



**Auditor of State
Betty Montgomery**

**Trimble Local School District
Athens County, Ohio**

**Financial Forecast
For the Fiscal Years Ending June 30, 2004
Through June 30, 2008**

Local Government Services Division

Trimble Local School District
Athens County

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**Auditor of State
Betty Montgomery**

State of Ohio
Department of Education
65 South Front Street
Columbus, Ohio 43266-0308

and

Board of Education
Trimble Local School District
1 Tomcat Drive
Glouster, Ohio 45732

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 Trimble Local School District, Athens County, Ohio, and issued a report dated May 6, 2004. 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 ending unencumbered, unreserved fund balance for the fiscal year ending June 30, 2004, of \$182,000.

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 2005 scheduled property tax settlements. The potential advances have been excluded due to the District's inability to appropriate this revenue until received and the uncertainty of the timing of any advances. The forecasted balance may be increased to the extent tax advances are received prior to June 30, 2004 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 2004.

BETTY MONTGOMERY
Auditor of State

Peter R. Sorem
Chief of Local Government Services

June 8, 2004

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**Auditor of State
Betty Montgomery**

Board of Education
Trimble Local School District
1 Tomcat Drive
Glouster, Ohio 45732

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 Trimble Local School District for the fiscal years ending June 30, 2004 through 2008. The Trimble Local 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 management'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.

We have compiled the historical financial information for the fiscal years ended June 30, 2001, 2002, and 2003, 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 the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

May 6, 2004

Trimbe Local School District
Statement of Revenues, Expenditures and Changes in Fund Balance
For The Fiscal Years Ended June 30, 2001, 2002 and 2003 Actual;
Fiscal Years Ending June 30, 2004 through June 30, 2008 Forecasted
General Fund

	Fiscal Year 2001 Actual	Fiscal Year 2002 Actual	Fiscal Year 2003 Actual
Revenues			
General Property Tax (Real Estate)	\$430,000	\$435,000	\$493,000
Tangible Personal Property Tax	13,000	71,000	101,000
Income Tax	0	1,000	4,000
Unrestricted Grants-in-Aid	5,106,000	5,390,000	5,331,000
Restricted Grants-in-Aid	496,000	674,000	932,000
Property Tax Allocation	76,000	84,000	47,000
All Other Revenues	154,000	349,000	322,000
Total Revenues	6,275,000	7,004,000	7,230,000
Other Financing Sources			
Proceeds from the School Solvency Assistance Fund	945,000	0	379,000
Advances In	37,000	14,000	1,000
Other Financing Sources	0	0	0
Total Other Financing Sources	982,000	14,000	380,000
Total Revenues and Other Financing Sources	7,257,000	7,018,000	7,610,000
Expenditures			
Personal Services	4,219,000	4,253,000	4,389,000
Employees' Retirement/Insurance Benefits	1,469,000	1,683,000	1,928,000
Purchased Services	410,000	403,000	553,000
Supplies and Materials	150,000	166,000	259,000
Capital Outlay	70,000	17,000	121,000
Debt Service:			
Principal - Solvency Assistance Advance	0	473,000	472,000
Interest and Fiscal Charges	0	0	0
Other Objects	247,000	242,000	247,000
Total Expenditures	6,565,000	7,237,000	7,969,000
Other Financing Uses			
Operating Transfers Out	70,000	18,000	27,000
Advances Out	0	1,000	0
Total Other Financing Uses	70,000	19,000	27,000
Total Expenditures and Other Financing Uses	6,635,000	7,256,000	7,996,000
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	622,000	(238,000)	(386,000)
Cash Balance July 1	140,000	762,000	524,000
Cash Balance June 30	762,000	524,000	138,000
Estimated Encumbrances June 30	15,000	65,000	79,000
Reservations of Fund Balance			
Textbooks and Instructional Materials	12,000	53,000	0
Bus Purchase	0	99,000	30,000
Budget Reserve	33,000	0	0
Total Reservations of Fund Balance	45,000	152,000	30,000
Unencumbered/Unreserved Fund Balance June 30	\$702,000	\$307,000	\$29,000

