</u>	<u>25,100,000</u>
<b>Other Financing Uses</b>				
Operating Transfers Out	0	0	144,000	159,000
Advances Out	0	48,000	507,000	552,000
All Other Financing Uses	0	0	149,000	0
<i>Total Other Financing Uses</i>	<u>0</u>	<u>48,000</u>	<u>800,000</u>	<u>711,000</u>
<i>Total Expenditures and Other Financing Uses</i>	<u>22,593,000</u>	<u>24,324,000</u>	<u>26,014,000</u>	<u>25,811,000</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(1,064,000)</u>	<u>1,434,000</u>	<u>(1,316,000)</u>	<u>154,000</u>
Cash Balance (Deficit) July 1	<u>1,048,000</u>	<u>(16,000)</u>	<u>1,418,000</u>	<u>102,000</u>
Cash Balance (Deficit) June 30	<u>(16,000)</u>	<u>1,418,000</u>	<u>102,000</u>	<u>256,000</u>
<b>Encumbrances and Reserves:</b>				
Actual/Estimated Encumbrances June 30	270,000	135,000	283,000	292,000
Reservations of Fund Balance for:				
Budget Reserve	20,000	20,000	0	0
Textbooks	182,000	303,000	531,000	220,000
Capital and Maintenance	0	57,000	0	0
Bus Purchase	121,000	30,000	56,000	20,000
DPIA	14,000	16,000	0	0
Parity Aid	94,000	0	0	0
<i>Total Encumbrances and Reserves of Fund Balance</i>	<u>701,000</u>	<u>561,000</u>	<u>870,000</u>	<u>532,000</u>
Unencumbered/Unreserved Fund Balance (Deficit) June 30	<u>(\$717,000)</u>	<u>\$857,000</u>	<u>(\$768,000)</u>	<u>(\$276,000)</u>

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

East Liverpool City School District  
Columbiana County  
Summary of Significant Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2006

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**Note 1 – The School District**

The East Liverpool City School District (School District) is located in Columbiana County and encompasses all of the City of East Liverpool, all of Liverpool Township and a portion of Saint Clair Township. The School District is organized under Article VI, Sections 2 and 3, of the Constitution of the State of Ohio. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at large for staggered four year terms. The School District currently operates five instructional buildings, an administrative building and a bus garage. The School District is staffed by 96 non-certified, 212 certificated and 23 administrative personnel to provide services to 2,855 students and other community members.

**Note 2 - Nature of the Forecast**

This financial forecast presents, to the best of the East Liverpool City School District Board of Education's knowledge and belief, the expected revenues, expenditures and operating balance of the general fund. Accordingly, the forecast reflects the Board of Education's judgment of the expected conditions and its expected course of action as of March 14, 2006, the date of this forecast. The assumptions disclosed herein are those that management believes are significant to the forecast. Differences between the forecasted and actual results will usually arise because events and circumstances frequently do not occur as expected, and those differences may be material.

**Note 3 – Nature of the Presentation**

The forecast presents the revenues, expenditures, and changes in fund balance of the general fund. Under State law, certain general fund resources received from the State must be spent on specific programs. These resources and the related expenditures have been segregated in the accounting records of the School District to demonstrate compliance. State laws also require general fund resources pledged for the repayment of debt to be recorded directly in the debt service fund. For presentation in the forecast, the the poverty based assistance fund, disadvantaged pupil impact aid (DPIA) fund and general fund supported debt are included in the general fund.

**Note 4 - Summary of Significant Accounting Policies**

**A. - Basis of Accounting**

This financial forecast has been prepared on a basis of cash receipts, disbursements, and encumbrances, which is consistent with the required budget (non-GAAP) basis of accounting used to prepare the historical financial statements. Under this basis of accounting, certain revenue and related assets are recognized when received rather than when earned and certain expenditures are recognized when paid rather than when the obligation is incurred. However, by virtue of Ohio law, the School District is required to maintain the encumbrance method of accounting. This method requires purchase orders, contracts, and other commitments for the expenditure of monies to be recorded as the equivalent of an expenditure in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

East Liverpool City School District  
Columbiana County  
Summary of Significant Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2006

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**B. - Fund Accounting**

The School District maintains its accounting in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the segregation of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

**Governmental Funds**

General Fund - The general fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the School District for any purpose provided it is disbursed or transferred in accordance with Ohio law.

Special Revenue Funds - Special revenue funds account for the proceeds of specific revenue sources (other than for major capital projects) that are legally restricted to disbursements for specified purposes.

Debt Service Fund - Debt service funds account for the accumulation of resources for, and the payment of, general long-term and short-term debt principal and interest.

Capital Projects Funds - Capital projects funds account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Permanent Funds - Permanent funds account for financial resources that are legally restricted to the extent that only earnings, and not principal, may be used for the benefit of the School District or its students.

**Proprietary Funds**

Enterprise Funds - Enterprise funds account for any activity for which a fee is charged to external users for goods or services.

