

**NEW LEXINGTON CITY SCHOOL DISTRICT  
SOUTHEAST REGION, PERRY COUNTY  
FINANCIAL FORECAST  
JULY 1, 1999 THROUGH JUNE 30, 2000**

**NEW LEXINGTON CITY SCHOOL DISTRICT  
PERRY COUNTY**

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STATE OF OHIO  
OFFICE OF THE AUDITOR  

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New Lexington City School District  
310 First Street  
New Lexington, Ohio 43764

We have examined the accompanying forecasted Schedule of Revenues, Expenditures, and Changes in Fund Balance of the General Fund of the New Lexington City School District for the fiscal year ending 2000. Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included such procedures as we considered necessary to evaluate both the assumptions used by the Board of Education and the Financial Planning and Supervision Commission and the preparation and presentation of the forecast.

The accompanying Schedule of Revenues, Expenditures, and Changes in Fund Balance of the General Fund for the fiscal year ending June 30, 2000 present, to the best of management's knowledge and belief, the expected revenues, expenditures, and changes in fund balance of the General Fund for the forecast period. The accompanying forecasted Schedule of Revenues, Expenditures, and Changes in Fund Balance of the General Fund and this report were prepared to determine whether the School District will incur an operating deficit for the current fiscal year, pursuant to Section 3316.08, Revised Code, and should not be used for any other purpose.

In our opinion, the forecasted schedule referred to above is presented in conformity with the guidelines for presentation of forecasted information established by the American Institute of Certified Public Accountants (AICPA), and the underlying assumptions provide a reasonable basis for the Board of Education's and the Financial Planning and Supervision Commission's forecast. Our examination of the financial forecast presented in this document was made for the purpose of forming an opinion on whether the financial forecast is presented in conformity with AICPA guidelines for the presentation of a forecast and whether the underlying assumptions provide a reasonable basis for the forecast. The supplemental data as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial forecast. Such information has not been subjected to procedures applied in the examination of the financial forecast and, accordingly, we express no opinion or any other form of assurance on it. Furthermore, differences between the forecasted and actual results will usually happen because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after its date.

The financial statements for the years ended June 30, 1997, 1998 and 1999 were audited by the firm of Wilson, Shannon and Snow, Incorporated and contained unqualified opinions in their reports dated October 28, 1997, September 23, 1998 and March 3, 2000, respectively.

We have compiled the accompanying statements of revenues, expenditures, and changes in fund balances of the New Lexington City School District for the years ended June 30, 1997, June 30, 1998, June 30, 1999 actual and June 30, 2000 forecasted in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed these financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

JIM PETRO  
Auditor of State

January 28, 2000

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

	<u>Fiscal Year</u> <u>2000 Forecasted</u>
<b>Revenues</b>	
General Property Tax (Real Estate)	\$1,566,000
Tangible Personal Property Tax	396,000
Unrestricted Grants-in-Aid	8,050,000
Restricted Grants-in-Aid	87,000
Property Tax Allocation	207,000
All Other Revenues	220,000
<i>Total Revenues</i>	<u>10,526,000</u>
<b>Other Financing Sources</b>	
Advances In	60,000
<i>Total Revenues and Other Financing Sources</i>	<u>10,586,000</u>
<b>Expenditures</b>	
Personal Services	6,411,000
Employees' Retirement/Insurance Benefits	2,108,000
Purchased Services	686,000
Supplies and Materials	290,000
Capital Outlay	203,000
Debt Service:	
Principal - State Loans	210,000
Interest and Fiscal Charges	6,000
Other Objects	291,000
<i>Total Expenditures</i>	<u>10,205,000</u>
<b>Other Financing Uses</b>	
Advance Out	99,000
Total Other Financing Uses	<u>99,000</u>
<i>Total Expenditures and Other Financing Uses</i>	<u>10,304,000</u>
 <i>Excess of Revenues and Other Financing Sources under Expenditures and Other Financing Uses</i>	 282,000
 <i>Cash Balance July 1, 1999</i>	 <u>672,000</u>
 <i>Cash Deficit June 30, 2000</i>	 <u>954,000</u>
 <i>Estimated Encumbrances June 30, 2000</i>	 <u>265,000</u>
 Reservation of Fund Balance	
Budget Reserve	152,000
Subtotal	<u>152,000</u>
 <i>Unreserved Fund Deficit June 30, 2000</i>	 <u><u>\$537,000</u></u>

