



**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED JUNE 30, 1999**



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

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**STATE OF OHIO**



**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

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STATE OF OHIO  
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## INDEPENDENT ACCOUNTANTS' REPORT

Bristol Local School District  
Trumbull County  
1845 Greenville Rd.  
PO Box 260  
Bristolville, Ohio 44402-0260

To the Board of Education

We have audited the accompanying general-purpose financial statements of the Bristol Local School District, Trumbull County, (the School District) as of and for the year ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Bristol Local School District, Trumbull County, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2000 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

**Jim Petro**  
Auditor of State

December 20, 2000

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**Bristol Local School District  
Trumbull County  
Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 1999**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Project
<b>Assets and Other Debits:</b>				
Equity in Pooled Cash and Investments	\$ 616,340	\$123,361.	\$59,790.	\$ 7,645,369
Restricted Asset - Budget Reserve	58,623			
Restricted Asset - Construction Escrow Account				2,387
Taxes Receivable	1,068,224	336,611	198,687	89,932
Due from Other Funds				
Interfund Receivables	71,644			
Intergovernmental Receivables	7,881			
Accounts Receivable	5,564	645		
Supplies Inventory	110			
Inventory for Resale				
Net Property, Plant & Equipment				
Amount Available in Debt Service Fund				
Amount to be Provided for Retirement of General Long Term Debt				
<b>Total Assets and Other Debits</b>	<b>\$ 1,828,386</b>	<b>460,617</b>	<b>258,477</b>	<b>\$ 7,737,688</b>
<b>Liabilities:</b>				
Interfund Payables				71,644
Due to Other Funds	4,590	196		
Intergovernmental Payable	73,851	2,990		
Accounts Payable	5,917	32,061		
Contract Payable				500,919
Accrued Salaries and Benefits	472,542	17,990		
Deferred Revenue	1,065,481	336,611	198,687	89,932
Due to Others				
Notes Payable				
General Obligation Bonds Payable				
Compensated Absences Payable	18,824			
<b>Total Liabilities</b>	<b>1,641,205</b>	<b>389,848</b>	<b>198,687</b>	<b>662,495</b>
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets				
Retained Earnings				
Fund Balances:				
Reserved for Budget Stabilization	58,623			
Reserved For Inventory	110			
Reserved for Encumbrances	37,681	20,438		3,330,189
Reserved for Debt			59,790	
Reserved for Future Appropriation	2,743			
Unreserved Fund Balance	88,024	50,331		3,745,004
<b>Total Fund Equity</b>	<b>187,181</b>	<b>70,769</b>	<b>59,790</b>	<b>7,075,193</b>
<b>Total Fund Balances/Retained Earnings and Other</b>	<b>187,181</b>	<b>70,769</b>	<b>59,790</b>	<b>7,075,193</b>
<b>Total Liabilities, Fund Equity, and Other Credits</b>	<b>\$ 1,828,386</b>	<b>460,617</b>	<b>258,477</b>	<b>\$ 7,737,688</b>



**Bristol Local School District  
Trumbull County  
Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 1999**

	Fund Types				Totals (Memorandum Only)
	Proprietary	Fiduciary	Account Groups		
	Enterprise	Trust and Agency	General Fixed Assets	General Long Term	
<b>Assets and Other Debits:</b>					
Equity in Pooled Cash and Investments	\$ 761	39,725			\$ 8,485,346
Restricted Asset - Budget Reserve					58,623
Restricted Asset- Construction Escrow Account					2,387
Taxes Receivable					1,693,454
Due from Other Funds		4,925			4,925
Interfund Receivables					71,644
Intergovernmental Receivables					7,881
Accounts Receivable	42				6,251
Supplies Inventory	1,289				1,399
Inventory for Resale	8,951				8,951
Net Property, Plant & Equipment	742		4,597,999		4,598,741
Amount Available in Debt Service Fund				59,790	59,790
Amount to be Provided for Retirement of General Long Term Debt				2,851,870	2,851,870
<b>Total Assets and Other Debits</b>	<b>\$ 11,785</b>	<b>44,650</b>	<b>4,597,999</b>	<b>2,911,660</b>	<b>\$ 17,851,262</b>
<b>Liabilities:</b>					
Interfund Payables					\$ 71,644
Due to Other Funds	139				4,925
Intergovernmental Payable	5,660	21,740		46,980	151,221
Accounts Payable					37,978
Contract Payable					500,919
Accrued Salaries and Benefits	17,693				508,225
Deferred Revenue	3,815				1,694,526
Due to Others		19,772			19,772
Notes Payable				184,691	184,691
General Obligation Bonds Payable				2,283,870	2,283,870
Compensated Absences Payable	13,013			396,119	427,956
<b>Total Liabilities</b>	<b>40,320</b>	<b>41,512</b>		<b>2,911,660</b>	<b>5,885,727</b>
<b>Fund Equity and Other Credits:</b>					
Investment in General Fixed Assets			4,597,999		4,597,999
Retained Earnings	(28,535)				(28,535)
Fund Balances:					
Reserved for Budget Stabilization					58,623
Reserved For Inventory					110
Reserved for Encumbrances					3,388,308
Reserved for Debt					59,790
Reserved for Future Appropriation					2,743
Unreserved Fund Balance		3,138			3,886,497
<b>Total Fund Equity</b>		<b>3,138</b>			<b>7,396,071</b>
<b>Total Fund Balances/Retained Earnings and Other</b>	<b>(28,535)</b>	<b>3,138</b>	<b>4,597,999</b>		<b>11,965,535</b>
<b>Total Liabilities, Fund Equity, and Other Credits</b>	<b>\$ 11,785</b>	<b>44,650</b>	<b>4,597,999</b>	<b>2,911,660</b>	<b>\$ 17,851,262</b>

See Accompanying Notes to the General Purpose Financial Statements.