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

Fiscal Year 2004 Forecasted	Fiscal Year 2005 Forecasted	Fiscal Year 2006 Forecasted	Fiscal Year 2007 Forecasted	Fiscal Year 2008 Forecasted
\$605,000	\$605,000	\$610,000	\$615,000	\$615,000
101,000	101,000	101,000	101,000	101,000
1,000	0	0	0	0
5,683,000	5,908,000	6,096,000	6,225,000	6,367,000
564,000	569,000	581,000	594,000	607,000
129,000	94,000	98,000	102,000	106,000
301,000	293,000	300,000	307,000	314,000
<u>7,384,000</u>	<u>7,570,000</u>	<u>7,786,000</u>	<u>7,944,000</u>	<u>8,110,000</u>
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>7,384,000</u>	<u>7,570,000</u>	<u>7,786,000</u>	<u>7,944,000</u>	<u>8,110,000</u>
4,198,000	4,256,000	4,380,000	4,583,000	4,739,000
1,768,000	1,967,000	2,135,000	2,368,000	2,616,000
509,000	524,000	540,000	556,000	573,000
307,000	243,000	243,000	243,000	243,000
11,000	81,000	11,000	68,000	11,000
189,000	190,000	0	0	0
0	0	0	0	0
247,000	247,000	247,000	247,000	247,000
<u>7,229,000</u>	<u>7,508,000</u>	<u>7,556,000</u>	<u>8,065,000</u>	<u>8,429,000</u>
35,000	15,000	15,000	15,000	15,000
0	0	0	0	0
<u>35,000</u>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>	<u>15,000</u>
<u>7,264,000</u>	<u>7,523,000</u>	<u>7,571,000</u>	<u>8,080,000</u>	<u>8,444,000</u>
120,000	47,000	215,000	(136,000)	(334,000)
138,000	258,000	305,000	520,000	384,000
258,000	305,000	520,000	384,000	50,000
25,000	25,000	25,000	25,000	25,000
0	0	0	0	0
51,000	15,000	36,000	0	21,000
0	0	0	0	0
<u>51,000</u>	<u>15,000</u>	<u>36,000</u>	<u>0</u>	<u>21,000</u>
<u>\$182,000</u>	<u>\$265,000</u>	<u>\$459,000</u>	<u>\$359,000</u>	<u>\$4,000</u>

Trimble Local School District - Athens County

Summary of Significant Forecast Assumptions and Accounting Policies
For the Fiscal Year Ending June 30, 2004 through 2008

Note 1 – The School District

The Trimble Local School District (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 provides educational services as authorized by state and/or local guidelines. The School District currently operates 3 instructional/support facilities staffed by 89 certificated employees and 55 non-certificated employees who provide services to 975 students and other community members.

Note 2 - Nature of the Forecast

This financial forecast presents, to the best of the Trimble Local 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 May 6, 2004, 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 disadvantaged pupil impact aid (DPIA) fund is included with 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 budget basis of accounting (non-GAAP) 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.

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:

Trimble Local School District - Athens County

Summary of Significant Forecast Assumptions and Accounting Policies
For the Fiscal Year Ending June 30, 2004 through 2008

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

Debt Service Funds - Debt service funds are used to 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 are used to account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Proprietary Funds

Enterprise Funds - Enterprise Funds are used to account for any activity for which a fee is charged to external users for goods and services.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. 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 cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Budget - A budget of estimated cash receipts and disbursements is submitted to the Athens 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.

