

MATHEWS LOCAL SCHOOL DISTRICT
NORTHEAST REGION, TRUMBULL COUNTY
FINANCIAL FORECAST
JULY 1, 1999, THROUGH JUNE 30, 2000

**MATHEWS LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

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OFFICE OF THE AUDITOR

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We have examined the accompanying forecasted Schedule of Revenues, Expenditures, and Changes in Fund Balance of the general fund of the Mathews Local School District for the fiscal year ending June 30, 2000. Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included such procedures as we considered necessary to evaluate both the assumptions used by the Board 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 Board of Education of the Mathews Local School District to determine whether the District has eliminated the fiscal watch conditions identified in Section, 3316.03(A), Revised Code.

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'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 December 30, 1998. The report for the year ended June 30, 1998 dated December 30, 1998 contained a qualified opinion and raised substantial doubt regarding the School District's ability to continue as a going concern. We have not performed any auditing procedures since.

We have compiled the accompanying Schedules of Revenues, Expenditures, and Changes in Fund Balances for the Mathews Local School District for the years ended June 30, 1997, 1998, 1999, and 2000 in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed these financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

JIM PETRO
Auditor of State

February 17, 2000

MATHEWS LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FISCAL YEAR ENDING JUNE 30, 2000 FORECASTED
GENERAL FUND

	<u>Fiscal Year 2000 Forecasted</u>
Revenues	
General Property Tax	\$2,790,000
Tangible Personal Property Tax	380,000
Unrestricted Grants-in-Aid	2,594,000
Restricted Grants-in-Aid	38,000
Property Tax Allocation	335,000
All Other Revenues	<u>127,000</u>
<i>Total Revenues</i>	<u>6,264,000</u>
Other Financing Sources	
All Other Financing Sources	<u>1,000</u>
<i>Total Revenues and Other Financing Sources</i>	<u>6,265,000</u>
Expenditures	
Personal Services	3,599,000
Employees' Retirement/Insurance Benefits	1,112,000
Purchased Services	700,000
Supplies and Materials	242,000
Capital Outlay	237,000
Debt Service:	
Principal-State Loans	186,000
Interest and Fiscal Charges	6,000
Other Objects	<u>100,000</u>
<i>Total Expenditures</i>	<u>6,182,000</u>
Other Financing Uses	
Operating Transfers Out	<u>93,000</u>
<i>Total Expenditures and Other Financing Uses</i>	<u>6,275,000</u>
<i>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</i>	(10,000)
<i>Cash Balance July 1, 1999</i>	<u>635,000</u>
<i>Cash Balance June 30, 2000</i>	<u>625,000</u>
<i>Estimated Encumbrances June 30, 2000</i>	<u>256,000</u>
Reservation of Fund Balance	
Budget Reserve	<u>82,000</u>
<i>Unreserved Fund Balance June 30, 2000</i>	<u><u>\$287,000</u></u>

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

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

Note: Schedule includes the general fund, emergency levy fund, DPIA fund, and textbook subs