**Bristol Local School District**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**All Governmental Fund Types**  
**Year Ended June 30, 1999**

	Governmental Fund Types				Totals (Memorandum) (Only)
	General	Special Revenue	Debt Service	Capital Project	
<b>REVENUES:</b>					
Taxes	\$ 1,034,161	326,510	194,738	87,562	\$ 1,642,971
Tuition	50,914				50,914
Earnings on Investments	69,928			143,134	213,062
Extracurricular Activities		94,500			94,500
Miscellaneous	36,668	1,725			38,393
<b>Revenue from State Sources</b>					
Unrestricted Grants-in-Aid	3,012,920	42,870	19,401	10,693	3,085,884
Restricted Grants-in-Aid	32,169	28,729		448,851	509,749
Revenue on/for behalf of District	107,625			5,578,374	5,685,999
<b>Revenue from Federal Sources</b>					
Restricted Grants-in-Aid		174,511			174,511
<b>Total Revenue</b>	<b>4,344,385</b>	<b>668,845</b>	<b>214,139</b>	<b>6,268,614</b>	<b>11,495,983</b>
<b>EXPENDITURES:</b>					
<b>Current:</b>					
<b>Instruction</b>					
Regular	2,320,490	15,614			2,336,104
Special	255,058	164,813		115,724	535,595
Vocational	64,340				64,340
Other Instruction	1,185	63,744			64,929
<b>Supporting Services</b>					
Pupils	124,227				124,227
Instructional Staff	175,948				175,948
Board of Education	16,942				16,942
Administration	596,012	14,614			610,626
Fiscal Services	114,176	34,415	2,547	1,414	152,552
Business	36,054	1,297			37,351
Operation & Maintenance-Plant	315,439	153,220		2,640	471,299
Pupil Transportation	214,363	120,720			335,083
<b>Extracurricular Activities</b>					
Academic & Subject Oriented	2,326	492			2,818
Sports Oriented	74,962	33,085			108,047
Co-Curricular Activities	1,664	60,406			62,070
<b>Capital Outlay</b>					
Facility Acquisition & Construction	5,850			1,243,439	1,249,289
<b>Debt Service</b>					
Repayment of Debt			194,923		194,923
<b>Total Expenditures</b>	<b>4,319,036</b>	<b>662,420</b>	<b>197,470</b>	<b>1,363,217</b>	<b>6,542,143</b>
<b>Excess (Deficiency) of Revenues</b>					
Over (Under) Expenditures	25,349	6,425	16,669	4,905,397	4,953,840
<b>Other Financing Sources and Uses:</b>					
<b>Other Financing Sources</b>					
Sale and Loss of Assets	10				10
Other Sources	27,693				27,693
Transfers-In	147,091	7,685			154,776
<b>Other Financing Uses</b>					
Transfer-Out	(110,430)	(2,685)			(113,115)
<b>Net Other Financing Sources and Uses</b>	<b>64,364</b>	<b>5,000</b>			<b>69,364</b>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditure</b>					
Disbursement and Other Uses	89,713	11,425	16,669	4,905,397	5,023,204
Decrease in Inventory	(1,239)				(1,239)
<b>Beginning Fund Balance</b>	<b>98,707</b>	<b>59,344</b>	<b>43,121</b>	<b>2,169,796</b>	<b>2,370,968</b>
<b>Ending Fund Balance</b>	<b>\$ 187,181</b>	<b>70,769</b>	<b>59,790</b>	<b>7,075,193</b>	<b>\$ 7,392,933</b>

See Accompanying Notes to the General Purpose Financial Statements.

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**Bristol Local School District**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Basis)**  
**All Governmental Fund Types**  
**Year Ended June 30, 1999**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ 1,016,452	1,039,648	23,196	321,720	326,510	\$ 4,790
Tuition	30,000	49,940	19,940			
Earnings on Investment	30,000	69,928	39,928			
Extracurricular Activities				84,000	94,734	10,734
Miscellaneous	12,000	36,683	24,683	2,300	1,725	(575)
State Unrestricted Grants-in-Aid	2,873,450	3,012,920	139,470	48,892	42,870	(6,022)
State Restricted Grants-in-Aid	32,000	30,969	(1,031)	9,000	28,729	19,729
Revenue for/on Behalf of District	155,797	107,625	(48,172)			
Federal Restricted Grants-in-Aid				174,107	174,511	404
<b>Total Revenue</b>	<b>4,149,699</b>	<b>4,347,713</b>	<b>198,014</b>	<b>640,019</b>	<b>669,079</b>	<b>29,060</b>
<b>Expenditures:</b>						
Regular Instruction	2,384,513	2,340,626	43,887	16,300	15,614	686
Special Instruction	271,792	253,337	18,455	210,652	176,798	33,854
Vocational Instruction	57,782	62,599	(4,817)			
Other Instruction	42,000	1,935	40,065	47,172	47,172	
Support Services-Pupils	148,079	123,737	24,342			
Support Services-Instructional Staff	201,399	173,842	27,557			
Support Services-Board of	23,335	16,942	6,393			
Support Services-Administration	681,702	584,623	97,079	5,000	14,614	(9,614)
Fiscal Services	155,498	116,024	39,474	6,061	34,415	(28,354)
Support Services-Business	40,463	38,144	2,319	1,400	1,297	103
Operation & Maintenance-Plant	596,153	310,551	285,602	191,568	161,538	30,030
Support Services-Transportation	326,840	245,598	81,242	117,496	117,018	478
Academic & Subject Oriented	9,629	2,326	7,303	492	492	
Sports Oriented	78,091	74,780	3,311	41,926	33,485	8,441
Co-Curricular Activities	4,516	1,664	2,852	73,387	62,229	11,158
Site Improvement						
Facilities Acquisition & Construction	5,850	5,850				
Repayment of Debt						
<b>Total Expenditures</b>	<b>5,027,642</b>	<b>4,352,578</b>	<b>675,064</b>	<b>711,454</b>	<b>664,672</b>	<b>46,782</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>(877,943)</b>	<b>(4,865)</b>	<b>873,078</b>	<b>(71,435)</b>	<b>4,407</b>	<b>75,842</b>
<b>Other Financing Sources (Uses):</b>						
Sale and Loss of Assets		10	10			
Transfer-In		147,091	147,091		7,685	7,685
Advances-In						
Refund of Prior Years Expenditures	20,000	17,726	(2,274)			
Transfers-Out	(64,222)	(110,430)	(46,208)	(2,685)	(2,685)	
Advances-Out		(71,645)	(71,645)			
<b>Total Other Sources (Uses)</b>	<b>(44,222)</b>	<b>(17,248)</b>	<b>26,974</b>	<b>(2,685)</b>	<b>5,000</b>	<b>7,685</b>
<b>Excess of Revenues &amp; Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(922,165)</b>	<b>(22,113)</b>	<b>900,052</b>	<b>(74,120)</b>	<b>9,407</b>	<b>83,527</b>
Beginning Fund Balance	612,514	612,514		48,587	48,587	
Prior Year Carry Over Encumbrances	42,250	42,250		43,962	43,962	
<b>Ending Fund Balance</b>	<b>\$ (267,401)</b>	<b>632,651</b>	<b>900,052</b>	<b>18,429</b>	<b>101,956</b>	<b>\$ 83,527</b>

See Accompanying Notes to the General Purpose Financial Statements.