Trimble Local School District - Athens County

Summary of Significant Forecast Assumptions and Accounting Policies
For the Fiscal Year Ending June 30, 2004 through 2008

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 Trimble Local 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 consist of real estate, public utility real and personal property, manufactured home and tangible personal property taxes. Advances may be requested from the Athens 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 property tax revenues for the general fund are generated from several levies. The type of levies, the year approved, last year of collection, and the full tax rate are as follows:

Tax Levies	Year Approved	Last Year of Collection	Full Tax Rate Per \$1,000 of Assessed Value
Inside Ten Mill Limitation	n/a	n/a	\$3.90
Continuing Operating	1972	n/a	4.00
Continuing Operating	1973	n/a	6.90
Continuing Operating	1973	n/a	0.50
Continuing Operating	1974	n/a	7.00
Current Operating	1976	n/a	5.10
Total Tax Rate			<u>\$27.40</u>

The School District has levies for bonded debt and maintenance of classroom facilities totaling \$5.52 per \$1,000 of assessed valuation. \$5.02 is used for the payment of bonds issued for the construction of school facilities and \$0.50 is used for the upkeep of project facilities.

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 authorized voted levies so that each levy yields the same amount of property taxes as in the year in which the levy was approved; however, increases in assessed valuation caused by new construction will increase the revenue generated by the levies. Reduction factors are computed annually and applied separately for residential and agricultural property and commercial and industrial property. State statute also prevents the reduction factors from reducing the general fund effective rate below \$20.00 per \$1,000 of assessed valuation. Trimble Local School District's effective

Trimble Local School District - Athens County

Summary of Significant Forecast Assumptions and Accounting Policies For the Fiscal Year Ending June 30, 2004 through 2008

residential and agricultural rate and the commercial and industrial rate is \$20.00 per \$1,000 of assessed valuation. Therefore, any increase in assessed valuation will increase property tax revenues.

General Property Tax (Real Estate) - 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 fiscal year 2004 general property tax revenue estimate is based upon actual receipts and information provided by the Athens County Auditor. Based upon these estimates, the School District anticipates receiving \$605,000 in real estate tax revenue in fiscal year 2004, a \$112,000 increase from the previous fiscal year. This increase is attributable to the sexennial revaluation for all of Athens County. Property valuation in the School District increased from \$27,600,000 to \$34,900,000. The revaluation took place in calendar year 2002 and affected the second half of calendar year 2003 settlements and will affect the full year of 2004. The amounts forecasted for fiscal years 2005 through 2008 are based on fiscal year 2004 estimates with only an \$10,000 increase in the four year period.

Tangible Personal Property Tax - Tangible personal property tax is applied to property used in business (except for public utilities). Tangible personal property tax revenues are based upon the actual receipts received from the Athens County Auditor. The School District received \$101,000 in tangible personal property tax revenue for fiscal year 2003, a \$30,000 increase over the previous fiscal year. This increase was due to fiscal year 2003 being the first full year that the new coal mine in the district had been in operation. Tangible personal property taxes are forecasted to be \$101,000 for fiscal year 2004. Tangible personal property taxes are expected to remain consistent throughout the forecast period.

B. – Income Tax

During fiscal year 2004, the School District collected \$1,000 dollars in delinquent income tax from a levy that expired in fiscal year 1999. The School District does not anticipate any further collections.

C. - Unrestricted Grants-in-Aid

Unrestricted Grants-in-Aid include State Foundation. 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, are provided to address certain policy issues or correct flaws in formula aid and 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 doing business factor set by the State legislature) less the equivalent of 23 mills times the school district's taxable property valuation.

The per pupil foundation level for fiscal year 2001 was set by the legislature at \$4,294, \$4,490 for 2002 and \$4,949 for 2003. In 2003, State law set the base cost per pupil for fiscal year 2004 and 2005 at \$5,058 and \$5,169, respectively. The base cost per pupil for fiscal years 2006 through 2008 is yet to be set by the Ohio General Assembly. It is anticipated that similar increases as in the last State bi-annual budget will be approved. Presented below is a comparison of unrestricted grants-in-aid for fiscal years 2003 through 2008.