**Fiduciary Funds**

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

**C. - Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated.

East Liverpool City School District  
Columbiana County  
Summary of Significant Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2006

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Budget – A budget of estimated cash receipts and disbursements is submitted to the Columbiana 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.

**Note 5 - General Operating Assumptions**

The East Liverpool City School District will continue to operate its instructional program in accordance with its adopted school calendar and pay all obligations. The forecast contains those expenditures the Board of Education has determined to be necessary to provide for an adequate educational program.

**Note 6 - Significant Assumptions for Revenues and Other Financing Sources**

**A. - General and Tangible Personal Property Taxes**

Property taxes are applied to real property, public utility real and personal property, manufactured homes and tangible personal property used in business. Property taxes are collected for, and distributed to, the school district in the county auditor and treasurer. Settlement dates, on which collections are distributed to the School District, are established by State statute. The School District may request advances from the Columbiana County Auditor as the taxes are collected. When final settlements are made, any amounts remaining to be distributed to the School District are paid. Deductions for auditor and treasurer fees, advertising delinquent taxes, election expenses, and other fees are made at these settlement times. The amounts shown in the revenue section of the forecast represent gross property tax revenue.

Property taxes are levied and assessed on a calendar year basis while the School District's fiscal year runs from July through June. Property tax revenue includes amounts levied against all real, public utility real and tangible, and business tangible personal property located in the School District. Property tax revenue received during calendar year 2005 for real and public utility property taxes represents collections of calendar year 2004 taxes. Property tax payments received during calendar year 2005 for tangible personal property (other than public utility property) are for calendar year 2005 taxes. First half calendar year tax collections are received by the School District in the second half of the fiscal year. Second half calendar year tax distributions occur in the first half of the following fiscal year.

East Liverpool City School District  
Columbiana County  
Summary of Significant Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2006

State law allows for certain reductions in the form of rollbacks and homestead exemptions for real estate taxes. The State reimburses the School District for all revenues lost due to these exemptions. The amount of the reimbursement is presented in the account "property tax allocation". Beginning in calendar year 2006, the State eliminated the ten percent rollback on commercial and industrial property. This change will increase real property taxes collected against commercial and industrial real property and decrease property tax allocation revenue.

The property tax revenues for the general fund are generated from several levies. The current levies being collected for the General Fund, the year approved, last year of collection, and the full tax rate are as follows:

Tax Levies	Year Approved	Last Calendar Year of Collection	Full Tax Rate (per \$1,000 of assessed valuation)
Inside Ten Mill Limitation (Unvoted)	n/a	n/a	\$4.20
Continuing Operating	1976	n/a	16.40
Continuing Operating	1996	n/a	7.00
Emergency	2000	2005	6.50
Total Tax Rate			<u>\$34.10</u>

The School District also has levies for bonded debt and school facilities maintenance totaling \$3.20 per \$1,000 of assessed valuation. The School District's total rate is \$37.30 per \$1,000 of valuation.

General Property Tax - General property tax revenue includes real estate taxes, public utility property taxes and manufactured home taxes. The amounts shown in the revenue section of the forecast schedule represent gross property tax revenue. The estimated general property tax revenue is based upon actual receipts and information provided by the Columbiana County Auditor. The School District anticipates an increase of \$362,000 from the prior fiscal year. The increase is due to an increase in assessed valuation for fiscal year 2006 and the fact that the residential and agricultural effective rate has already been reduced to only 20 mills for current expense levies and cannot be reduced any further.

Ohio law provides for a reduction in the rates of voted levies to offset increased values resulting from a reappraisal of real property. Reduction factors are applied to voted levies so that each levy yields the same amount of real property tax revenues on carryover property as in the prior year. For all voted levies except emergency and debt levies, increases in revenues are restricted to amounts generated from new construction. Emergency and debt levies are intended to generate a set revenue amount annually. The revenue generated by emergency and debt levies is not affected by changes in real property valuation. The reduction factors are computed annually and applied separately for residential/agricultural real property and commercial/industrial real property. Reduction factors are not applied to inside millage (an unvoted levy) and tangible personal property levy rates. State law also prohibits the reduction factors from reducing the effective millage of the sum of the general fund current operating levies plus inside millage (excluding emergency levies) below 20 mills. For the General Fund, the effective residential and agricultural real property tax rate is \$26.50 per \$1,000 of assessed valuation and the effective commercial and industrial real property tax rate is \$30.17 per \$1,000 of assessed valuation for collection year 2006.

Public utility real and personal property taxes are collected and settled by the county with real estate taxes and are recorded as general property taxes. Beginning in 2001, the Ohio General Assembly reduced the assessment rate for certain tangible personal property of electric and gas utilities from 88 percent to 25 percent. Starting in tax year 2005, the assessment rate for personal property owned by telephone utilities

East Liverpool City School District  
Columbiana County  
Summary of Significant Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2006

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prior to 1995 was being phased down from 88 percent to 25 percent (in tax year 2007) over a three-year period. Beginning in 2007, HB 66 will switch telephone companies from being public utilities to general business taxpayers and phase out the tangible personal property tax on local and inter-exchange telephone companies. No tangible personal property taxes will be levied or collected after 2010 on local and inter-exchange telephone companies. The State of Ohio will reimburse the School District for the loss of tangible personal property taxes as a result of these changes within certain limitations (see Property Tax Allocation Revenue below).

