



**Auditor of State
Betty Montgomery**

**Bristol Local School District
Trumbull County, Ohio**

**Financial Forecast
For the Fiscal Year Ending June 30, 2005**

Local Government Services Section

Bristol Local School District
Trumbull County

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**Auditor of State
Betty Montgomery**

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

and

Board of Education
Bristol Local School District
1845 Greenville Road
P.O. Box 260
Bristolville, Ohio 44402

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 Bristol Local School District, Trumbull County, Ohio, and issued a report dated September 24, 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 operating deficit for the fiscal year ending June 30, 2005 of \$718,000 after meeting the required reserves for textbooks and bus purchases.

The forecasted revenues include all property taxes scheduled for settlement during the forecast period. The forecast excludes the receipt of any advances against fiscal year 2006 scheduled property tax settlements. The potential advances have been excluded due to the School District's inability to appropriate this revenue until received and the uncertainty of the timing of any advances. The forecasted operating deficit may be reduced to the extent tax advances are received prior to June 30, 2005 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 2005.

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

Peter R. Sorem
Chief of Local Government Services

October 14, 2004

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Auditor of State Betty Montgomery

Board of Education
Bristol Local School District
1845 Greenville Road
P.O. Box 260
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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 Bristol Local School District for the fiscal year ending June 30, 2005. The Bristol 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 the Board's forecast. However, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

The accompanying statement of revenues, expenditures and changes in fund balance of the general fund of Bristol Local School District for the fiscal years ended June 30, 2002, 2003 and 2004 were compiled by us in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed this financial information, and, accordingly, do not express an opinion or any other form of assurance on them.

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

Betty Montgomery
Auditor of State

September 24, 2004

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BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEARS ENDED JUNE 30, 2002 THROUGH 2004 ACTUAL;
FOR THE FISCAL YEAR ENDING JUNE 30, 2005 FORECASTED
GENERAL FUND

	Fiscal Year 2002 Actual	Fiscal Year 2003 Actual	Fiscal Year 2004 Actual	Fiscal Year 2005 Forecasted
Revenues				
General Property Tax (Real Estate)	\$1,427,000	\$1,496,000	\$1,593,000	\$1,604,000
Tangible Personal Property Tax	55,000	53,000	47,000	47,000
Unrestricted Grants-in-Aid	3,432,000	3,312,000	3,715,000	3,559,000
Restricted Grants-in-Aid	113,000	225,000	18,000	18,000
Property Tax Allocation	190,000	203,000	216,000	219,000
All Other Revenues	127,000	83,000	277,000	203,000
<i>Total Revenues</i>	<u>5,344,000</u>	<u>5,372,000</u>	<u>5,866,000</u>	<u>5,650,000</u>
Other Financing Sources				
Solvency Assistance Advance	0	0	785,000	0
Proceeds of Notes	0	400,000	400,000	0
Advances In	0	50,000	0	0
Operating Transfers In	50,000	50,000	75,000	0
<i>Total Other Financing Sources</i>	<u>50,000</u>	<u>500,000</u>	<u>1,260,000</u>	<u>0</u>
<i>Total Revenues and Other Financing Sources</i>	<u>5,394,000</u>	<u>5,872,000</u>	<u>7,126,000</u>	<u>5,650,000</u>
Expenditures				
Personal Services	3,473,000	3,432,000	3,503,000	3,111,000
Employees' Retirement/Insurance Benefits	1,333,000	1,473,000	1,582,000	1,443,000
Purchased Services	409,000	654,000	1,048,000	958,000
Supplies and Materials	146,000	144,000	75,000	80,000
Capital Outlay	47,000	58,000	8,000	11,000
Debt Service:				
Principal- Solvency Assistance	0	0	0	393,000
Principal- Note	0	400,000	400,000	0
Interest	0	7,000	7,000	0
Other Objects	312,000	92,000	106,000	74,000
<i>Total Expenditures</i>	<u>5,720,000</u>	<u>6,260,000</u>	<u>6,729,000</u>	<u>6,070,000</u>
Other Financing Uses				
Operating Transfers Out	0	0	2,000	0
Advances Out	0	50,000	0	0
<i>Total Other Financing Uses</i>	<u>0</u>	<u>50,000</u>	<u>2,000</u>	<u>0</u>
<i>Total Expenditures and Other Financing Uses</i>	<u>5,720,000</u>	<u>6,310,000</u>	<u>6,731,000</u>	<u>6,070,000</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	(326,000)	(438,000)	395,000	(420,000)
Cash Balance (Deficit) July 1	425,000	99,000	(339,000)	56,000
Cash Balance (Deficit) June 30	99,000	(339,000)	56,000	(364,000)
Encumbrances and Reserves:				
Actual/Estimated Encumbrances June 30	72,000	64,000	0	66,000
Reservations of Fund Balance for:				
Textbooks	35,000	46,000	148,000	251,000
Bus Purchase	49,000	22,000	26,000	37,000
Total Encumbrances and Reserves of Fund Balance	<u>156,000</u>	<u>132,000</u>	<u>174,000</u>	<u>354,000</u>
Unencumbered/Unreserved Fund Balance (Deficit) June 30	<u>(\$57,000)</u>	<u>(\$471,000)</u>	<u>(\$118,000)</u>	<u>(\$718,000)</u>