Trimble Local School District - Athens County

Summary of Significant Forecast Assumptions and Accounting Policies
For the Fiscal Year Ending June 30, 2004 through 2008

	Actual	Forecasted				
	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2003	2004	2005	2006	2007	2008
Formula Aid	\$3,934,000	\$3,932,000	\$3,967,000	\$4,058,000	\$4,152,000	\$4,247,000
Categorical Funding	1,035,000	1,105,000	1,135,000	1,161,000	1,186,000	1,213,000
Equity Aid	312,000	208,000	104,000	0	0	0
Excess Cost	53,000	70,000	73,000	75,000	76,000	78,000
Parity Aid	0	546,000	728,000	851,000	871,000	890,000
Charge Off Supplement	121,000	66,000	125,000	180,000	174,000	178,000
Other Adjustments	(124,000)	(244,000)	(224,000)	(229,000)	(234,000)	(239,000)
	<u>\$5,331,000</u>	<u>\$5,683,000</u>	<u>\$5,908,000</u>	<u>\$6,096,000</u>	<u>\$6,225,000</u>	<u>\$6,367,000</u>

Formula aid is decreasing due to the increase in assessed valuation of property and the elimination of the three year averaging of ADM offset by the increase in the per pupil amount.

Parity aid was recorded as part of restricted grants-in-aid in fiscal year 2003. As of fiscal year 2004, parity aid is no longer restricted. Parity aid is being phased in through fiscal year 2006. The funding level is 58 percent in 2004, 76 percent in 2005, with 2006 being fully funded. For fiscal years 2007 and 2008, it is anticipated that parity aid will increase at the similar rate as anticipated for the per pupil rate.

Equity aid, which goes to the 117 poorest school districts in the State, is being phased out from 75 percent of total equity aid amount in fiscal year 2003 to 50 percent in fiscal year 2004, and to 25 percent in fiscal year 2005.

The charge off supplement is intended to fill any gap that exists between the local property tax revenue raised by the School District and the amount the foundation formula assumes the School District should raise to meet the local share under the State' foundation formula. The charge off supplement has decreased in 2003 and is anticipated to decrease in 2004 due to an increased property tax revenues generated by the sexennial reappraisal. The charge off supplement is anticipated to increase in 2005 and 2006 as the full amount of the increase in assessed valuation is recognized in the formula.

Other adjustments represent payments made from the resident district to the educating district for vocational education and special education services provided to pupils attending a school district other than their school district of residence.

D. - Restricted Grants-in-Aid

Presented below is a comparison of restricted grants-in-aid for fiscal years 2004 through 2008.

	Actual	Forecasted				
	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2003	2004	2005	2006	2007	2008
Bus Purchase Allowance	\$41,000	\$21,000	\$21,000	\$21,000	\$21,000	\$21,000
Career Tech/Adult Ed	0	40,000	35,000	36,000	37,000	37,000
Parity Aid	398,000	0	0	0	0	0
DPIA	493,000	503,000	513,000	524,000	536,000	549,000
Totals	<u>\$932,000</u>	<u>\$564,000</u>	<u>\$569,000</u>	<u>\$581,000</u>	<u>\$594,000</u>	<u>\$607,000</u>

Trimble Local School District - Athens County

Summary of Significant Forecast Assumptions and Accounting Policies
For the Fiscal Year Ending June 30, 2004 through 2008

The School District bus purchase revenues decreased in fiscal year 2004 in the amount of \$20,000. In addition, the School District anticipates bus purchase revenues to remain constant in fiscal years 2005 through 2008 and is forecasting no change in funding levels. The School District anticipates receiving \$503,000 in restricted DPIA monies during fiscal year 2004, which it anticipates spending in the current fiscal year. Furthermore, the School District estimates that this funding will increase two percent each year for the remaining forecast period based on historical trends, and the full amount will be spent each year.

E. - 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. Based on information provided by the Athens County Auditor and historical data, property tax allocation revenues are forecasted to be approximately 16 percent of forecasted real property tax revenues. The only exception is due to the receipt of the February 2003 settlement in fiscal year 2004.