Tangible Personal Property Tax – Tangible personal property tax is levied on machinery and equipment, furniture and fixtures, and inventory of businesses. Effective for tax years 2005 and 2006, the assessment rate on business inventory, currently at 23 percent, was to be reduced by two percent if the total statewide collections of personal property taxes for the second preceding year exceed the total statewide collections of property taxes for the third preceding year. Effective for tax years 2007 and beyond, the assessment rate for inventory was to be reduced by two percent per year until it is completely phased out regardless of the growth in collections.

Beginning in 2006, HB 66 will phase out by 25 percent each year tangible personal property tax on most business inventory, manufacturing machinery and equipment, and furniture and fixtures. This change supersedes the changes and phase out periods addressed above. No tangible personal property taxes will be levied or collected in 2009 from general business taxpayers (except telephone companies whose last year to pay tangible personal property tax is 2010). Most new manufacturing machinery and equipment that would have been first taxable in tax year 2006 and thereafter will not be subject to any tangible personal property tax. The School District, based on the 2005 tangible personal property tax collections, will lose \$575,000 when the tangible personal property tax is completely phased out in 2009. These changes do not affect tangible personal property of public utilities. The State of Ohio will reimburse the School District for the loss of tangible personal property taxes as a result of the changes in HB 66 within certain limitations (see Property Tax Allocation below).

Tangible personal property tax revenues include the actual settlement for October 2005 and an estimate for the June 2006 personal property tax settlement. The School District receives approximately 75 percent of the tangible personal property tax revenue in the October settlement. The decrease in revenue for the forecast period compared to the prior fiscal year is due to reductions in the percentages used to calculate the assessed valuation offset by increases in personal property.

The State exempted the first \$10,000 in tangible personal property from taxation. The State reimburses the School District for the lost revenue. Beginning with tax year 2004, the State was phasing out the reimbursement by 10 percent each year. Under HB 66, the phase-out period has been accelerated. The last reimbursement for this exemption will be in October 2008.

**B. - Unrestricted Grants-in-Aid**

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

The State's foundation program is established by Chapter 3317 of the Ohio Revised Code. The semi-monthly payments are calculated by the State Department of Education, Division of School Finance, on the basis of pupil enrollment (ADM), times a per pupil foundation level (adjusted for a regional cost of

East Liverpool City School District  
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For the Fiscal Year Ending June 30, 2006

doing business factor set by the State legislature), less the equivalent of 23 mills times the school district's taxable property valuation. The regional cost of doing business factor is being phased out over a three-year period through fiscal year 2008. The per pupil foundation level is set by the State Legislature as follows:

Fiscal Year	Per Pupil Foundation Level
2003	\$4,949
2004	5,058
2005	5,169
2006	5,283

The anticipated unrestricted grants-in-aid for fiscal year 2006 are based on current estimates available from the Ohio Department of Education. The most recent estimates reported on the December school foundation statement for fiscal year 2006 and the amounts for the last three fiscal years are as follows:

	Actual Fiscal Year 2003	Actual Fiscal Year 2004	Actual Fiscal Year 2005	Forecasted Fiscal Year 2006	Variance
Formula Aid	\$12,038,000	\$11,780,000	\$11,886,000	\$11,886,000	\$0
Categorical Funding	1,676,000	1,412,000	1,474,000	1,404,000	(70,000)
Equity Aid	510,000	366,000	190,000	0	(190,000)
Transportation	589,000	628,000	599,000	610,000	11,000
Excess Cost	117,000	135,000	136,000	99,000	(37,000)
Parity Aid	0	1,459,000	1,958,000	1,929,000	(29,000)
Reappraisal Guarantee	0	0	0	187,000	187,000
Open Enrollment Received	571,000	0	0	0	0
Open Enrollment Paid	(1,264,000)	0	0	0	0
Foundation Adjustments	(15,000)	92,000	76,000	48,000	(28,000)
Total Foundation	14,222,000	15,872,000	16,319,000	16,163,000	(156,000)
Utility Deregulation	29,000	21,000	34,000	73,000	39,000
Totals	\$14,251,000	\$15,893,000	\$16,353,000	\$16,236,000	(\$117,000)

Formula Aid is anticipated to remain the same as the prior fiscal year because of the inclusion of \$238,000 in formula aid guarantee. The formula aid guarantee and an increase in per pupil funding offset a loss of revenue due to a decline in ADM of 95. Categorical funding decreased due a decrease in preschool classroom units which was offset by an increase in per pupil funding. Equity aid was phased out each year through fiscal year 2005. Parity aid continues its phase in with the percentage of distribution going from 58 percent in fiscal year 2004 to 76 percent in fiscal year 2005, and 100 percent in fiscal year 2006. The increase in distribution of parity aid is offset by a decrease in ADM resulting in an overall decrease in parity aid for fiscal year 2006. The reappraisal guarantee safeguards the School District from a decrease due to an increase in local valuations that result from an update or reappraisal. Beginning in 2004, open enrollment revenue is reflected as a part of "All Other Revenues" and open enrollment payments are reflected as purchased services expenditures.