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

	Fiscal Year 1997 Actual	Fiscal Year 1998 Actual	Fiscal Year 1999 Actual	Fiscal Year 2000 Forecasted
Revenues				
General Property Tax	\$2,304,000	\$2,298,000	\$2,373,000	\$2,790,000
Tangible Personal Property Tax	340,000	382,000	419,000	380,000
Unrestricted Grants-in-Aid	2,198,000	2,359,000	2,674,000	2,594,000
Restricted Grants-in-Aid	35,000	58,000	55,000	38,000
Property Tax Allocation	270,000	278,000	284,000	335,000
All Other Revenues	120,000	131,000	90,000	127,000
<i>Total Revenues</i>	<u>5,267,000</u>	<u>5,506,000</u>	<u>5,895,000</u>	<u>6,264,000</u>
Other Financing Sources				
Proceeds from Sale of Notes	170,000	667,000	0	0
State Emergency Loans	0	356,000	0	0
Advances In	0	0	9,000	0
All Other Financing Sources	1,000	4,000	0	1,000
<i>Total Other Financing Sources</i>	<u>171,000</u>	<u>1,027,000</u>	<u>9,000</u>	<u>1,000</u>
<i>Total Revenues and Other Financing Sources</i>	<u>5,438,000</u>	<u>6,533,000</u>	<u>5,904,000</u>	<u>6,265,000</u>
Expenditures				
Personal Services	3,575,000	3,620,000	3,172,000	3,599,000
Employees' Retirement/Insurance Benefits	1,077,000	1,202,000	1,080,000	1,112,000
Purchased Services	367,000	459,000	640,000	700,000
Supplies and Materials	147,000	141,000	131,000	242,000
Capital Outlay	3,000	50,000	149,000	237,000
Principal-Notes	150,000	670,000	167,000	0
Principal-State Loans	0	0	170,000	186,000
Interest and Fiscal Charges	3,000	10,000	27,000	6,000
Other Objects	110,000	114,000	85,000	100,000
<i>Total Expenditures</i>	<u>5,432,000</u>	<u>6,266,000</u>	<u>5,621,000</u>	<u>6,182,000</u>
Other Financing Uses				
Operating Transfers Out	14,000	11,000	13,000	93,000
Advances Out	0	9,000	0	0
<i>Total Other Financing Uses</i>	<u>14,000</u>	<u>20,000</u>	<u>13,000</u>	<u>93,000</u>
<i>Total Expenditures and Other Financing Uses</i>	<u>5,446,000</u>	<u>6,286,000</u>	<u>5,634,000</u>	<u>6,275,000</u>
<i>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</i>	(8,000)	247,000	270,000	(10,000)
<i>Cash Balance July 1</i>	<u>126,000</u>	<u>118,000</u>	<u>365,000</u>	<u>635,000</u>
<i>Cash Balance June 30</i>	<u>118,000</u>	<u>365,000</u>	<u>635,000</u>	<u>625,000</u>
<i>Estimated Encumbrances June 30</i>	<u>109,000</u>	<u>102,000</u>	<u>52,000</u>	<u>256,000</u>
Reservation of Fund Balance				
Textbooks and Instructional Materials	0	5,000	16,000	0
Budget Reserve	0	36,000	36,000	82,000
DPIA	6,000	1,000	0	0
Bus Purchases	1,000	0	0	0
<i>Subtotal</i>	<u>7,000</u>	<u>42,000</u>	<u>52,000</u>	<u>82,000</u>
<i>Unreserved Fund Balance June 30</i>	<u>\$2,000</u>	<u>\$221,000</u>	<u>\$531,000</u>	<u>\$287,000</u>

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

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

**MATHEWS LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

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

Nature of Presentation

This financial forecast presents, to the best of the Mathews Local School District Board of Education's knowledge and belief, the expected revenues, expenditures, and changes in fund balance of the general fund for the forecast period. Accordingly, the forecast reflects the Board of Education's judgment of the expected conditions and its expected course of action as of February 17, 2000, the date of this forecast. The accompanying forecasted Schedule of Revenues, Expenditures, and Changes in Fund Balance of the General Fund and this report were prepared for the Board of Education of Mathews Local School District to determine whether the District has demonstrated that the fiscal watch conditions identified in Section 3316.03(A), Revised Code, have been eliminated. 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 Mathews Local School District will continue to operate its instructional program in accordance with its adopted school calendar and pay all obligations.

The forecast includes the general fund, disadvantaged pupil impact aid fund (DPIA), textbook subsidy fund, and the debt service fund as it relates to general fund debt only. Transfers-in and transfers-out that were made between these funds were eliminated.

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

2. Revenue and Other Financing Source Assumptions

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

Property Taxes

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

**MATHEWS LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

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

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

General Property Tax (Real Estate)

The general property tax revenue estimates are based upon confirmation received from the Trumbull County Auditor on January 10, 2000. Included in this revenue source are real estate and trailer tax revenues. Amounts forecasted for the rollback and homestead exemption are included under the property tax allocation account.

Based upon these estimates, the School District anticipates receiving \$2,790,000 in real estate tax and trailer tax revenues, an increase of \$417,000 over the prior fiscal year. The increase is due to the School District receiving one-half of a year's collections on the new 12.68 mill operating levy passed in May 1999 and increased valuation resulting from the reappraisal. At the November 1999 election, the School District passed an 8.7 mill levy replacing both an expiring 8.9 mill levy and 4.4 mill levy. The 8.7 mill levy will generate the same revenue as the two expiring levies being replaced.

Tangible Personal Property Tax

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

As with real estate taxes, tangible personal property tax revenues for this forecast are based upon confirmation received from the Trumbull County Auditor as of January 10, 2000. Based upon these estimates, the School District anticipates receiving \$380,000 in tangible personal property tax revenue, including the tangible personal property tax exemption, a decrease of \$39,000 from the prior fiscal year. The decrease results from lower tangible personal property valuations.