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

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

**NEW LEXINGTON CITY SCHOOL DISTRICT**  
**PERRY 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
<b>Revenues</b>				
General Property Tax (Real Estate)	1,237,000	1,332,000	1,452,000	1,566,000
Tangible Personal Property Tax	311,000	289,000	301,000	396,000
Unrestricted Grants-in-Aid	6,642,000	7,199,000	8,278,000	8,050,000
Restricted Grants-in-Aid	0	0	36,000	87,000
Property Tax Allocation	171,000	178,000	192,000	207,000
All Other Revenues	199,000	275,000	270,000	220,000
<b>Total Revenues</b>	<b>8,560,000</b>	<b>9,273,000</b>	<b>10,529,000</b>	<b>10,526,000</b>
<b>Other Financing Sources</b>				
Proceeds from Sale of Notes	119,000	117,000	0	0
Advances-In	1,000	0	0	60,000
Other Financing Sources	550,000	403,000	0	0
<b>Total Other Financing Sources</b>	<b>670,000</b>	<b>520,000</b>	<b>0</b>	<b>60,000</b>
<b>Total Revenues and Other Financing Sources</b>	<b>9,230,000</b>	<b>9,793,000</b>	<b>10,529,000</b>	<b>10,586,000</b>
<b>Expenditures</b>				
Personal Services	5,854,000	5,953,000	6,231,000	6,411,000
Employees' Retirement/Insurance Benefits	1,886,000	1,963,000	2,053,000	2,108,000
Purchased Services	657,000	632,000	739,000	686,000
Supplies and Materials	341,000	343,000	283,000	290,000
Capital Outlay	137,000	84,000	65,000	203,000
Debt Service:				
Principal-State Loans	114,000	394,000	505,000	210,000
Interest and Fiscal Charges	2,000	17,000	0	6,000
Other Objects	78,000	104,000	133,000	291,000
<b>Total Expenditures</b>	<b>9,069,000</b>	<b>9,490,000</b>	<b>10,009,000</b>	<b>10,205,000</b>
<b>Other Financing Uses</b>				
Operating Transfers-Out	19,000	91,000	122,000	0
Advances-Out	28,000	0	75,000	99,000
<b>Total Other Financing Uses</b>	<b>47,000</b>	<b>91,000</b>	<b>197,000</b>	<b>99,000</b>
<b>Total Expenditures and Other Financing Uses</b>	<b>9,116,000</b>	<b>9,581,000</b>	<b>10,206,000</b>	<b>10,304,000</b>
<b>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</b>	<b>114,000</b>	<b>212,000</b>	<b>323,000</b>	<b>282,000</b>
<b>Cash Balance July 1</b>	<b>23,000</b>	<b>137,000</b>	<b>349,000</b>	<b>672,000</b>
<b>Cash Balance June 30</b>	<b>137,000</b>	<b>349,000</b>	<b>672,000</b>	<b>954,000</b>
<b>Estimated Encumbrances June 30</b>	<b>184,000</b>	<b>171,000</b>	<b>275,000</b>	<b>265,000</b>
<b>Reservation of Fund Balance</b>				
Capital Improvements Reserve	0	0	7,000	0
Budget Reserve	0	0	152,000	152,000
<b>Subtotal</b>	<b>0</b>	<b>0</b>	<b>159,000</b>	<b>152,000</b>
<b>Unreserved Fund Balance/(Deficit) June 30</b>	<b>(\$47,000)</b>	<b>\$178,000</b>	<b>\$238,000</b>	<b>\$537,000</b>