East Liverpool City School District  
Columbiana County  
Summary of Significant Assumptions and Accounting Policies  
For the Fiscal Year Ending June 30, 2006

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Beginning in tax year 2001, there were significant reductions in the valuation of certain types of public utility property. Two bills enacted by the 123<sup>rd</sup> General Assembly reduced the assessment rate for certain tangible personal property of electric utilities and all tangible personal property of gas utilities. To replace this money, new state consumption taxes have been enacted, a kilowatt-hour tax on electricity and a thousand cubic foot tax on natural gas. Money from these new taxes is used to reimburse school districts for the loss of public utility property tax revenue. Reimbursements are made twice a year in February and August. For fiscal year 2006, the School District anticipates \$73,000 in public utility reimbursements based on information provided by the Ohio Department of Taxation which is included in unrestricted grants-in-aid.

**C. - Restricted Grants-in-Aid**

Restricted grants-in-aid consist of the bus purchase allowance, career tech monies and Poverty Based Assistance/DPIA monies. For fiscal year 2006, the School District anticipates \$27,000 in bus purchase allowance monies, \$285,000 in career tech monies and \$1,193,000 in Poverty Based Assistance monies which replaced the DPIA program. A \$53,000 decrease is anticipated from the prior year due primarily to the School District receiving less career tech monies from the State.

**D. - Property Tax Allocation**

State law grants tax relief in the form of a ten percent reduction in real property tax bills. In addition, a two and one-half percent rollback is granted on residential property taxes. Tax relief is also granted to qualified elderly and disabled homeowners based on their income. The State reimburses the School District for the loss of real property taxes as a result of the rollback and homestead tax relief programs. Beginning in 2006, the State eliminated the ten percent rollback credit on commercial and industrial real property and the reimbursement to local governments. Homestead and rollback revenue, based on information provided by the Columbiana County Auditor, is anticipated to be \$548,000, a decrease of \$43,000 from fiscal year 2005. The decrease is due to the inclusion of reimbursements for lost personal property tax revenue offset by the elimination of the 10 percent rollback on commercial and industrial property.

Beginning in fiscal year 2006, the State will reimburse the School District for lost revenue due to the phase out of tangible personal property tax. In the first five years, the School District will be fully reimbursed relative to prior law for revenue lost due to the taxable value reductions prescribed by HB 66. Over the next seven years, the reimbursements are phased out. The reimbursement will be for the difference between the assessed values under prior law and the assessed values under HB 66. This means the School District is only reimbursed for the difference between the amounts that would have been received under the prior law and the amounts actually received as the phase-outs in HB 66 are implemented.

**E. - All Other Revenues**

All other revenues include tuition, open enrollment, Midland tuition, transportation, interest on investments, drivers' education fees, rent, other receipts, and the refund of prior year expenditures.

The School District receives tuition for students from Midland, Pennsylvania who attend the East Liverpool City School District, as well as from open enrollment. In prior years, the School District recorded open enrollment revenue on its books net of open enrollment expenditures. Starting in 2004, the School District is recording the open enrollment revenue at gross instead of net. The decrease in tuition, open enrollment tuition and the Midland tuition is due to fewer students attending the School District.

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Interest is based on historical investment practices and anticipated rates during the forecast period. The School District pools cash from all funds for investment purposes. Investments are restricted by provisions of the Ohio Revised Code and are valued at cost. Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings with the greatest allocation being to the general fund. The increase in interest is due to the School District having more cash to invest and receiving higher interest rates.

In fiscal year 2005, the School District received insurance proceeds and Federal Emergency Management Agency grant monies for the loss of and damage to school property due to flooding that is categorized as proceeds from loss of capital assets.

All other revenues consist of the following:

Revenue Sources	Actual Fiscal Year 2003	Actual Fiscal Year 2004	Actual Fiscal Year 2005	Forecast Fiscal Year 2006	Variance Increase (Decrease)
Tuition	\$11,000	\$11,000	\$20,000	\$18,000	(\$2,000)
Open Enrollment Tuition	0	626,000	629,000	565,000	(64,000)
Midland Tuition	218,000	303,000	286,000	183,000	(103,000)
Transportation	3,000	4,000	11,000	11,000	0
Interest on Investments	35,000	16,000	46,000	92,000	46,000
Drivers Education Fees	14,000	18,000	21,000	10,000	(11,000)
Rentals	1,000	5,000	10,000	3,000	(7,000)
Other Revenue	5,000	20,000	58,000	92,000	34,000
Donations	0	1,000	3,000	3,000	0
Payments in Lieu of Taxes	0	10,000	11,000	8,000	(3,000)
Proceeds from Loss of Capital Assets	0	0	320,000	0	(320,000)
Refund of Prior Year Expenditures	27,000	2,000	66,000	21,000	(45,000)
Totals	<u>\$314,000</u>	<u>\$1,016,000</u>	<u>\$1,481,000</u>	<u>\$1,006,000</u>	<u>(\$475,000)</u>