**Bristol Local School District**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Basis)**  
**All Governmental Fund Types - Continued**  
**Year Ended June 30, 1999**

	Debt Service Funds			Capital Project Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ 196,390	194,738	(1,652)	85,500	87,562	\$ 2,062
Tuition						
Earnings on Investment				50,000	143,134	93,134
Extracurricular Activities						
Miscellaneous						
State Unrestricted Grants-in-Aid		19,401	19,401	10,500	10,693	193
State Restricted Grants-in-Aid				500,000	448,851	(51,149)
Revenue for/on Behalf of District				5,753,778	5,578,374	(175,404)
Federal Restricted Grants-in-Aid						
<b>Total Revenue</b>	<b>196,390</b>	<b>214,139</b>	<b>17,749</b>	<b>6,399,778</b>	<b>6,268,614</b>	<b>(131,164)</b>
<b>Expenditures:</b>						
Regular Instruction				8,500		8,500
Special Instruction					115,739	(115,739)
Vocational Instruction						
Other Instruction						
Support Services-Pupils						
Support Services-Instructional Staff						
Support Services-Board of						
Support Services-Administration						
Fiscal Services	2,540	2,547	(7)	1,700	1,414	286
Support Services-Business						
Operation & Maintenance-Plant				28,000	2,640	25,360
Support Services-Transportation				20,000	18,143	1,857
Academic & Subject Oriented				5,000		5,000
Sports Oriented						
Co-Curricular Activities						
Site Improvement				54,878	4,778	50,100
Facilities Acquisition & Construction				4,586,275	4,551,663	34,612
Repayment of Debt	196,052	194,923	1,129			
<b>Total Expenditures</b>	<b>198,592</b>	<b>197,470</b>	<b>1,122</b>	<b>4,704,353</b>	<b>4,694,377</b>	<b>9,976</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>(2,202)</b>	<b>16,669</b>	<b>18,871</b>	<b>1,695,425</b>	<b>1,574,237</b>	<b>(121,188)</b>
<b>Other Financing Sources (Uses):</b>						
Sale and Loss of Assets						
Transfer-In						
Advances-In					71,645	71,645
Refund of Prior Years Expenditures						
Transfers-Out						
Advances-Out						
<b>Total Other Sources (Uses)</b>					<b>71,645</b>	<b>71,645</b>
<b>Excess of Revenues &amp; Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(2,202)</b>	<b>16,669</b>	<b>18,871</b>	<b>1,695,425</b>	<b>1,645,882</b>	<b>(49,543)</b>
Beginning Fund Balance	43,121	43,121	0	2,160,221	2,160,221	
Prior Year Carry Over Encumbrances				10,474	10,474	
Ending Fund Balance	\$ 40,919	\$ 59,790	\$ 18,871	\$ 3,866,120	\$ 3,816,577	\$ (49,543)

See Accompanying Notes to the General Purpose Financial Statements.

(Continued)

**Bristol Local School District**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Basis)**  
**All Governmental Fund Types - Continued**  
**Year Ended June 30, 1999**

Totals (Memorandum Only)			
	Revised		Variance
	Budget	Actual	Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes	\$ 1,620,062	1,648,458	\$ 28,396
Tuition	30,000	49,940	19,940
Earnings on Investment	80,000	213,062	133,062
Extracurricular Activities	84,000	94,734	10,734
Miscellaneous	14,300	38,408	24,108
State Unrestricted Grants-in-Aid	2,932,842	3,085,884	153,042
State Restricted Grants-in-Aid	541,000	508,549	(32,451)
Revenue for/on Behalf of District	5,909,575	5,685,999	(223,576)
Federal Restricted Grants-in-Aid	174,107	174,511	404
<b>Total Revenue</b>	<b>11,385,886</b>	<b>11,499,545</b>	<b>113,659</b>
<b>Expenditures:</b>			
Regular Instruction	2,409,313	2,356,240	53,073
Special Instruction	482,444	545,874	(63,430)
Vocational Instruction	57,782	62,599	(4,817)
Other Instruction	89,172	49,107	40,065
Support Services-Pupils	148,079	123,737	24,342
Support Services-Instructional Staff	201,399	173,842	27,557
Support Services-Board of	23,335	16,942	6,393
Support Services-Administration	686,702	599,237	87,465
Fiscal Services	165,799	154,400	11,399
Support Services-Business	41,863	39,441	2,422
Operation & Maintenance-Plant	815,721	474,729	340,992
Support Services-Transportation	464,336	380,759	83,577
Academic & Subject Oriented	15,121	2,818	12,303
Sports Oriented	120,017	108,265	11,752
Co-Curricular Activities	77,903	63,893	14,010
Site Improvement	54,878	4,778	50,100
Facilities Acquisition & Construction	4,592,125	4,557,513	34,612
Repayment of Debt	196,052	194,923	1,129
<b>Total Expenditures</b>	<b>10,642,041</b>	<b>9,909,097</b>	<b>732,944</b>
Excess of Revenue Over (Under) Expenditures	743,845	1,590,448	846,603
<b>Other Financing Sources (Uses):</b>			
Sale and Loss of Assets		10	10
Transfer-In		154,776	154,776
Advances-In		71,645	71,645
Refund of Prior Years Expenditures	20,000	17,726	(2,274)
Transfers-Out	(66,907)	(113,115)	(46,208)
Advances-Out		(71,645)	(71,645)
<b>Total Other Sources (Uses)</b>	<b>(46,907)</b>	<b>59,397</b>	<b>106,304</b>
<b>Excess of Revenues &amp; Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>			
	696,938	1,649,845	952,907
Beginning Fund Balance	2,864,443	2,864,443	
Prior Year Carry Over Encumbrances	96,686	96,686	
<b>Ending Fund Balance</b>	<b>\$ 3,658,067</b>	<b>4,610,974</b>	<b>\$ 952,907</b>

See Accompanying Notes to the General Purpose Financial Statements.