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

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

**NEW LEXINGTON CITY SCHOOL DISTRICT  
PERRY COUNTY**

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

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**Nature of Presentation**

This financial forecast presents, to the best of the New Lexington City School District Board of Education's and the Financial Planning and Supervision Commission's knowledge and belief, the expected revenues, expenditures, and changes in fund balances of the General Fund for the forecast period. Accordingly, the forecast reflects the Board of Education's and Financial Planning and Supervision Commission's judgment of the expected conditions and its expected course of action as of January 28, 2000, the date of this forecast. The forecast is designed to present the revenues, expenditures and changes in fund balance for the purpose of determining whether the School District will incur an operating deficit for the current fiscal year, pursuant to Section 3316.08, Revised Code, and should not be used for any other purpose. The assumptions disclosed herein are those that management believes are significant to the forecast. Differences between the forecasted and actual results will usually arise because events and circumstances frequently do not occur as expected, and those differences may be material.

**1. General Assumptions**

The New Lexington City School District will continue to operate its instructional program in accordance with its adopted school calendar and pay all obligations.

The forecast includes the revenue and expenditure activity of the General Fund, DPIA Fund, and any portion of the Debt Service Fund related to General Fund debt.

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

**2. Revenue Assumptions**

The forecasted fiscal year 2000 revenues are based on the following:

**Property Taxes**

Property taxes consist of real estate, public utility real and personal property, and tangible personal property taxes. Advances may be requested from the Perry 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 fees, advertising delinquent taxes, election expenses, and other fees are made at these settlement times.

**NEW LEXINGTON CITY SCHOOL DISTRICT  
PERRY COUNTY**

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

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**General Property Tax (Real Estate)**

The forecasted revenue for fiscal year 2000 was based on the most recent information provided by the Perry County Auditor. The amount shown in the revenue section of the forecast schedules represent gross property tax revenue. The general property tax revenue estimate is based upon actual receipts and confirmations received from the Perry County Auditor dated January 24, 2000. 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 \$1,566,000 in real estate tax revenue, a increase of \$114,000 from the prior fiscal year.

The increase in real estate tax revenue from the prior year is due to the realization of a full year's collection on a 3 mill operating levy passed on November 4, 1997.

**Tangible Personal Property Tax**

This revenue source consists of tangible personal property tax revenue and the public utility personal property tax revenue. The first \$10,000 of tangible personal property is exempt from taxation. The State reimburses the School District for all revenue lost due to this exemption. The amount of the reimbursement, as estimated by the Perry County Auditor, is included in the forecasted amount of personal property tax revenue.

As with real estate and trailer taxes, tangible personal property tax and tangible personal property tax exemption revenues are based upon confirmation received from the Perry County Auditor dated January 24, 2000. Based upon these estimates, the School District anticipates receiving \$396,000 in tangible personal property tax revenue, which represents a \$95,000 increase over fiscal year 1999. \$36,000 of the current year increase is due to the timing of the receipt of the June 1999 personal property tax settlement which was not received until July 1999.

**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 payments for contributions to the two school retirement systems are included in the expenditure section.

This revenue source also includes training and experience of classroom teachers funding, extended service, gifted aid, transportation, vocational education and the equalization revenues received from the State Department of Education, Division of School Finance.



**NEW LEXINGTON CITY SCHOOL DISTRICT  
PERRY COUNTY**

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

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**Unrestricted Grants-in-Aid (continued)**

Forecasted amounts are based on current information provided by the State Department of Education. For the forecast period, a \$228,000 decrease is anticipated. The major contributors to this decrease are: (1) open enrollment and other adjustments account for a decrease of \$118,000; (2) a decrease in equity funding of approximately \$144,000; and (3) an increase of \$34,000 in basic pupil funding.

**Restricted Grants-in-Aid**

Restricted grants-in-aid consist of a bus purchase allowance of \$57,000 that was received in December 1999 and \$30,000 in federal restricted grants. This is an increase of \$51,000 over fiscal year 1999. This increase is the direct result of the district reclassifying the bus purchase allowance from other revenue in fiscal year 1999, to restricted revenue in fiscal year 2000.