**F. - Other Financing Sources**

The School District issued \$1,600,000 in tax anticipation notes at 4.374 percent on July 1, 2005. These notes are due on June 23, 2006. The School District received \$2,606,000 in a State solvency assistance advance during fiscal year 2004 and \$201,000 in fiscal year 2005. Each advance will be repaid without interest over two fiscal years beginning in fiscal year 2005. The School District is forecasting transfers amounting to \$3,000 from the unclaimed monies fund and advances amounting to \$650,000 from the repayment of advances from various Federal and State grant funds.

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**Note 7 - Significant Assumptions for Expenditures and Other Financing Uses**

**A. - Personal Services**

Personal services expenditures represent the salaries and wages paid to certified employees, classified and administrative staff, substitutes, tutors and board members. In addition to regular salaries, it includes payment for supplemental contracts, severance pay, retirement incentive bonus, insurance opt out, and all other bonuses. All employees receive their compensation on a bi-weekly basis. Administrative and non-bargaining unit salaries are set by the Board of Education. Staffing levels decreased from 358 in fiscal year 2004 to 319 in fiscal year 2005 to 270 in fiscal year 2006. There are no further staff reductions anticipated for the rest of the forecast period.

Certified (teaching) staff salaries are based on a negotiated contract which included no base increases and step increases that range from four to six percent. The contract covered the period beginning September 1, 2004 through August 31, 2005. The certified employees are still working under the contract that expired August 31, 2005. A new contract has not yet been negotiated and the Board has agreed to extend the existing contract for one year. The forecast includes only step increases that range from four to six percent for certified staff based on the fiscal year 2005 salary schedule. The fiscal year 2005 contract included no base increase and step increases that range from four to six percent. The fiscal year 2005 contract also included a special pay for certified staff in which the remaining cash balance in the general fund was divided by the existing teachers. Fiscal years 2003 and 2004 included a four percent increase in base salary as well as step increases from four to six percent in each year.

The contract for classified staff covered the period beginning September 1, 2004 through August 31, 2005. The classified employees are still working under the contract that expired August 31, 2005. A new contract for classified employees has not yet been negotiated and the Board has agreed to extend the existing contract for one year. The forecast includes only step increases that range from four to six percent for classified staff based on the fiscal year 2005 salary schedule. The 2005 fiscal year included a two percent increase in base salary as well as step increases from four to six percent. Fiscal years 2003 and 2004 included a one percent increase in base salary as well as step increases from four to six percent in each fiscal year.

Certified salaries are expected to decline due to the retirement of ten employees and the resignations of three employees. None were replaced. Three classified employees retired and five classified employees resigned without being replaced resulting in a decrease in classified salaries.

In addition to the retirements, the School District has also reduced staff by twenty-eight employees.

Substitute salaries are expected to decrease by \$70,000 during the forecast period due to less positions needing substitutes during fiscal year 2006.

Supplemental contracts are expected to decrease by \$24,000 during the forecast period due to less positions being filled during fiscal year 2006.

The School District offers severance pay upon retirement to its certified and classified employees with at least five years of service in the School District. Payments for certified and classified employees are one-third of the first ninety days of accumulated sick leave plus ten percent of all days beyond the first ninety. Payment is based on the daily rate of pay at retirement. Severance costs are anticipated to decrease due to the retirement of eleven members during the forecast period compared with the retirement of seventeen staff members during fiscal year 2005.

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The School District offers a retirement incentive bonus of \$10,000 to certified employees with twenty or more years of service. The payment is made in two equal payments in June of consecutive years after retirement.

The School District offers an incentive for those employees not taking health care, a professional growth bonus, and an attendance bonus for its employees. These bonuses are anticipated to increase due to an increase in the number of certified and classified employees taking part in the program in fiscal year 2006.

Presented below is a comparison of salaries and wages for fiscal years 2003, 2004, 2005 and the forecast period.

	Actual Fiscal Year 2003	Actual Fiscal Year 2004	Actual Fiscal Year 2005	Forecast Fiscal Year 2006	Variance Increase (Decrease)
Certified Salaries	\$11,224,000	\$11,614,000	\$10,588,000	\$9,346,000	(\$1,242,000)
Classified Salaries	2,182,000	2,173,000	2,002,000	1,797,000	(205,000)
Substitute Salaries	413,000	298,000	293,000	223,000	(70,000)
Supplemental Contracts	306,000	222,000	189,000	165,000	(24,000)
Severance Pay	47,000	94,000	139,000	132,000	(7,000)
Retirement Incentive Bonus	75,000	60,000	85,000	85,000	0
Insurance Opt Out and Bonuses	197,000	180,000	181,000	192,000	11,000
Other Salaries and Wages	9,000	8,000	12,000	14,000	2,000
Totals	<u>\$14,453,000</u>	<u>\$14,649,000</u>	<u>\$13,489,000</u>	<u>\$11,954,000</u>	<u>(\$1,535,000)</u>

**B. – Employees’ Retirement/Insurance Benefits**

Employees’ retirement and insurance benefits include employer contributions to the State pension systems, health care, medicare, workers’ compensation, and other benefits arising from the negotiated agreements.