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

Bristol Local School District
Trumbull County
Summary of Significant Assumptions and Accounting Policies
For the Fiscal Year Ending June 30, 2005

Note 1 – The School District

The Bristol Local School District the (School District) is located in Trumbull County and encompasses all of the Township of Bristol and all or part of surrounding townships. The School District is organized under Article VI, Sections 2 and 3, of the Constitution of the State of Ohio. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at large for staggered four year terms. The School District currently operates one comprehensive school. The School District is staffed by 27 non-certified and 59 certificated personnel to provide services to approximately 814 students and other community members.

Note 2 - Nature of the Forecast

This financial forecast presents, to the best of the Bristol 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 September 24, 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 emergency levy and disadvantaged pupil impact aid (DPIA) funds are included in the general fund.

Note 4 - Summary of Significant Accounting Policies

A. - Basis of Accounting

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

Bristol Local School District
Trumbull County
Summary of Significant Assumptions and Accounting Policies
For the Fiscal Year Ending June 30, 2005

B. - Fund Accounting

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

Governmental Funds

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

Special Revenue Funds - Special revenue funds 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 Fund - 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 accounts for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, or other governmental units. The fiduciary fund category is split into four classifications: Pension Trust Funds, Investment Trust Funds, Private-Purpose Trust Funds, and Agency Funds.

C. - Budgetary Process

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

Budget - Trumbull County has waived the requirement of the formal tax budget. The county budget commission requires tax levy fund information and summary data for all other funds to be submitted to the County Auditor as Secretary of the county budget commission, by January 20 of each year, for the succeeding fiscal year.

Bristol Local School District
Trumbull County
Summary of Significant Assumptions and Accounting Policies
For the Fiscal Year Ending June 30, 2005

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

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

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

Note 5 - General Operating Assumptions

The Bristol 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 property, public utility real and personal property, manufactured home and tangible personal property taxes. Taxes are collected during the fiscal year by the Trumbull County Auditor. Settlement dates, on which collections are distributed to the School District, are established by State statute. Advances may be requested from the Trumbull County Auditor as the taxes are collected. When settlements are made, any amounts remaining to be distributed to the School District are paid. Deductions for auditor and treasurer fees, advertising delinquent taxes, election expenses, and other fees are made at these settlement times.

State law allows for certain reductions in the form of rollbacks and homestead exemption for real estate taxes and exempts from taxation the first \$10,000 of tangible personal property. The State reimburses the School District for revenues lost due to these exemptions. The amount of the reimbursement is presented in the forecast schedule in the account "property tax allocation".