**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 Perry County Auditor certified the amount for rollback and homestead at \$207,000, which represents an increase of \$15,000 over fiscal year 1999.

**All Other Revenues**

The following schedule represents all other revenues not classified elsewhere:

Interest on Investments	\$85,000
Classroom Materials and Fees	23,000
Miscellaneous	37,000
Revenue on Behalf of the District	30,000
Refund of Prior Year Expenditures	45,000
Total	<u><u>\$220,000</u></u>

**NEW LEXINGTON CITY SCHOOL DISTRICT  
PERRY COUNTY**

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

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**All Other Revenues**(continued)

The forecasted revenue was based on the following:

- Investment earnings are expected to decrease \$7,000 based on the available investment resource base for short term investing and current interest rates.
- Classroom materials and fees are expected to increase by \$2,000 over fiscal year 1999.
- Tuition is expected to decrease \$11,000 from the prior fiscal year.
- Miscellaneous revenue is expected to decrease \$47,000 in fiscal year 2000. A major portion of this decrease was caused by the reclassifying of the bus purchase allowance to restricted revenues in fiscal year 2000. This decrease is offset by an increase of \$13,000 in the areas of refund of prior year expenditures, textbook subsidy, revenue on behalf of district, and sale of fixed assets.

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

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

**Personal Services**

The personal service expenditures of \$6,411,000 forecasted for fiscal year 2000 are comprised as follows:

Certified Salaries	\$5,026,000
Classified Salaries	1,100,000
Substitutes	139,000
Supplemental Contracts	131,000
Severance Pay	4,000
Board Members	5,000
Attendance Incentive	<u>6,000</u>
Total	<u><u>\$6,411,000</u></u>

**NEW LEXINGTON CITY SCHOOL DISTRICT  
PERRY COUNTY**

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

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**Personal Services**(continued)

The School District is anticipating an increase of \$180,000 in the cost of personal services from fiscal year 1999 levels. The overall impact is a 2.9 percent increase in salaries, the major reasons for which are outlined below:

- Negotiated increases for certified and classified staff in the amount of approximately five percent.
- Step increases for teachers, tutors, supplemental contract employees and classified employees for fiscal year 2000 are approximately four percent.
- Decrease in severance pay of about three percent due to fewer retirement-eligible employees leaving the School District.
- The impact of two full time teaching positions being eliminated.
- The District plans to significantly decrease the amount of money restricted to pay salaries out of the DPIA fund in comparison to prior years.

**Employees' Retirement/Insurance Benefits**

Employee retirement and insurance benefits are forecasted at \$2,108,000 for fiscal year 2000. This amount is as follows:

Retirement	\$780,000
Early Retirement Incentive	205,000
Insurance	1,027,000
Workers' Compensation	26,000
Tuition Reimbursements	35,000
Medicare	<u>35,000</u>
Total	<u><u>\$2,108,000</u></u>

The School District anticipates a \$56,000 increase in benefits for fiscal year 2000. This increase is due primarily to the following:

- Retirement costs will decrease by \$99,000. The decrease is attributable to a combination of a forecasted decrease of \$85,000 in STRS and SERS expenditures paid out of the General Fund, and a decrease of \$14,000 in early retirement incentive due to fewer individuals being eligible for retirement in fiscal year 2000 as compared to fiscal year 1999.
- The District will experience a decrease in the areas of medicare and tuition reimbursement in the amount of \$14,000.

**NEW LEXINGTON CITY SCHOOL DISTRICT  
PERRY COUNTY**

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

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**Employees' Retirement/Insurance Benefits**(continued)

- The off-setting increase of \$169,000 is attributable to insurance costs that will increase for fiscal year 2000 due to a rate increase in medical, workers compensation and unemployment insurance.