Retirement costs are based on the employers’ contribution rate of 14 percent of salaries for STRS and SERS. Payments are made based upon estimated salary and wages for each fiscal year. Adjustments resulting from differences between the estimates and actuals are prorated over the next calendar year. The School District pays the employees’ retirement contributions for its superintendent and treasurer and one percent of the employees’ retirement contributions for all other administrators. The decrease that appears on the schedule below is due to the reduction in staff that occurred for fiscal year 2006.

Health care costs are based on rates set by Medical Mutual of Ohio. All funds are charged for the number of employees participating in the program and the type of coverage (single or family) provided to each employee. The health care program includes medical, prescription drug, dental care, and vision. Health care premiums are fixed for a twelve month period from October through September. The individual monthly premiums for fiscal year 2006 remained consistent with the premiums paid in fiscal year 2005. The decrease is the result of the reductions in force. Premiums decreased by 1.40 percent in October 2005 and increased by 9.58 percent in October of 2004 and 9.9 percent in October 2003.

Life insurance premiums are based on the coverage amount and the anticipated number of employees participating in the program.

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Workers' compensation is forecast to decrease by \$9,000. Workers' compensation is calculated by multiplying the School District's assigned rate times the actual salaries and wages paid in the previous calendar year. The decrease is due to a reduction in both the assigned rate from \$1.03 per hundred dollars of payroll for 2004 to \$.87 per hundred dollars of payroll and the calendar year wages. Workers' compensation premiums are calculated on calendar year wages and are either paid in full in May or 45 percent in May and 55 percent in September of the following fiscal year. The School District pays the workers' compensation in full in May. The School District did not receive a premium reduction for 2006. In prior fiscal years, the School District received a premium reduction of 50 percent of the premiums paid in fiscal year 2003 and 20 percent in fiscal years 2004 and 2005.

The School District anticipates paying unemployment benefits of \$138,000 during fiscal year 2006, a \$130,000 increase from the prior year. This increase is due to the reductions in staff that occurred in fiscal year 2006.

Presented below is a comparison of fiscal years 2003, 2004, 2005 and the forecast period:

	Actual Fiscal Year 2003	Actual Fiscal Year 2004	Actual Fiscal Year 2005	Forecast Fiscal Year 2006	Variance Increase (Decrease)
Employer's Retirement	\$2,069,000	\$2,244,000	\$2,133,000	\$1,916,000	(\$217,000)
Health Care/Life Insurance	3,213,000	3,485,000	3,488,000	3,135,000	(353,000)
Workers' Compensation	53,000	123,000	119,000	110,000	(9,000)
Medicare	113,000	113,000	108,000	96,000	(12,000)
Unemployment	18,000	7,000	8,000	138,000	130,000
Tuition Reimbursement	57,000	32,000	33,000	33,000	0
<b>Totals</b>	<b>\$5,523,000</b>	<b>\$6,004,000</b>	<b>\$5,889,000</b>	<b>\$5,428,000</b>	<b>(\$461,000)</b>

**C. - Purchased Services**

Presented below are the purchased service expenditures for the past three fiscal years and the forecast period:

	Actual Fiscal Year 2003	Actual Fiscal Year 2004	Actual Fiscal Year 2005	Forecast Fiscal Year 2006	Variance Increase (Decrease)
Professional and Technical Services	\$329,000	\$274,000	\$347,000	\$350,000	\$3,000
Property Services	391,000	295,000	402,000	320,000	(82,000)
Travel and Meeting Expenses	33,000	3,000	14,000	12,000	(2,000)
Communication Costs	66,000	69,000	49,000	53,000	4,000
Utility Services	481,000	483,000	490,000	517,000	27,000
Tuition Payments	168,000	215,000	1,202,000	1,227,000	25,000
Open Enrollment	0	1,267,000	1,115,000	1,139,000	24,000
Pupil Transportation	4,000	19,000	2,000	2,000	0
<b>Totals</b>	<b>\$1,472,000</b>	<b>\$2,625,000</b>	<b>\$3,621,000</b>	<b>\$3,620,000</b>	<b>(\$1,000)</b>

Property services are forecasted to decrease due to a one time payment for flood damage in fiscal year 2005. Utility services are forecasted to increase due to the increase in rates for gas and electric. The tuition and open enrollment payments are increasing due to the increase in students attending other school districts and an increase in excess costs for special education students.