Unrestricted Grants-in-Aid

State foundation payments established by Chapter 3317 of the Revised Code are calculated by the State Department of Education, Division of School Finance, on the basis of pupil enrollment (ADM) and classroom teacher ratios plus other factors. The funds are distributed on a semi-monthly basis. Deductions from the monthly payments for contributions to the two school retirement systems are included in the expenditure section. Forecasted amounts are based on current information provided by the State Department of Education.

**MATHEWS LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

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

This revenue source includes formula aid, special education aid, training and experience of classroom teachers funding, unrestricted disadvantaged pupil impact aid (a portion is also restricted as explained below), extended service, gifted aid, transportation, vocational education, and equalization enhancement revenues received from the State Department of Education, Division of School Finance. The amount of revenue reported on the most recent school foundation statement of settlement is \$2,594,000, which represents a decrease of \$80,000 from the prior fiscal year. The decrease is due to a lower ADM, a lower interest subsidy to be received in fiscal year 2000, and a special education adjustment of \$76,000 for fiscal year 1998, received in fiscal year 1999 and not anticipated to recur in fiscal year 2000.

Restricted Grants-in-Aid

Restricted grants-in-aid consists of disadvantaged pupil impact aid (DPIA) of \$9,000, and a bus purchase allowance of \$29,000.

Property Tax Allocation

State law grants tax relief in the form of a ten percent reduction in real property tax bills. In addition, a two and one-half percent rollback is granted on residential property taxes. Tax relief is also granted to qualified elderly and disabled homeowners based on their income. The State reimburses the School District for the loss of real property taxes as a result of the above (rollback and homestead).

The Trumbull County Auditor certified the amounts for rollback and homestead at \$335,000, an increase of \$51,000 from the prior fiscal year. The increase is due to the School District receiving one-half of a year's collection on the new 12.68 mill operating levy mentioned previously and increased valuation of property.

All Other Revenues

The following schedule represents all other revenues not classified elsewhere:

Earnings on Investments	\$42,000
Tuition	14,000
Miscellaneous	10,000
Refund of Prior Year Expenditures	<u>61,000</u>
Total	<u><u>\$127,000</u></u>

**MATHEWS LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

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

The forecasted revenue was based on the following:

- Investment earnings were based on historical investment practices and current interest rates.
- Tuition revenues received from the State are expected to increase slightly over previous fiscal years.
- Miscellaneous revenues of \$10,000 are included which consist of donations, classroom materials and fees, fines and miscellaneous receipts.
- Revenue from refund of prior year expenditures is based on actual receipts, including a \$57,000 refund from the Trumbull County Educational Service Center for fiscal year 1999 special education excess costs.

Other Financing Sources

The School District anticipates \$1,000 from the sale of assets during fiscal year 2000.

3. Expenditure and Other Financing Use Assumptions

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

Personal Services

Personal service expenditures of \$3,599,000 forecasted for fiscal year 2000 are as follows:

Certified Salaries	\$2,816,000
Classified Salaries	609,000
Substitute Pay	99,000
Superintendent Travel Allowance	3,000
Severance Pay	50,000
Overtime Pay	12,000
Board Members	2,000
Payment In-Lieu of Hospitalization	7,000
Student Workers	1,000
Total	<u><u>\$3,599,000</u></u>

The School District is anticipating a \$427,000 increase in the cost of personal services from fiscal year 1999 levels. The major reasons for this 13.5% increase over the prior fiscal year are outlined below:

**MATHEWS LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

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

- A negotiated increase of six percent for certified and classified employees for fiscal year 2000, step increases, the addition of ten teachers, and increases in the number of classified staff.
- An increase in substitute costs for the current fiscal year due mainly to the use of more substitutes. The School District limited the use of substitutes because of the financial position of the School District during the prior fiscal year.
- The addition of a payment in-lieu of hospitalization for employees first offered in fiscal year 2000.

Employees' Retirement/Insurance Benefits

Employee retirement and insurance benefits are forecasted at \$1,112,000 for fiscal year 2000 and include the following:

Retirement	\$504,000
Insurances	583,000
Workers' Compensation	5,000
Medicare	16,000
Unemployment	4,000
Total	<u><u>\$1,112,000</u></u>

The School District anticipates an increase of \$32,000 in benefits for fiscal year 2000. This increase is a combination of the following:

- An increase in retirement benefits of \$26,000 due to personnel additions, and the practice of paying retirement costs based on estimated rather than actual salaries.
- Insurance costs are anticipated to increase \$26,000 primarily due to the addition of ten new teachers which is partially offset by a reduction in rates.
- An increase in medicare costs of \$3,000 due to additional employees and increases in base salaries.
- A decrease in worker's compensation premiums of \$16,000 due to a 75% premium reduction from the Bureau of Worker's Compensation.
- A decrease in unemployment costs of \$7,000 due to the recall of personnel from layoff.