**Bristol Local School District**  
**Combined Statement of Revenues, Expenses, and Changes in Retained Earnings**  
**Proprietary Fund Type**  
**Year Ended June 30, 1999**

	<b>Proprietary Fund Type</b>
	<b>Enterprise Funds</b>
<b>Operating Revenues:</b>	
Food Service	\$ 120,471
Classroom Materials & Fees	<u>14,714</u>
<b>Total Operating Revenue</b>	<b>135,185</b>
<b>Operating Expenses:</b>	
Personal Services - Salary	75,955
Employee Benefits	49,174
Purchased Services	4,355
Supplies and Materials	107,243
Other Objects	249
Depreciation	<u>2,243</u>
<b>Total Operating Expenses</b>	<b><u>239,219</u></b>
<b>Operating Loss</b>	<b>(104,034)</b>
<b>Non-Operating Revenues:</b>	
State Unrestricted Grants-In-Aid	2,763
Federal Unrestricted Grants-in-Aid	61,470
Federal Commodities	<u>20,610</u>
<b>Total Non-Operating Revenues</b>	<b>84,843</b>
<b>Net Loss Before Operating Transfers</b>	<b>(19,191)</b>
<b>Transfers-In</b>	<u>3,316</u>
<b>Total Transfers</b>	<b><u>3,316</u></b>
<b>Net Loss</b>	<b>(15,875)</b>
<b>Beginning Retained Earnings</b>	<u>(12,660)</u>
<b>Retained Earnings at End of Year</b>	<b><u><u>\$ (28,535)</u></u></b>
<b>See Accompanying Notes to the General Purpose Financial</b>	

**Bristol Local School District  
 Combined Statement of Changes in Cash Flows  
 Proprietary Fund Type  
 Year Ended June 30, 1999**

	Proprietary Fund Type
	Enterprise Funds
<b>Cash Flows from Operating Activities</b>	
Operating Loss	\$ (104,034)
<b>Adjustment to Reconcile Operating Loss</b>	
<b>To Net Cash used in Operating Activities:</b>	
Federal Commodities	20,610
Depreciation	2,243
<b>Net Decrease in Assets:</b>	
Accounts Receivable	122
Inventory	982
<b>Net Increases (Decreases) in Liabilities:</b>	
Due to Other Funds	26
Intergovernmental Payable	(2,766)
Accrued Wages and Benefits	735
Deferred Revenue	(947)
Compensated Absences	3,758
<b>Total Adjustments</b>	24,763
<b>Net Cash Used in Operating Activities</b>	(79,271)
<b>Cash Flows from Noncapital Activities:</b>	
Grants from State Sources	2,763
Grants from Federal Sources	61,470
Transfers from Other Funds	3,316
<b>Net Cash Provided by Noncapital Financing Sources</b>	67,549
<b>Net Decrease in Cash &amp; Cash Equivalents</b>	(11,722)
<b>Cash and Cash Equivalents at Beginning of</b>	12,483
<b>Cash and Cash Equivalents at End of Year</b>	\$ 761
<b>See Accompanying Notes to the General Purpose Financial</b>	



**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Bristol Local School District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**A. Reporting Entity**

The District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local School District as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District.

Average daily membership (ADM) as of October 1, 1998, was 976. The District employed six (6) administrative and supervisory personnel, 59 certified employees and 35 non-certificated employees. The District is supervised by the Trumbull County Educational Service Center, a separate entity.

The District provides regular, vocational and special instruction. The District also provides support services for the pupils, instructional staff, general and school administration, business and fiscal services, facilities acquisitions and construction services, operation and maintenance of plant, student transportation, food services, extracurricular activities and non-programmed services.

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement 14, The Financial Reporting Entity, in that the financial statements include all organizations, activities and functions for which the district is financially accountable. This report includes all activities considered by management to be part of the school by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Management believes the financial statements included in this report represent all of the funds of the District over which the District is financially accountable.

**B. Fund Accounting**

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

**Governmental Fund Types**

Governmental funds are those through which most governmental functions typically are financed. Governmental Fund Types are accounted for on a flow of current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources (revenues and other financing sources) and uses (expenditures and other financing uses) of "available spendable resources" during the period.

*General Fund* - This fund 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 District for any purpose provided it is expended or transferred according to the bylaws of the District and the laws of the State of Ohio.

*Special Revenue Funds* - These funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

*Debt Service Fund* - This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

*Capital Project Funds* - These funds are used to account for financial resources to be used for the acquisition or construction of major capital assets or facilities (other than those financed by proprietary and trust funds).

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Proprietary Fund Types**

Proprietary funds are used to account for the District's ongoing activities which are similar to those found in the private sector. The following are the proprietary fund types:

*Enterprise Funds* - These funds are used to account for the operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

**Fiduciary Fund Types**

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. The following are the fiduciary fund types:

*Agency Funds* - These funds are purely custodial and thus do not involve measurement of results of operations.

**Account Groups**

Account Groups are financial reporting devices to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not affect expendable available financial resources. The following are the account groups:

*General Fixed Assets Account Group* - This account group is used to account for all of the District's fixed assets other than those accounted for in the Proprietary funds.

*General Long-Term Debt Account Group* - This account group is used to account for all of the District's long-term obligations other than those accounted for in the Proprietary Funds.

**C. Measurement Focus/Basis of Accounting**

The modified accrual basis of accounting is followed for Governmental and Expendable Trust Funds. The measurement focus is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income determination. Under the basis of accounting:

- 1) Only current assets and current liabilities are generally included on their balance sheets.
- 2) Operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

- 3) Revenues are recognized when they become both measurable and available to finance expenditures for the current period, which for the District is 60 days after year end.
  - a) Revenue accrued at the end of the year may include book fines, fees, interest and tuition.
  - b) Property taxes measurable as of June 30, 1999 and delinquent property taxes, whose availability is indeterminate, and are not intended to finance fiscal year 1999 operations, have been recorded as deferred revenues.
- 4) Expenditures are recognized in the period in which the fund liability is incurred with the following exceptions: general long term obligation principal and interest are reported only when due; the current costs of accumulated unpaid vacation and sick leave are reported in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The Proprietary Funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Pursuant to GASB Statement No. 20 "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting" the District follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

Agency fund assets and liabilities are recognized on the modified accrual basis of accounting.