F. - All Other Revenues

All other revenues include tuition, open enrollment, classroom materials and fees, earnings on investments, miscellaneous receipts from local sources, vocational mileage reimbursements, county preschool reimbursements, and refunds of prior year expenditures.

Presented below is a comparison of all other revenues for fiscal years 2004 through 2008.

	Actual	Forecasted				
	Fiscal Year 2003	Fiscal Year 2004	Fiscal Year 2005	Fiscal Year 2006	Fiscal Year 2007	Fiscal Year 2008
Tuition/Open Enrollment	\$212,000	\$211,000	\$215,000	\$221,000	\$226,000	\$231,000
Interest	6,000	3,000	3,000	3,000	3,000	3,000
Class Fees	3,000	4,000	5,000	5,000	5,000	5,000
Insurance Proceeds	35,000	0	0	0	0	0
Refund of P/Y Expenditures	26,000	3,000	3,000	3,000	3,000	3,000
County Preschool	40,000	80,000	67,000	68,000	70,000	72,000
Total	<u>\$322,000</u>	<u>\$301,000</u>	<u>\$293,000</u>	<u>\$300,000</u>	<u>\$307,000</u>	<u>\$314,000</u>

The insurance proceeds received in fiscal year 2003 were due to a settlement for hail damage. The District does not anticipate any insurance settlements during the forecast period. The refund of prior year expenditures in fiscal year 2003 included a Workers' Compensation rebate. The District does not anticipate any more Workers' Compensation rebates in the forecast period. The increase in County Preschool is due to the District receiving the last payment for fiscal year 2003 in fiscal year 2004. The School District does not anticipate significant increases in preschool funding in the forecast period. All other revenues for fiscal years 2005 through 2008 are based upon fiscal year 2004 and are projected to increase two percent each year.

Trimble Local School District - Athens County

Summary of Significant Forecast Assumptions and Accounting Policies
For the Fiscal Year Ending June 30, 2004 through 2008

Note 6 - Significant Assumptions for Expenditures and Other Financing Uses

A. - Personal Services

Personal service expenditures represent the salaries and wages paid to certified, classified and administrative staff, substitutes, and board members. In addition to regular salaries, it includes payment for supplemental contracts, severance pay and payment to student workers. All employees receive their compensation on a bi-weekly basis.

Staffing levels within the School District are expected to decrease during the forecast period. In 2004, six employees are being moved from the general fund to federal funds, and one aide is not being renewed. In fiscal year 2005, staffing levels will decrease by three certified and three classified employees. Staffing levels will decrease by two certified employees in fiscal year 2006. Staffing levels are expected to level off in fiscal years 2007 and 2008.

Certified and classified staff salaries are based on a contract with their respective bargaining units. The contract covered the period of August 2000 through August 2003. The contracts were extended to August 2004 and new contracts were approved in the fourth quarter of fiscal year 2004 for the period of August 2004 through August 2007. The certified staff contract allows for base increases of 4.27 percent in 2005; 3.52 percent in 2006; and 3.0 percent for 2007 in addition to step increases of one and one-half percent each year. The classified employees will receive base salary increases of 7.32 percent for 2005; 4.88 percent for 2006; and 3.0 percent for 2007. Step increases for classified staff are not significant. For fiscal year 2008, the School District anticipates base salary increases of 3.0 percent. Administrative salaries are set by the Board of Education.

Certified and classified staff receives three personal days each year and a personal leave bonus depending on the number of days of personal leave used. The pay off for unused personal leave is anticipated to be \$4,000 in each year of the forecast.

The School District offers severance pay to its retiring employees of one-fourth of their accumulated sick leave to a maximum of 200 days for certified employees and 180 days for classified employees, and the unused personal leave upon retirement, to be paid at the employees' current per diem rate. Severance amounts during the forecast period are based on specific employees projected to retire.