Historically, the School District does not receive advances against the August real estate tax settlement, which is intended to finance the next fiscal year. The forecast excludes the receipt of any advances against fiscal year 2006 scheduled property tax settlements. The potential advances have been excluded due to the School District's inability to appropriate this revenue until received and the uncertainty of the timing of any advances. Currently, it is the Boards intent not to appropriate any such advances for fiscal year 2005.

Bristol Local School District
 Trumbull County
 Summary of Significant Assumptions and Accounting Policies
 For the Fiscal Year Ending June 30, 2005

The property tax revenues for the general fund of the School District are generated from several levies. The levies for the general fund, 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 valuation)
Inside Ten Mill Limitation	n/a	n/a	\$5.20
Continuing Operating	1976	n/a	17.40
Continuing Operating	1977	n/a	7.50
Continuing Operating	1987	n/a	8.00
Emergency	2002	2006	4.70
Total Tax Rate			\$42.80

The School District also has levies for bonded debt, permanent improvement and school facilities maintenance totaling \$5.70 per \$1,000 of assessed valuation. The School District's total rate is \$48.50 per \$1,000 of assessed valuation.

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. Increases to voted levy revenues, except emergency levies, are restricted to assessments for new construction. Emergency levies generate the same amount of revenue each year regardless of changes in assessed valuation. The reduction factors are computed annually and applied separately for residential/agricultural property and commercial/industrial property. The effective residential and agricultural rate is \$26.70 per \$1,000 of assessed valuation and the effective commercial and industrial rate is \$29.31 per \$1,000 of assessed valuation.

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 general property tax revenue estimate is based upon actual receipts and information provided by the Trumbull County Auditor. During fiscal year 2005, the School District anticipates an increase of \$11,000 from the prior fiscal year due to a marginal increase in valuation.

Tangible Personal Property Tax - Tangible personal property tax is applied to property used in business (except for public utilities). As with general property taxes, tangible personal property tax revenues are based upon information provided by the Trumbull County Auditor. Based upon these estimates, the School District anticipates tangible personal property tax to remain consistent with the prior fiscal year.

B. - 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.

Bristol Local School District
Trumbull County
Summary of Significant Assumptions and Accounting Policies
For the Fiscal Year Ending June 30, 2005

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 2002 was set by the legislature at \$4,490 and at \$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 anticipated revenue for fiscal year 2005 is based on current estimates provided by the Ohio Department of Education. The estimates on the most recent school foundation statement of settlement are \$3,544,000. The \$156,000 decrease is due to: an increase in per pupil funding of \$103,000, an increase in parity aid of \$95,000, an estimated loss of fifty-one students in the amount of \$266,000, a decrease of \$83,000 due to an increase in assessed valuation and a decrease in other State funding areas of \$5,000.

Beginning in tax year 2001, there were significant reductions in the valuation of certain types of public utility property. Two bills enacted by the 123rd General Assembly reduced the assessment rate for certain tangible personal property of electric utilities and all tangible personal property of gas utilities. To replace this money, new state consumption taxes have been enacted, a kilowatt-hour tax on electricity and a thousand cubic foot tax on natural gas. Money from these new taxes is used to reimburse school districts for the loss of public utility property tax revenue. Reimbursements are to be made twice a year in March and September. The School District is anticipating \$15,000 in public utility reimbursements in fiscal year 2005, which is based on information provided by the Ohio Department of Taxation.

C. - Restricted Grants-in-Aid

Restricted grants-in-aid during the forecast period consist of an anticipated bus purchase allowance of \$11,000 and a DPIA subsidy of \$7,000.

D. - Property Tax Allocation

State law grants tax relief in the form of a ten percent reduction in real property tax bills. In addition, a two and one-half percent rollback is granted on residential property taxes. Tax relief is also granted to qualified elderly and disabled homeowners based on their income. The State reimburses the School District for the loss of real property taxes as a result of the rollback and homestead tax relief programs. Property tax allocation revenue, based on information provided by the Trumbull County Auditor, is anticipated to be \$219,000, an increase of \$3,000 over fiscal year 2004.