**D. Budget and Budgetary Accounting**

All governmental and proprietary fund types are subject to annual expenditures budgets. The Board follows the procedures outlined below in establishing the expenditure budget data reported in the general purpose financial statements:

- 1) A Tax Budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by January 20 of each year, for the fiscal year commencing the following July 1st. The Board of Education normally adopts the Tax Budget at its regular board meeting in January.
- 2) The County Budget Commission certifies its actions to the District by March 1st. As part of this certification, the District receives the official certificate of estimated resources which states the projected receipts of each fund. During the month of July, this certificate is amended to include any unencumbered balances from the preceding fiscal year.
- 3) An annual appropriation measure must be passed by the Board of Education by October 1st of each year for the period July 1st to June 30<sup>th</sup>.

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Unencumbered appropriations lapse at year-end and the encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. The Board of Education usually adopts temporary appropriations at its regular board meeting in July. The Annual Appropriation Resolution is usually adopted at the July regular board meeting. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources and expenditures may not exceed appropriations in any fund.

- 4) The District prepares its budget on a basis of accounting that differs from generally accepted accounting principles (GAAP). The actual results of operations are presented in the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--All Governmental Fund Types" in accordance with the budget basis of accounting.

The major differences between the budgetary basis of accounting and GAAP are that:

- a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- b) Expenditures are recorded when encumbered (budget basis) as opposed to when the liability is incurred (GAAP basis);
- c) Encumbrances are recorded as the equivalent of expenditures (budget basis) as opposed to a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP basis); and
- d) For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

Encumbrances - As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded as the equivalent of expenditures on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

**E. Cash and Investments**

Cash received by the District is pooled in a central bank account with individual fund balance integrity maintained throughout. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments". During the fiscal year all investments were limited to STAR Ohio and repurchase agreements.

Investments are reported at cost except for investments in STAR Ohio and investments of the deferred compensation agency fund which are reported at fair value. Fair value is based on quoted market prices.

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 1998-99. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 1999.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. For the District, all investment earnings accrue to the General Fund and Capital Project Fund. Interest income earned in fiscal year 1999 totaled \$213,062.

**F. Taxes Receivable**

The financial statements reflect taxes receivable as of June 30, 1999. GAAP permits the recognition of revenue from any property tax assessment in the fiscal period levied, provided the funds are "available". "Available" means then due, or past due and receivable within the current period or expected to be collected soon thereafter. While these taxes have been assessed, the majority are not due at June 30, 1999 and accordingly have been recorded as deferred revenue in the accompanying financial statements. Taxes that become delinquent remain recorded in deferred revenue until they are determined to be uncollectible.

**G. Inventories**

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventories are determined by physical count. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of the governmental fund type inventories are recorded as expenditures when purchased (purchase method) rather than when consumed. Reported inventories in these funds are equally offset by a fund balance reserve which indicates they are unavailable for appropriation. Inventories of proprietary funds consist of donated food, purchased food, and general supplies, and are expended when used.

**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 1999, are recognized under the nonallocation method. The nonallocation method of prepayments and deferrals is consistent with the basic governmental concept that only expendable financial resources are reported by a specific governmental fund. Payments for the prepaid items or deferrals are fully recognized as an expenditure in the year of payment. Under the nonallocation method no asset for the prepayment or deferral is created, and no expenditure allocation to future accounting periods is required.

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. Fixed Assets**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The District maintains a capitalization threshold of two hundred fifty dollars. The District does not possess any infrastructure.

The costs of normal maintenance and repairs, that do not add to the value of the asset or materially extend asset lives, are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment and vehicles in the proprietary fund types is computed using the straight-line method over an estimated useful life of the assets.

**J. Intergovernmental Revenues**

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis and entitlements, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The District currently participates in several State and Federal programs, categorized as follows:

Entitlements:

General Fund

State Foundation Program  
State Property Tax Subsidy  
School Bus Funding

Special Revenue Funds:

Educational Management Information Systems  
Teacher Development  
Excellence in Education  
DPIA  
SchoolNet Professional Development  
State Property Tax Subsidy

Capital Project Funds:

State Building Subsidy  
State Property Tax Subsidy

Debt Service Fund:

State Property Tax Subsidy

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Non-Reimbursable Grants:

Special Revenue Funds

Textbooks/Instructional Subsidy  
Technology Equity Fund  
Title I  
Title VI  
Title VI B

Capital Project

School Net

Reimbursable Grants:

General Fund

Driver Education Reimbursement  
Tutor Reimbursement

Proprietary Funds

National School Lunch Program  
Government Donated Commodities

Grants and entitlements amounted to approximately 81% of the District's operating revenue during the 1999 fiscal year.

**K. Short-Term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds". Short-term interfund loans are classified as "interfund receivables/payables". At June 30, 1999, the District had \$71,644 in "interfund receivables/payables".

**L. Advances to Other Funds**

Non-current portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicated that they do not constitute expendable available financial resources and therefore are not available for appropriation. At June 30, 1999 the District had no long-term interfund loans.

**M. Compensated Absences**

The District accounts for compensated absences in accordance with GASB Statement No. 16. termination payments. All employees with fifteen or more years of service were included in the calculation of the long-term compensated absences accrual amount.

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:



**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

- 1.) The employees' rights to receive compensation are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee.
- 2.) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

For governmental funds, the District records a liability for accumulated unused vacation and sick leave when earned. The current portion of these unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term debt account group. In proprietary funds, compensated absences are expensed when earned with the amount reported as a fund liability.

**N. Contributed Capital**

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. The assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1997, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

**O. Long-Term Obligations**

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

**P. Interfund Transactions**

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**Q. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. A fund balance reserve has also been established.

**R. Fund Balance Reserves**

Reserved Fund Balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund Balances are reserved for inventory, encumbrances, future appropriation and budget stabilization. The reserve for future appropriation represents the amount of the property taxes available for advance and recognized as revenue. The District is prohibited by law from appropriating the advance, since it was not received, for the current fiscal year. The unreserved portions of fund equity reflected for the Governmental Funds are available for use within the specific purposes of those funds.