The following is a comparison of salaries and wages for fiscal years 2003 through 2008:

	Actual	Forecasted				
	Fiscal Year 2003	2004	2005	2006	2007	2008
Salaries	\$4,091,000	\$3,969,000	\$3,988,000	\$4,130,000	\$4,315,000	\$4,506,000
Supplementals	110,000	73,000	77,000	80,000	81,000	85,000
Substitutes	69,000	101,000	101,000	101,000	101,000	101,000
Severance	77,000	9,000	43,000	22,000	39,000	0
Miscellaneous	42,000	46,000	47,000	47,000	47,000	47,000
	<u>\$4,389,000</u>	<u>\$4,198,000</u>	<u>\$4,256,000</u>	<u>\$4,380,000</u>	<u>\$4,583,000</u>	<u>\$4,739,000</u>

Base salary increases for staff are offset by staff reductions in fiscal years 2004, 2005, and 2006.

Trimble Local School District - Athens County

Summary of Significant Forecast Assumptions and Accounting Policies
For the Fiscal Year Ending June 30, 2004 through 2008

B. - Employees' Retirement/Insurance Benefits

Employees' retirement and insurance benefits include employer contributions to the State pension systems and Medicare, workers' compensation, and medical, dental, and vision benefits arising from the negotiated agreements.

Employees' retirement costs are based on the employer's contribution rate of 14 percent of salaries for STRS and SERS members. Payments are made based upon estimated salary and wages for each fiscal year. Adjustments resulting from over/under estimates are prorated over the next calendar year. The School District pays the employee's retirement contribution of the superintendent and treasurer. Employee retirement is expected to increase in relation to the increases in salaries and wages.

Workers' compensation premiums are based on the School District's premium rate and the anticipated salaries for the fiscal year. A 20 percent reduction in workers' compensation premiums is anticipated in fiscal year 2004, versus a fifty percent reduction in 2003. No reductions are anticipated for fiscal year 2005 through 2008. Medicare benefits are based on the employer's rate of 1.45 percent of the payroll costs for contributing staff.

The School District offered in the prior bargaining agreement an early retirement incentive program to its teachers in which the School District would buy up to two years of service credit. The program was available to those teachers who were at least 50 year of age and had 28 years of service, or were age 60 or more with five years of service. Fiscal year 2004 is the last year the School District will make payments to the pension system for the program. This program has been excluded from the new bargaining agreement.

The School District provides medical benefits including prescription benefits to all of its employees. Dental and vision insurance is provided to all certified employees. Beginning in 2005, dental and vision benefits will be provided to all classified employees at a cost of \$13,000 per year. Medical, dental and vision benefits costs are based on the coverage terms of the existing health insurance contracts, the anticipated number of employees participating in the program, and the anticipated monthly premiums. Based on information provided by the School District's insurance carrier, premiums for medical benefits are anticipated to increase 27 percent in 2004, 20 percent in 2005, and a 15 percent in each year for the remainder of the forecast period. No significant increases in premiums are anticipated for dental and vision during the forecast period. In 2004, the School District received a one-time premium holiday equal to one month's premiums for all employees from their insurance carrier. The School District does not anticipate any additional premium holidays throughout the forecast period. In addition, beginning in August 2004, certified employees will contribute \$90 monthly towards health care premiums. The increases in insurance benefits are off-set by staff reductions in fiscal years 2004 through 2006.

Trimble Local School District - Athens County

Summary of Significant Forecast Assumptions and Accounting Policies
For the Fiscal Year Ending June 30, 2004 through 2008

Presented below is a comparison of benefits for fiscal years 2003 through 2008:

	Actual	Forecasted				
	Fiscal Year	2004	2005	2006	2007	2008
	2003					
Retirement Contributions	\$613,000	\$607,000	\$621,000	\$639,000	\$668,000	\$687,000
Medicare/Workers'						
Compensation	59,000	58,000	65,000	68,000	70,000	73,000
Insurance Benefits	956,000	1,045,000	1,281,000	1,429,000	1,630,000	1,856,000
Early Retirement						
Incentive Payments	300,000	58,000	0	0	0	0
Totals	<u>\$1,928,000</u>	<u>\$1,768,000</u>	<u>\$1,967,000</u>	<u>\$2,136,000</u>	<u>\$2,368,000</u>	<u>\$2,616,000</u>

C. - Purchased Services

Presented below is a comparison of purchased service expenditures for fiscal years 2003 through 2008.