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**D. - Supplies and Materials**

Presented below are the supplies and materials expenditures for the past three fiscal years and the forecast period:

	Actual Fiscal Year 2003	Actual Fiscal Year 2004	Actual Fiscal Year 2005	Forecast Fiscal Year 2006	Variance Increase (Decrease)
General Supplies, Library Books and Periodicals	\$381,000	\$92,000	\$144,000	\$166,000	\$22,000
Operations, Maintenance and Repair	59,000	154,000	193,000	220,000	27,000
Textbooks	176,000	245,000	61,000	145,000	84,000
Totals	<u>\$616,000</u>	<u>\$491,000</u>	<u>\$398,000</u>	<u>\$531,000</u>	<u>\$133,000</u>

General supplies are forecasted to increase due to the Poverty Based Assistance required supply purchases. Operations, maintenance and repair are anticipated to increase due to additional general repairs and the cost of diesel fuel. The increase in textbooks is due to the School District's anticipated replacement and purchase of textbooks in fiscal year 2006.

**E. - Capital Outlay**

The acquisition or construction of property, plant and equipment acquired or used for instructional and support services is recorded as capital outlay. The increase of \$38,000 from fiscal year 2005 is due to the School District purchasing new equipment, building improvements, a new bus, and computer network upgrades in fiscal year 2006. Prior fiscal year capital outlay expenditures included the purchase of computer equipment and a new bus.

**F. - Debt Service**

The outstanding balances and principal to be retired for general fund supported debt consists of the following:

Type	Maturity Date	Balance at 6/30/2005	Fiscal Year 2006 Principal Payment	Fiscal Year 2006 Interest Payment
Solvency Assistance Loan	June 30, 2006	\$1,303,000	\$1,303,000	\$0
Solvency Assistance Loan	June 30, 2007	201,000	101,000	0
Energy Conservation Loan	September 27, 2007	222,000	95,000	9,000
Tax Anticipation Note	June 23, 2006	1,600,000	1,600,000	71,000
Total		<u>\$3,326,000</u>	<u>\$3,099,000</u>	<u>\$80,000</u>

During fiscal year 1998, the School District issued energy conservation notes for the purpose of lighting and window replacement throughout the School District. These notes are being repaid with property taxes over a ten year period.

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During fiscal years 2004 and 2005, the School District received Solvency Assistance Fund Advances from the State. The solvency assistance fund advances money to school districts that are in fiscal emergency or that meet one or more of nine reasons identified in Section 3301-92-03 of the Ohio Administrative Code and are experiencing financial problems. The advances are repaid over two years from State foundation revenues.

The tax anticipation notes will be used for operations of the School District during fiscal year 2006 and will be retired with property tax revenue in 2006.

**G. - Other Objects**

Other object expenditures consist of dues and fees, insurance and awards. The \$59,000 decrease is due primarily to a decrease in Educational Service Center (ESC) support services. This decrease in ESC services is partially offset by an increase in election expenses due to the August 2005 special election.

**H. - Operating Transfers and Advances Out**

Transfers out of \$159,000 are anticipated during fiscal year 2006 to the State and Federal Grants, Food Service, After Care Program, and Public School Support funds.

The School District is forecasting advances out in fiscal year 2006 in the amount of \$552,000 due to the timing of the receipt of grant monies to the various funds. The general fund provides temporary funding of the program until the grant dollars are received.

**I. - All Other Financing Uses**

During fiscal year 2005, the School District returned unused Title VI-B grant money from fiscal year 2001 and Title I grant monies from fiscal year 2000 totaling \$149,000 to the Ohio Department of Education. During fiscal year 2006, the School District does not anticipate any other financing uses.

**Note 8 - Encumbrances**

Encumbrances represent purchase authorizations and contracts for goods or services that are pending vendor performance and those purchase commitments which have been performed, invoiced, and are awaiting payment. Encumbrances on a budget basis of accounting are treated as the equivalent of an expenditure at the time authorization is made in order to maintain compliance with spending restrictions established by Ohio law. For presentation in the forecast, outstanding encumbrances are presented as a reduction of the general fund cash balance.

Encumbrances for purchased services, supplies and materials, capital outlay and other objects as of June 30, 2005 were \$283,000 and are forecasted at \$292,000 as of June 30, 2006.

**Note 9 - Reservations of Fund Balance**

The School District is required by State statute to annually set aside in the general fund three percent of certain revenues for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

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Beginning in fiscal year 2006, HB 66 allows school districts in fiscal emergency to set aside less than the annual required set aside amount or set aside nothing in textbooks and instruction materials and the capital and maintenance set asides. The Board of Education, by resolution, has chosen to set aside no current year revenue in the textbook and instruction materials set aside for the current year.

**A. – Budget Reserve**

Effective April 10, 2001, Amended Senate Bill 345, deleted from law the requirement for school districts to establish a reserve for budget stabilization. During fiscal year 2005, the School District's budget reserve was used to reduce the deficit.

**B. - Textbooks and Instructional Materials Set-Aside**

The School District had a carryover balance of \$531,000 from fiscal year 2005. The School District anticipates \$311,000 in qualifying expenditures during the current fiscal year leaving a reserve balance of \$220,000.