**MATHEWS LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

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

Purchased Services

Purchased service expenditures forecasted in the amount of \$700,000 are comprised of:

Professional and Technical Services	\$350,000
Property Services	111,000
Travel and Meeting Expenses	19,000
Communication	25,000
Utilities Services	127,000
Contracted Craft or Trade Services	3,000
Tuition	14,000
Pupil Transportation	51,000
	<hr/>
	\$700,000
Total	<hr/> <hr/>

The School District is anticipating a \$60,000 increase in purchased services for fiscal year 2000. This increase is due primarily to the following:

- Professional and technical services are anticipated to decrease \$38,000 in fiscal year 2000 due to payments made in fiscal year 1999 to an Interim Superintendent of \$19,000, a lower contract with the County Educational Service Center, and a change in the procedures for recording the basic county board fee. These reductions are partially offset by inflationary increases, a feasibility study during the fiscal year, and the use of electrical and computer consultants.
- The cost of property services is forecasted to increase \$44,000. This is primarily caused by inflation and increased student testing services which are charged to this account by the District.
- Travel mileage/meeting expense is expected to increase \$11,000 from Board members attending the Capital Conference and additional seminars for teachers.
- Communication costs are forecasted to increase \$3,000 from the use of five additional cell phones in use and inflation.
- The cost of utility services is expected to increase \$19,000 based on expectations of a severe winter, and the purchase of water for use at one of the school buildings that previously used well water.
- Contracted services costs are forecasted to increase \$2,000 due to the printing of new and additional policy manuals.
- Tuition costs are forecasted to increase \$14,000 due to a change in how tuition costs are recorded.
- Pupil transportation and other purchased services are anticipated to increase \$5,000 due to additional transportation of special education students.

**MATHEWS LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

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

Supplies and Materials

The School District anticipates spending \$242,000 for supplies and materials in fiscal year 2000. The expenditures are as follows:

General Supplies, Library Books, and Periodicals	\$97,000
Textbooks	37,000
Library Books	13,000
Periodical, Newspaper, Films, and Filmstrips	5,000
Supplies and Materials for Operation, Maintenance and Repair	28,000
Supplies and Materials for Operation	<u>62,000</u>
Total	<u><u>\$242,000</u></u>

There is a forecasted \$111,000 increase in expenditures for supplies and materials from fiscal year 1999 levels. The increase is attributed to purchases of computer supplies, additional textbooks, and library books and periodicals needed to meet State standards.

Capital Outlay

Capital outlay expenditures are forecasted in the amount of \$237,000, which represents \$153,000 for new capital outlay and \$84,000 of replacement capital outlay. The majority of the planned expenditures are for high school and middle school remodeling projects, installation of a computer lab at the middle school, the purchase of furniture and equipment for the high school and middle school, a replacement bus and various other replacement equipment items.

Debt Service

The School District's debt service expenditures required for fiscal year 2000 include only the repayment of a State loan of \$186,000 in principal and \$6,000 of interest. The funds necessary for payment of principal and interest are provided from State foundation revenues.

Other Objects

This account includes dues, fees, liability insurance, and county educational service center costs. Total other objects expenditures are forecasted at \$100,000, an increase of \$15,000 over fiscal year 1999. The increase is due primarily to the inclusion of the County Board payment.

Operating Transfers-Out

The School District forecasts transfers out of \$93,000. The amount is comprised of \$12,000 to the lunch room fund, \$3,000 to the uniform supplies fund, and \$78,000 to the athletic fund.

**MATHEWS LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

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

4. Spending Reserve

Section 133.301, Revised Code, allows the School District to issue notes during the current fiscal year in anticipation of fiscal year 2001 property tax revenues provided that such amount, referred to as the spending reserve, is included in the current year tax budget and 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, it is the School District's intent not to borrow against the spending reserve.

5. Encumbrances

Encumbrances for the fiscal year ended June 30, 1999 were \$52,000 and are forecasted at \$256,000, including the STRS advance of \$41,000, at June 30, 2000. The STRS advance is not normally encumbered by the School District. The increase is also due to high school and middle school remodeling, installation of a computer lab at the middle school, and the purchase of furniture and equipment for the high school and middle school.

6. Reservation of Fund Balance

Textbooks and Instructional Materials

The required three percent contribution for fiscal year 2000 for the textbooks and instructional materials set aside amounted to \$137,000. In addition, the School District had a carry over balance of \$16,000 from fiscal year 1999. The set aside will be completely offset by qualifying planned expenditures for textbooks, instructional materials, instructional supplies, instructional software, and instructional equipment.