	Actual	Forecasted				
	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
	2003	2004	2005	2006	2007	2008
Professional Services	\$100,000	\$75,000	\$77,000	\$80,000	\$82,000	\$85,000
Property Services	69,000	74,000	77,000	79,000	81,000	84,000
Travel and Meeting Expenses	11,000	11,000	11,000	11,000	12,000	12,000
Communication Costs	22,000	26,000	27,000	27,000	28,000	29,000
Utility Services	224,000	209,000	214,000	222,000	228,000	235,000
Tuition Payments	33,000	47,000	49,000	50,000	52,000	53,000
Pupil Transportation	0	0	0	0	0	0
Other Purchased Services	94,000	67,000	69,000	71,000	73,000	75,000
Totals	<u>\$553,000</u>	<u>\$509,000</u>	<u>\$524,000</u>	<u>\$540,000</u>	<u>\$556,000</u>	<u>\$573,000</u>

The decrease in fiscal year 2004 is due to the transfer of Continuous Improvement Plan expenditures to federal funds, and roof repair due to hail damage in 2003. These decreases are offset by an anticipated three percent increase due to historical trends. Annual increases of three percent in fiscal years 2005 through 2008 are projected based on anticipated increases in utility costs and historical trends.

D. - Supplies and Materials

Expenditures for supplies and materials include general and office supplies, teaching aids, dispensary supplies, software materials, textbooks, and supplemental textbooks. Fiscal year 2004 expenditures for general supplies and textbooks are anticipated to increase \$48,000, from \$259,000 to \$307,000. This is due to additional funding for vocational education materials. The School District anticipates that spending for fiscal year 2005 through 2008 will remain consistent with previous fiscal years, after a reduction in fiscal year 2005 for the aforementioned vocational funding. The School District anticipates no increases in supplies and materials throughout the forecast period due to the large purchases that were made in fiscal year 2003 to get the School District back to standard levels of supplies.

Trimble Local School District - Athens County

Summary of Significant Forecast Assumptions and Accounting Policies
For the Fiscal Year Ending June 30, 2004 through 2008

E. - Capital Outlay

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

The School District anticipates expending \$11,000 in fiscal year 2004 for computer equipment and will also utilize capital grants for technology upgrades such as SchoolNet. In addition, the School District will only be able to purchase one bus every two years due to the reduction in the bus purchase allowance from the State. The bus purchases to occur in fiscal years 2005 and 2007. In 2005, a truck will be replaced at an anticipated cost of \$13,000.

F. - Debt Service

The School District has not issued any debt during fiscal year 2004 and the forecast does not reflect the issuance of any debt during the remainder of the forecast.

The first principal payment of \$189,000 for a solvency assistance advance will be made in fiscal year 2004. The second and final principal payment of \$190,000 will be made in fiscal year 2005. The solvency assistance advance is paid from State foundation revenues.

G. - Other Objects

This account includes dues, fees, liability insurance, other miscellaneous goods and services not otherwise classified in another account, and refund of prior years' receipts. Historically, these expenditures have remained consistent and it is anticipated that they remain consistent during the forecast period.

H. - Interfund Transactions

The School District anticipates operating transfers out of \$35,000 for fiscal year 2004. The estimated transfers out are to the food service and athletic funds. Transfers out are expected to decrease \$20,000 for fiscal year 2005 due to the elimination of a food service position, and remain consistent for the remainder of the forecast period. No advances are anticipated for the forecast period.

Note 7 - 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 balance.