**S. Memorandum Only - Total Columns**

Total columns on the general purposes financial statements are captioned "Memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**T. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999  
(Continued)**

**2. BUDGETARY BASIS OF ACCOUNTING**

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses Governmental Fund Types				
	General Fund	Special Revenue	Debt Service	Capital Project
GAAP Basis	\$ 89,713	11,425	16,669	\$ 4,905,397
Increase (Decrease):				
Due to Revenues:				
Net Adjustments to Revenue	3,328	234		
Due to Expenditures:				
Net Adjustments to Expenditure	(33,542)	(2,252)		(3,331,160)
Due to Other Sources/Uses	(81,612)			71,645
Budget Basis	\$ (22,113)	9,407	16,669	\$ 1,645,882

**3. CASH AND INVESTMENTS**

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts, including passbook accounts.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public money deposited with the institution.

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999  
(Continued)**

**3. CASH AND INVESTMENTS (Continued)**

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time. Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**Deposits:** At fiscal year end, the carrying amount of the District's deposits was \$57,616 and the bank balance was \$111,229. All of the bank balance was covered by federal depository insurance. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999  
(Continued)**

**3. CASH AND INVESTMENTS (Continued)**

**Investments:** The District's investments are required to be categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. STAR Ohio are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Amount	Fair Value
Money Market - Repo Acct.	\$ 153,377	153,377	\$ 153,377
Star Ohio		8,335,112	8,335,112
Total Investments		<u>\$ 8,488,489</u>	<u>\$ 8,488,489</u>

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents	Investments
GASB Statement No.9	\$ 8,546,356	\$
Investments:		
Money Market - Repo Acct.	(153,377)	153,377
STAR Ohio	(8,335,112)	8,335,112
Cash on Hand	(251)	
GASB Statement No.3	<u>\$ 57,616</u>	<u>\$ 8,488,489</u>

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999  
(Continued)**

**4. PROPERTY TAX (Continued)**

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before December 31 of that calendar year. Tangible personal property used in business (except for public utilities) is currently assessed for taxation purposes at 25% of its true value. Amounts paid by multi-county taxpayers may pay annually or semi-annually, the first payment is due April 30, with the remainder payable by September 28.

Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The Trumbull County Treasurer collects property tax on behalf of the District. The Trumbull County Auditor remits to the District the taxes collected. Tax settlements are made each March and August for real property taxes and each June and October for personal property.

Taxes available for advance and recognized as revenue, but not received by the District prior to June 30, are reflected as a reservation of fund balance. The District is prohibited by law from appropriating the property taxes recognized as revenue in accordance with Ohio Revised Code Section 5705.35 since an advance of tax revenue was not received by the end of the fiscal year.

The full tax rate at the fiscal year ended June 30, 1999 for operations was \$37.50 per \$1,000 of assessed valuation and \$2.50 per \$1,000 of assessed valuation for permanent improvements \$4.10 per \$1,000 of assessed valuation for bonded debt. The assessed values of real and tangible personal property on which the fiscal year 1999 taxes were collected were as follows:

Real Property-Commercial/Industrial	\$	1,597,930
Real Property-Residential/Agricultural		41,252,790
Personal Property-General		1,142,651
Personal Property-Public Utilities		4,366,630
Total Assessed Value	<u>\$</u>	<u>48,360,001</u>

**5. RECEIVABLES**

Receivables at June 30, 1999 consisted of taxes, accounts (miscellaneous) and intergovernmental funding and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current guarantee of Federal funds.

**6. FIXED ASSETS**

The following is a summary of the proprietary funds property, plant and equipment at June 30, 1999:

Furniture and Equipment	\$	87,102
Less Accumulated Depreciation		(86,360)
Net Fixed Assets	<u>\$</u>	<u>742</u>

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999  
(Continued)**

**6. FIXED ASSETS (Continued)**

The District is currently constructing and equipping a new elementary school building and constructing an addition and reconstruction of the existing high school and elementary school. The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year 1999:

	General Fixed Assets June 30, 1998	Additions	Deletions	General Fixed Assets June 30, 1999
Land and Improvements	\$ 134,582			\$ 134,582
Buildings	1,290,786			1,290,786
Construction in Progress		1,634,402		1,634,402
Furniture and Equipment	1,144,558	85,672	13,660	1,216,570
Vehicles	288,123	33,536		321,659
Total General Fixed Assets	<u>\$ 2,858,049</u>	<u>1,753,610</u>	<u>13,660</u>	<u>\$ 4,597,999</u>

**7. EMPLOYEE RETIREMENT SYSTEMS**

**A. State Teachers Retirement System**

The District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 E. Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 10.5 percent was the portion used to fund pension obligations. Prior to July 1, 1997, the portion used to fund pension obligations was 12 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$338,220, \$327,576, and \$283,572, respectively; 83 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$58,144 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999  
(Continued)**

**7. EMPLOYEE RETIREMENT SYSTEMS (Continued)**

**B. School Employees Retirement System**

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. For fiscal year 1999, 9.02 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$100,296, \$90,624 and \$79,254, respectively; 39 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$54,984 and surcharge of \$14,048 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

**C. Social Security**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System /State Teachers Retirement System. As of June 30, 1999, no members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

**8. POSTEMPLOYMENT BENEFITS**

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits, hospitalization, physicians' fees, prescription drugs and reimbursement of monthly medicare premiums. Benefit provisions and the obligation to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. Through June 30, 1998, the Board allocated employer contributions equal to two percent of covered payroll to the Health Care Reserve Fund. Beginning July 1, 1998, this allocation was increased to 3.5 percent. For the District, this amount equaled \$42,142 during fiscal 1999.



**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999  
(Continued)**

**8. POSTEMPLOYMENT BENEFITS (Continued)**

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,156 million at June 30, 1998 (the latest information available). For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For this fiscal year, employer contributions to fund health care benefits were 4.98 percent of covered payroll, an increase from 4.21 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 125 percent of annual health care expenses. Expenses for health care at June 30, 1998, were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998 SERS had net assets available for payment of health care benefits of \$160.3 million (the latest information available). SERS has approximately 50,000 participants currently receiving health care benefits. For the District, the amount to fund health care benefits, including the surcharge, equaled \$49,723 during the 1999 fiscal year.

**9. COMPENSATED ABSENCES**

The criteria for determining vested vacation and sick leave components are derived from the negotiated agreements and State laws. Only personnel who are under a full year contract (260 days) are eligible for vacation time. The Superintendent is granted twenty days of vacation per year.

Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Employees may accrue a maximum of thirty (30) days for carry-over to successive years.

Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment.

The Classified personnel accumulate vacation based on the following schedule:

<u>Years Service</u>	<u>Vacation Days</u>
1-7	10
8-14	15
15-beyond	20

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave shall accumulate during active employment on a continuous year-to-year basis. Maximum sick leave accumulation for employees is 308 days.

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999  
(Continued)**

**9. COMPENSATED ABSENCES (Continued)**

Retirement severance is paid to each employee retiring from the District at a per diem rate of the annual salary at the time of retirement if the employee has been employed by the District for a minimum of five years and has ten years of service with the State Retirement System at the time of retirement. Any employee receiving retirement severance pay shall be entitled to a dollar amount equivalent to one-fourth of all accumulated sick leave credited to that employee up to fifty-five days.

**10. RISK MANAGEMENT**

**A. General Risk**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District has addressed these various types of risk by purchasing a comprehensive insurance policy through commercial carriers.

General liability insurance is maintained in the amount of \$2,000,000 for each occurrence and \$5,000,000 in the aggregate. In addition, the District maintains a \$1,000,000 umbrella liability policy.

The District maintains fleet insurance in the amount of \$500,000 for any one accident or loss. The District maintains replacement cost insurance on buildings and contents in the amount of \$8,600,776.

**B. Public Risk Entity Pool**

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association (OSBA). The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999  
(Continued)**

**10. RISK MANAGEMENT - (Continued)**

**C. Shared Risk Pool**

The District participates in the Trumbull County Insurance Consortium. This is a shared risk pool comprised of sixteen Trumbull County School Districts. The Consortium is governed by an assembly which consists of one representative from each participating school district. The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Consortium. Consortium revenues are generated from charges for services.

**11. NOTES AND LONG-TERM DEBT**

A summary of changes in long-term obligations for the year ended June 30, 1999, are as follows:

	Balance July 1, 1998	Additions	Deletions	Balance June 30, 1999
Intergovernmental Payable	\$ 34,974	46,980	34,974	\$ 46,980
General Obligation Bonds Payable	2,333,870		50,000	2,283,870
Notes Payable-Asbestos Assistance	140,167		11,038	129,129
Notes Payable-Energy Conservation	81,662		26,100	55,562
Compensated Absences Payable	314,019	396,119	314,019	396,119
	<u>\$ 2,904,692</u>	<u>443,099</u>	<u>436,131</u>	<u>\$ 2,911,660</u>

General Obligation Bonds:

The \$2,383,870 of outstanding general obligation bond relate to a project, for which bonds were issued for the purpose of constructing and equipping a new elementary school building and an addition and reconstruction of the existing high school and elementary. The District also received a grant from the Ohio School Facilities Commission in the amount of \$6,750,515 to fund this project. These bonds mature December 2020, and are in full compliance with the general laws of the State of Ohio, particularly Sections 133.01 to 133.48, inclusive, of the Revised Code and Section 133.09 thereof.

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999  
(Continued)**

**11. NOTES AND LONG-TERM DEBT - (continued)**

	Principal	Interest	Payment
FY2000	\$ 60,000	102,240	\$ 162,240
FY2001	65,000	99,708	164,708
FY2002	70,000	96,905	166,905
FY2003	85,000	93,629	178,629
FY2004	90,000	89,865	179,865
FY2005 and thereafter	1,913,870	1,191,210	3,105,080
	<u>\$ 2,283,870</u>	<u>1,673,557</u>	<u>\$ 3,957,427</u>

Notes Payable-Asbestos:

The District received an interest free loan for Asbestos assistance with the United States Environmental Protection Agency. Under the Asbestos Schools Hazard Abatement Act of 1984, the District received a loan of \$184,319 to assist in an asbestos removal project. The repayment schedule for the loan portion is \$5,519 every six months, with the first payment made in June 1993 and the final amount due December 2,013.

Payment for the installment purchase obligations as of June 30, 1999, and related interest.

	Payment
FY2000	11,038
FY2001	11,038
FY2002	11,038
FY2003	11,038
FY2004	11,038
FY2005 & Thereafter	73,939
	<u>\$ 129,129</u>

Notes Payable-Energy:

Energy notes were issued in the amount of \$167,000 at 6% interest in January, 1994 with a maturity of January, 2004. The notes were refinanced in February, 1999 to a 4.5% interest rate, with an earlier maturity of January, 2001.

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999  
(Continued)**

**11. NOTES AND LONG-TERM DEBT - (Continued)**

The annual maturities of the general obligation notes (Energy Conservation Notes) as of June 30, 1999, and related interest payments are as follows:

	Principal	Interest	Payment
FY2000	\$ 27,271	2,198	\$ 29,469
FY2001	28,291	957	29,248
	\$ 55,562	3,155	\$ 58,717

The Ohio Revised Code (ORC) provides that the net debt of a school district, whether or not approved by the people, shall not exceed 9.0% of the total value of all property in the District as listed and assessed for taxation. In addition, the unvoted net debt of a school district cannot exceed .1% of the total assessed value of property. The District has no unvoted debt, the District's unvoted debt margin is \$48,360. The voted debt margin at June 30, 1999 is \$4,352,400.

**12. SEGMENTS OF ENTERPRISE ACTIVITIES**

Key financial data for the District's Enterprise Funds for the year ended June 30, 1999, are as follows:

	Food Service Fund	Uniform Supply Fund	Total Enterprise Funds
Operating Revenues	\$ 120,471	14,714	\$ 135,185
Operating Expenses:			
Depreciation	(2,243)		(2,243)
Other Expenses	(218,125)	(18,851)	(236,976)
Total Operating Expenses	(220,368)	(18,851)	(239,219)
Operating Loss	(99,897)	(4,137)	(104,034)
Non Operating Revenues and			
Operating Grants	64,233		64,233
Federal Commodities	20,610		20,610
Transfers In	1,883	1,433	3,316
Net Loss	\$ (13,171)	(2,704)	\$ (15,875)
Net Working Capital	\$ (27,514)	805	\$ (26,709)
Total Assets	\$ 10,980	805	\$ 11,785
Total Fund Equity	\$ (29,339)	805	\$ (28,535)