**C. - Capital and Maintenance Set-Aside**

The set aside amount for fiscal year 2006 is \$448,000. The School District anticipates \$487,000 in offsets and \$95,000 in qualifying expenditures during the current fiscal year. Therefore, no reserve amount is forecasted for capital acquisition and improvements.

**D. – Bus Purchases**

At June 30, 2005, the School District had \$56,000 in unspent bus monies. The School District anticipates a \$27,000 bus purchase allowance during fiscal year 2006. The School District anticipates spending \$63,000 on the purchase of a new bus in fiscal year 2006, leaving a reserve balance of \$20,000.

**E. – Poverty Based Assistance/Disadvantaged Pupil Impact Aid (DPIA)**

At June 30, 2005, the School District had no unspent DPIA monies. The School District anticipates receiving \$1,193,000 in restricted Poverty Based Assistance monies during fiscal year 2006. The School District anticipates spending all of the Poverty Based Assistance funding during the current fiscal year leaving a zero reserve balance.

**F. – Parity Aid**

In fiscal year 2003, parity aid was restricted to school districts declared to be in a state of academic emergency, academic watch, or in need of continuous improvement. Beginning in 2004, the use of parity aid money was no longer restricted; therefore, no reserve is included for parity aid.

**Note 10 - Levies**

The School District renewed an emergency levy on March 7, 2000 for a term of five years. The levy generates approximately \$1,058,000, annually. The School District renewed the levy again in November 2005. In August 2005, the School District attempted to pass a \$2,024,000 emergency levy for a term of five years, but it failed. In the past ten years, the School District has placed several levies on the ballot. The type of levy, millage amount, term and election results are as follows:

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Date	Type	Amount	Term	Election Results
August 1996	Continuing	7.00 mills	Continuing	Failed
November 1996	Continuing	7.00 mills	Continuing	Passed
November 1997	Permanent Improvement	2.00 mills	5 Years	Passed
November 1998	Bond Issue	2.62 mills	23 Years	Failed
February 1999	Bond Issue	2.62 mills	23 Years	Failed
May 1999	Bond Issue	2.98 mills	23 Years	Failed
November 1999	Income Tax Issue	0.75 mills	Continuing	Failed
March 2000	Renewal - Emergency	\$1,058,000	5 Years	Passed
May 2002	Bond Issue	\$7,900,000	26 Years	Passed
November 2004	Renewal - Emergency	\$1,058,000	5 Years	Failed
August 2005	Emergency	\$2,024,000	5 Years	Failed
November 2005	Renewal - Emergency	\$1,058,000	5 Years	Passed

**Note 11 - Pending Litigation**

The East Liverpool Education Association has filed a case in Columbiana County Court of Common Pleas which challenges the Commission's authority to reduce Association members employed at the School District. The case is currently in the discovery phase and the outcome of the case cannot be determined as the date of the forecast.

**Note 12 – Financial Planning and Supervision Commission**

On December 18, 2003, the School District was declared to be in a state of "Fiscal Emergency" by the Auditor of State. Legislation effective September 1996, permitted this declaration due to the School District's declining financial condition. In accordance with the law, a five-member Financial Planning and Supervision Commission has been established to oversee the financial affairs of the School District. The Commission is comprised of the State Superintendent of Public Instruction and the State Director of Budget and Management or their designees, and three appointed members. The appointments are made by the Governor of the State of Ohio, the State Superintendent of Public Instruction and the Mayor of the City of East Liverpool. The Commission's primary charge is to develop, adopt and implement a financial recovery plan. Once the plan has been adopted, the Board of Education's discretion is limited in that all financial activity of the School District must in accordance with the plan.

The financial recovery plan was adopted on March 24, 2004 and under State law is to be updated annually. The recovery plan included the reduction of 43.5 staff members from the general fund for fiscal year 2005. The Commission issued a revised plan on June 13, 2005. The revised plan includes the reduction of 59.5 staff members for fiscal year 2006.

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**Note 13 - Information Related to Periods Beyond the Forecast Period**

Management is required to annually prepare and file a five-year financial plan with the Ohio Department of Education. The financial plan for the fiscal years 2006 through 2010 was filed on February 25, 2006. Management believes that the following information, although it does not constitute a financial forecast, is necessary in order for users to make a meaningful analysis of the forecast results. The plan assumes the continued operation of the School District with no significant increases in revenues. The plan also assumes annual base salary and step increases of 2.37 percent, but no additional staff reductions, and a ten percent increase in health care benefits for the fiscal years 2007 through 2010. The operating deficit increases from \$736,000 for fiscal year 2008 to \$6,296,000 for fiscal year 2010. The recovery plan, dated June 13, 2005, does not address periods beyond fiscal year 2006.

The information presented in this note is less reliable than the information presented in the financial forecast and, accordingly, is presented for analysis purposes only. Furthermore, there can be no assurance that events and circumstances described in this note will occur.



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**EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA 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  
MAY 4, 2006**