**Purchased Services**

Purchased service expenditures forecasted in the amount of \$686,000 are comprised of:

Professional and Technical Services	\$79,000
Property Services	197,000
Travel and Meeting Expenses	24,000
Communication	42,000
Utilities Services	220,000
Contracted Craft and Trade Services	0
Tuition	80,000
Pupil Transportation	8,000
Other Purchased Services	<u>36,000</u>
Total	<u><u>\$686,000</u></u>

The School District is anticipating a \$53,000 decrease in the cost of purchased services for fiscal year 2000. This decrease is due primarily to the following:

- The cost of professional and technical services is forecasted to increase \$42,000 as a result legal services for negotiations and additional telephone equipment purchases related to the special education programs.
- Property service costs are anticipated to decrease by \$9,000. This decrease is the result of the District making a concerted effort in controlling costs in this area.
- The remaining \$86,000 decrease is a combination of forecasted amounts attributable to communications, utilities, tuition and pupil transportation costs.

**NEW LEXINGTON CITY SCHOOL DISTRICT  
PERRY COUNTY**

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

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**Supplies and Materials**

The School District anticipates spending \$290,000 for supplies and materials in fiscal year 2000. The expenditures are as follows:

General Supplies, Library Books, Periodicals, and Food	\$124,000
Supplies and Materials for Operation, Maintenance and Repair	165,000
Textbooks	<u>1,000</u>
Total	<u><u>\$290,000</u></u>

There is a forecasted \$7,000 increase in expenditures for general supplies, supplies and materials for operation, maintenance and repair programs. This increase is mainly attributable to the elimination of the textbook subsidy fund and an increase in the purchase of general supplies.

**Capital Outlay**

Capital outlay expenditures are forecasted for fiscal year 2000 in the amount of \$203,000 for new capital outlay. The majority of the forecasted amount, \$200,000, is the amount anticipated for school bus and equipment related expenditures.

**Debt Service**

The School District's debt service expenditures required for fiscal year 2000 include the repayment of the final state loan which consists of \$210,000 in principal and \$6,000 in interest and fiscal charges.

**Other Objects**

This account includes dues, fees, liability insurance, and county board deductions. The School District is projecting \$291,000 of expenditures in this area in fiscal year 2000. This represents a \$158,000 increase over fiscal year 1999. The primary reason for this increase is the Treasurer's method of forecasting excess costs in prior years. These costs were treated as purchased services in prior years and are being treated as other objects in fiscal year 2000. There was also a slight increase in county board deductions.

**NEW LEXINGTON CITY SCHOOL DISTRICT  
PERRY COUNTY**

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

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**Advances Out**

The School District expects to advance out of the General Fund \$99,000. \$40,000 will be advanced to the Lunchroom Fund, \$39,000 to the Bond Retirement Fund, and \$20,000 to the Emergency Repair Fund.

**4. Spending Reserve**

Section 133.301, Revised Code, allows the School District to issue notes during the current fiscal year in anticipation of fiscal year 2001 property tax revenues provided that such amount, referred to as the spending reserve, is included in the current year tax budget. The School District did not include a spending reserve in their current year tax budget.

**5. Encumbrances**

The District is forecasting encumbrances of \$265,000 for fiscal year 2000. Of the amount forecasted for fiscal year 2000, \$65,000 is attributable to the State Teacher's Retirement System advance.

**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 amounts to \$185,000. In fiscal year 2000, \$290,000 in qualifying expenditures which are included in the 510 through 590 expenditure codes, have been included in the forecast which results in no set-aside requirement for fiscal year 2000.

**Capital Improvements**

The required three percent contribution for fiscal year 2000 for the capital improvements and maintenance set aside amounts to \$185,000. A carryover amount from the prior year of \$7,000 also exists for a total of \$192,000. In fiscal year 2000, \$203,000 in qualifying expenditures have been included in the forecast which results in no set-aside requirement for fiscal year 2000.

**Budget Reserve**

A contribution for the budget stabilization set aside is required if the base for the prior year grew by at least three percent, unless the District is in fiscal emergency. The District had a carryover of \$152,000 (the \$93,000 workers compensation reimbursement and a voluntary contribution of \$59,000) from the prior fiscal year. Since the District remains in fiscal emergency, no additional set aside is required for fiscal year 2000.