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999  
(Continued)**

**13. INTERFUND TRANSACTIONS**

At June 30, 1999, the District had short-term interfund loans which are classified as "interfund receivables/payables." An analysis of interfund balances is as follows:

	Receivable	Payable
General Fund	\$ 71,644	
Capital Project Fund		71,644
	\$ 71,644	\$ 71,644

District transfer activity at June 30, 1999 was as follows:

	Transfers In	Transfers Out
General Fund	\$ 147,091	\$ 110,430
Special Revenue	7,685	2,685
Enterprise Funds	3,316	
Agency Funds	93	45,070
	\$ 158,185	\$ 158,185

Due To/From Other Funds:

	Due to Other Funds	Due From Other Funds
General Fund	\$ 4,590	
Special Revenue Funds	196	
Enterprise Funds	139	
Agency Funds		4,925
	\$ 4,925	\$ 4,925

**14. JOINTLY GOVERNED ORGANIZATIONS**

**NORTH EAST OHIO MANAGEMENT INFORMATION NETWORK-** (NEOMIN) is a jointly governed organization among thirty school districts in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the districts support NEOMIN based upon a per pupil charge. Superintendents of the participating school districts are eligible to be voting members of the Governing Board which consists of ten members: the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County districts, and two treasurers. The District was not represented on the Governing Board during fiscal

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999  
(Continued)**

**14. JOINTLY GOVERNED ORGANIZATIONS (continued)**

year 1999. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. A complete set of separate financial statements may be obtained from the Trumbull County Educational Service Center, 347 North Park Avenue, Warren, Ohio, 44481.

**Trumbull County Joint Vocational School District**

The District is a member of the Trumbull County Joint Vocational School District. The Trumbull County Joint Vocational School District has a nine-member board of education and is funding by levying millage and state and federal support.

The District has no ongoing financial interest or financial responsibility to the Trumbull County Joint Vocational School District.

**Northeast Ohio Instructional Media Center (NEOIMC)**

NEOIMC is a jointly governed organization among 45 school districts. The organization was formed for the purpose of providing a quality films and/or other media to support the curricula of the District. Each member pays a monthly premium based on use of the media materials. NEOIMC is governed by an advisory committee made up of a member from a parochial school, a joint vocational school, the county school district superintendent from each participating county, one city school district superintendent, and two local school district superintendents, rotating every two years. Financial information can be obtained by contacting the Treasurer at the Trumbull County Educational Service Center, 347 North Park Avenue, Warren, Ohio 44481.

**Northeast Ohio Special Education Regional Resource Center (NEO/SERRC)**

NEO/SERRC is a special education service center which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents.

NEO/SERRC is governed by a governing board of 39 members made up of representatives from 35 superintendents of the participating districts, one non-public school, one county board of mental retardation and two parents whose terms rotate each year. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, 2801 Market Street, Youngstown, Ohio, 44507

**15. CONTINGENCIES**

**A. Grants**

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds.

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999  
(Continued)**

**15. CONTINGENCIES (Continued)**

However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 1999.

**B. Litigation**

The District is not a party to any legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending at June 30, 1999.

**16. FUND DEFICITS**

**Fund Deficits:**

Fund balances/retained earnings at June 30, 1999, included the following individual deficits:

<u>Special Revenue:</u>	Emergency Levy Fund	\$(24,692)
<u>Capital Project:</u>	Emergency Building Fund	\$(71,633)
<u>Enterprise:</u>	Food Service Fund	\$(29,339)

The fund deficits resulted from adjustments for accrued liabilities. The general fund is liable for any deficits in these funds and provides operating transfers when cash is required, not when accruals occur.

**17. SCHOOL FUNDING DECISION**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 1999, the District received total support of \$2,784,817 of school foundation support for its General fund.

In addition, the Court declared the classroom facilities program unconstitutional, because, in the Court's opinion, the program had not been sufficiently funded by the State. The classroom facilities program provided money to build schools and furnish classrooms. As of June 30, 1999, the District has been approved for a total of \$6,750,515 under this program.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. At this time, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional. As of the date of these financial statements, the District is unable to determine what effect, if any, this ongoing litigation will have on its future state funding under this program and on its financial operations.



**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 1999  
(Continued)**

**18. STATUTORY RESERVES**

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 1999, the reserve activity was as follows:

	Textbook Acquisition	Capital Acquisition	Budget Stabilization	Total
Set aside Cash Balance as of June 30, 1998	\$		24,978	\$ 24,978
Current Year Set-Aside Requirement	67,291	67,291	33,645	168,227
Current Year Offsets	(12,902)			(12,902)
Qualifying Disbursements	(77,617)	(96,111)		(173,728)
Total	<u>(23,228)</u>	<u>(28,820)</u>	<u>58,623</u>	<u>6,575</u>
Cash Balance Carried Forward to FY2000	<u>\$</u>		<u>58,623</u>	
Amount Restricted for Budget Stabilization				<u>\$ 58,623</u>
Total Restricted Assets				<u>\$ 58,623</u>

Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero, these amounts may not be used to reduce the set-aside requirement of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

**19. CONSTRUCTION COMMITMENTS**

The District has a new elementary school building and an addition and reconstruction of the existing high school and elementary under construction at June 30, 1999. The commitment on these construction contracts and projects is as follows:

Vendor	Construction Commitments
Lesko Associates Inc.	\$ 98,000
C.D. Whitfield	17,775
Jack Gibson Construction Co.	3,959,000
Total Construction Commitments	<u>\$ 4,074,775</u>

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center  
242 Federal Plaza West, Suite 302  
Youngstown, Ohio 44503

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL  
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Bristol Local School District  
Trumbull County  
1845 Greenville Rd.  
PO Box 260  
Bristolville, Ohio 44402-0260

To The Board of Education:

We have audited the accompanying general-purpose financial statements of the Bristol Local School District, Trumbull County, Ohio (the School District), as of and for the fiscal year ended June 30, 1999, and have issued our report thereon dated December 20, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the School District's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 20, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School District's internal control over general-purpose financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matter in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level of risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted one matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the School District in a separate letter dated December 20, 2000.

Bristol Local School District

Trumbull County

Report of Independent Accountants on Compliance and on Internal Control Required by *Government Auditing Standards*

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This report is intended for the information and use of management and Board of Education, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**

Auditor of State

December 20, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**BRISTOL 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  
FEBRUARY 13, 2001**