Encumbrances for benefits, purchased services, supplies and materials, capital outlay, and other objects expenditures for fiscal year ended June 30, 2003 were \$79,000. This high amount was due to textbooks that were ordered before year end, but not paid until fiscal year 2004. The School District is forecasting \$25,000 in encumbrances for each of the forecast years due to historical trend and high possibility that textbooks will be ordered, but not all received by year end.

Trimble Local School District - Athens County

Summary of Significant Forecast Assumptions and Accounting Policies
For the Fiscal Year Ending June 30, 2004 through 2008

Note 8 - 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 the future years.

At year end, any balances for disadvantaged pupil impact aid and bus purchases from the previous year plus any receipts from the current year that have not been spent must be carried forward to be used for appropriate purposes in future years

A. - Textbooks and Instructional Materials

The set aside amount for fiscal year 2004 is \$155,000. The School District is carrying over \$40,000 in excess qualifying expenditures from fiscal year 2003. Qualifying expenditures in the area of textbooks, instructional materials, and related purchased services in the amount of \$172,000 are anticipated for fiscal year 2004. Qualifying expenditures are in excess of the required set aside amount; therefore, no reserve is required. The School District anticipates that qualifying expenditures will completely offset the set aside requirement for the remainder of the forecast period.

B. - Capital Acquisition and Improvements

The School District anticipates offsets and qualifying expenditures in the area of capital outlay and other objects, as permitted, to completely offset the set aside requirement for the forecast period. Therefore, no reserve is anticipated during the forecast period.

C. - Disadvantaged Pupil Impact Aid (DPIA)

The School District anticipates receiving \$503,000 in restricted DPIA monies during fiscal year 2004. The School District also anticipates spending \$503,000 in the current fiscal year. Therefore, no reserve is anticipated at June 30, 2004. In fiscal years 2005 through 2008, the District anticipates that the DPIA fund will continue to spend all revenues received for the fiscal year.

D. - Bus Purchase Reserve

The school district receives funding restricted for the purchase of school busses annually. If the money is not spent during the current fiscal year, it must be carried over to future fiscal years. The fluctuations in school bus purchase reserves are due to the School District's bus purchasing plan outlined in the Capital Outlay Assumption above.

Trimble Local School District - Athens County

Summary of Significant Forecast Assumptions and Accounting Policies
For the Fiscal Year Ending June 30, 2004 through 2008

Note 9 - Levies

The School District does not plan to place any levies on the ballot during fiscal year 2004. In the past eleven years the School District has placed several levies on the ballot. The type of levy, rate, term, and election results are as follows:

<u>Date</u>	<u>Type</u>	<u>Amount</u>	<u>Term</u>	<u>Election Results</u>
May 1992	Income Tax	1.50 percent	5 years	Passed
May 1997	Income Tax	1.25 percent	5 years	Failed
November 1997	Bond Issue	3.13 mills	23 Years	Failed
May 1998	Bond Issue	2.97 mills	23 Years	Failed
August 1998	Bond Issue	3.09 mills	23 Years	Failed
May 1999	Bond Issue	3.02 mills	23 Years	Passed

Note 10 - Pending Litigation

The School District's management is of the opinion that there are no issues that would have a material effect on the financial forecast.

Note 11 - State School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding decision is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..."

The School District is currently unable to determine what effect, if any, this decision will have its future State funding and on its financial operations.

Note 12 – Financial Planning and Supervision Commission

On January 31, 2001, 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 was established to oversee all financial affairs of the School District. The Commission's primary charge is to develop, adopt and implement a financial recovery plan. The Commission is comprised of a designee of the State Superintendent of Public Instruction, an appointee of the State Superintendent of Public Instruction, a designee of the State Director of Budget and Management, an appointee of the Governor, and an appointee of the Athens County Auditor.

Trimble Local School District - Athens County

Summary of Significant Forecast Assumptions and Accounting Policies
For the Fiscal Year Ending June 30, 2004 through 2008

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TRIMBLE LOCAL SCHOOL DISTRICT

ATHENS 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
JUNE 8, 2004**