Capital Improvements

The required three percent contribution for fiscal year 2000 for the capital improvements and maintenance set aside amounted to \$137,000. The set aside is completely offset by the proceeds from a permanent improvement levy adopted under Section 5705.21 of the Ohio Revised Code. The levy generates in \$157,000 annually .

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 \$36,000 received from the Bureau of Workers' Compensation has been reserved for budget stabilization.

A contribution for budget stabilization is required if the base for the prior year grew by at least three percent, unless the School District is in a state of fiscal watch or emergency. Since the School District is currently in fiscal watch this set aside is not required for fiscal year 2000. Mathews Local School District has the funds currently available, however, and its base grew by 3.01 percent. Therefore, it is the intent of the School District to fund the budget reserve during fiscal year 2000. The additional set aside for the budget reserve is forecasted at \$46,000 for fiscal year 2000, making the total \$82,000.

**MATHEWS LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

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

DPIA

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

Bus Purchases

The School District had no carryover bus purchase set aside balance at the end of fiscal year 1999 and received an additional \$29,000 in bus purchase allowance during fiscal year 2000. The School District will spend the entire amount for a bus purchase during fiscal year 2000.

7. Levies

The School District does not plan to place a levy on the March 2000 ballot.

8. Pending Litigation

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

**MATHEWS LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

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

A. Basis of Accounting

This financial forecast has been prepared on a basis of cash receipts and disbursements which is consistent with the required budget basis (non-GAAP) of accounting which is the same as that used to prepare the historical budgetary statements for the years ended June 30, 1997, 1998, and 1999. Under this system, certain revenue and related assets are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred. However, by virtue of Ohio law, the School District is required to maintain the encumbrance method of accounting and to make appropriations for budgetary funds. The appropriations are made by the Board of Education to their classification of accounts and are restricted for such purpose until expended or amended by the Board.

B. Investments

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

C. Fund Accounting

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

Governmental Funds

General Fund

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

Special Revenue Funds

To account for the proceeds of specific revenue sources (other than expendable trusts or those for major capital projects) that are legally restricted to disbursements for specified purposes.

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).

**MATHEWS LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

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

Debt Service Funds

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

Proprietary Funds

Enterprise Funds

To account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Funds

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

Fiduciary Funds

Trust and Agency Funds

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

D. Budgetary Process

Budget

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

Estimated Resources

The County Budget Commission certifies its actions to the School District by March 1. As part of this certification, the School District receives the Official Certificate of Estimated Resources which states the projected receipts of each fund. On or about July 1, this certificate is amended to include any unencumbered balances from the preceding year.

**MATHEWS LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

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

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.

**MATHEWS LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**SCHEDULE OF NOTE INDEBTEDNESS
AS OF FEBRUARY 17, 2000**

O.R.C. Authority	Amount	Note Held By	Due	Rate of Interest	Source of Repayment
3313.483	\$63,000	Cortland Banks	06/15/03	4.44%	State Foundation
Chapter 133	\$168,000	US EPA	06/30/00	0.00%	Permanent Improvement Property Taxes

**MATHEWS LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

TEN-YEAR LEVY HISTORY

<u>DATE</u>	<u>TYPE</u>	<u>AMOUNT</u>	<u>TERM</u>	<u>ELECTION RESULTS</u>
05/08/90	Renewal	4.40 Mills	5 Years	Passed
05/08/90	New Operating	8.90 Mills	4 Years	Failed
08/07/90	New Operating	8.90 Mills	4 Years	Failed
11/06/90	New Operating	8.90 Mills	5 Years	Passed
05/04/93	Renewal Permanent Improvement	2.00 Mills	5 Years	Passed
11/08/94	Renewal	8.90 Mills	5 Years	Passed
11/08/94	Renewal	4.40 Mills	5 Years	Passed
08/05/97	New Operating	6.90 Mills	Continuing	Failed
11/04/97	New Operating	6.90 Mills	5 Years	Failed
05/05/98	Income Tax	1.50 percent	5 Years	Failed
05/05/98	Renewal Permanent Improvement	2.00 Mills	5 Years	Passed
11/03/98	New Operating	9.90 Mills	2 Years	Failed
05/04/99	New Operating	12.68 Mills	5 Years	Passed
11/02/99	Replacement Operating	8.70 Mills	5 Years	Passed



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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MATHEWS LOCAL SCHOOL DISTRICT

TRUMBULL COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 19, 2000**