**NEW LEXINGTON CITY SCHOOL DISTRICT  
PERRY COUNTY**

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

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**7. Levies**

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

**8. Pending Litigation**

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

**NEW LEXINGTON CITY SCHOOL DISTRICT  
PERRY COUNTY**

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

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**A. Basis of Accounting**

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

**B. Investments**

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

**C. Fund Accounting**

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

**Governmental Funds**

**General Fund**

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

**Special Revenue Funds**

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



**NEW LEXINGTON CITY SCHOOL DISTRICT  
PERRY COUNTY**

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

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**Capital Project Funds**

To account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

**Debt Service Funds**

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

**Proprietary Funds**

**Enterprise Funds**

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

**Internal Service Funds**

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

**Fiduciary Funds**

**Trust and Agency Funds**

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

**D. Budgetary Process**

**Budget**

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

**NEW LEXINGTON CITY SCHOOL DISTRICT  
PERRY COUNTY**

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

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**Estimated Resources**

The County Budget Commission certifies its actions to the School District by March 1. As part of this certification, the School District receives the Official Certificate of Estimated Resources which states the projected receipts of each fund. On or about July 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the annual appropriation measure.

**Appropriations**

A temporary appropriation measure to control cash disbursements may be passed on or about July 1 of each year. The temporary appropriation measure remains in place until the annual appropriation measure is adopted for the entire year. The appropriation measure may be amended or supplemented during the year as new information becomes available.

**Encumbrances**

The School District uses the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation.

**E. Property, Plant and Equipment**

Fixed assets acquired or constructed for general governmental services are recorded as expenditures. Depreciation is not recorded for these fixed assets as the purpose of the financial statements for the general governmental services is to report the expenditure of resources, not costs.

**NEW LEXINGTON CITY SCHOOL DISTRICT  
PERRY COUNTY**

**SCHEDULE OF BOND INDEBTEDNESS  
JANUARY 28, 2000**

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<u>DESCRIPTION OF ORIGINAL ISSUE</u>	<u>INTEREST RATE</u>	<u>ISSUE DATE</u>	<u>MATURITY DATE</u>	<u>REQUIRED ANNUAL PAYMENT</u>	<u>AUTHORIZED AND ISSUED</u>	<u>RETIRED TO DATE</u>	<u>OUTSTANDING</u>
H.S. Bond Issue	Various	07/99	Various	Various	\$3,873,000	\$203,000	\$3,670,000

**NEW LEXINGTON CITY SCHOOL DISTRICT  
PERRY COUNTY**

**SCHEDULE OF NOTE INDEBTEDNESS  
JANUARY 28, 2000**

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O.R.C. AUTHORITY	NOTE AMOUNT	HELD BY	DUE	RATE OF INTEREST	SOURCE OF REPAYMENT
3313.483	\$403,000	PEOPLES NATIONAL BANK	06-15-00	5.00%	FOUNDATION REVENUE
3313.372	485,406	PEOPLES NATIONAL BANK	06-01-04	4.90%	SURPLUS BOND RETIREMENT REVENUE

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**NEW LEXINGTON CITY SCHOOL DISTRICT  
PERRY COUNTY**

**TEN-YEAR LEVY HISTORY  
JANUARY 28, 2000**

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<u>DATE</u>	<u>TYPE</u>	<u>AMOUNT</u>	<u>TERM</u>	<u>ELECTION RESULTS</u>
November 1990	Current Operating	4.0 mills	5 Years	Failed
August 1991	Current Operating	9.95 mills	5 Years	Failed
November 1991	Current Operating	9.95 mills	5 Years	Failed
June 1992	Income Tax	1.0 mills	Continuing	Failed
November 1992	Current Operating	4.9 mills	5 Years	Failed
November 1997	Current Operating	3.0 mills	5 Years	Passed
November 1998	Bond Issue	3.56 mills	23 Years	Passed



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**NEW LEXINGTON CITY SCHOOL DISTRICT**

**PERRY 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 16, 2000**