E. - All Other Revenues

All other revenues include tuition, interest on investments, rentals, miscellaneous receipts, sale of assets and the refund of prior year expenditures.

The School District receives tuition for students with developmentally handicapped and learning disabilities as well as open enrollment. The School District is anticipating a decrease in open enrollment students during fiscal year 2005.

Bristol Local School District
Trumbull County
Summary of Significant Assumptions and Accounting Policies
For the Fiscal Year Ending June 30, 2005

Interest is based on historical investment practices and anticipated rates during the forecast period. The School District pools cash from all funds for investment purposes. Investments are restricted by provisions of the Ohio Revised Code and are valued at cost. Following Ohio statutes, the Board of Education has, by resolution, specified the funds to a pro-rated share of interest earnings with the balance recorded to the general fund.

The School District will no longer receive rental income from Head Start. The School District closed Farmington Elementary School at the close of fiscal year 2004, which housed the Head Start Program. All other revenues consist of the following:

Revenue Sources	Actual Fiscal Year 2002	Actual Fiscal Year 2003	Actual Fiscal Year 2004	Forecast Fiscal Year 2005	Variance Increase (Decrease)
Tuition	\$27,000	\$20,000	\$210,000	\$150,000	(\$60,000)
Interest on Investments	26,000	5,000	4,000	4,000	0
Rentals	8,000	6,000	6,000	0	(6,000)
Miscellaneous	10,000	10,000	25,000	24,000	(1,000)
Sale of Assets	1,000	1,000	1,000	1,000	0
Refund of Prior Year Expenditures	55,000	41,000	31,000	24,000	(7,000)
Totals	\$127,000	\$83,000	\$277,000	\$203,000	(\$74,000)

F. - Other Financing Sources

The School District received \$785,000 in a State solvency assistance advance during fiscal year 2004. The advance will be repaid without interest over two fiscal years beginning in fiscal year 2005 through deductions from the School District's foundation settlements.

Proceeds of notes represents receipts from the issuance of tax anticipation notes for short-term cash flow borrowing. The School District issued \$400,000 in tax anticipation notes during 2003 and 2004. These notes matured during the fiscal year in which they were issued. The School District is not forecasting any tax anticipation notes during fiscal year 2005.

Operating transfers in for prior years represent transfers from the workers' compensation agency fund and the athletic special revenue fund. Throughout the fiscal year, the School District charges all funds that have salaries, a workers' compensation premium. Those premiums are placed in an agency fund until the bill comes due. At the time the bill comes due, the monies are transferred to the general fund for payment. The School District will not be placing any monies in the workers' compensation fund for fiscal year 2005 due to a change in its procedure. The School District is not forecasting any advances in or transfers in for fiscal year 2005.

Note 7 - Significant Assumptions for Expenditures and Other Financing Uses

A. - Personal Services

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

Bristol Local School District
Trumbull County
Summary of Significant Assumptions and Accounting Policies
For the Fiscal Year Ending June 30, 2005

Certified (teaching) staff salaries are based on a negotiated contract which includes base and step increases and educational incentives. The contract covered the period July 1, 2001 to June 30, 2004, and allowed for a four percent increase in the base salary as well as step increases from 2.6 to 6 percent depending on years of experience in each year of the contract. The contract for classified staff covers the same period and also allows for a four percent increase in each year of the contract. Both the certified and classified employees extended their contracts until June 30, 2005 with no increase in the base salary. Administrative salaries were negotiated to increase during fiscal year 2005, but the administrators agreed to forego the increase.

The decrease in salaries is due to the equivalent of 8 certified and 9 classified employees leaving the School District. The departure of these employees is partially offset by step increases provided for in the contract.

The School District offers severance pay upon retirement to its certified and classified employees with five years of service in the School District. Payments for certified and classified employees are twenty-five percent of their unused sick leave up to a maximum of forty-five days and fifteen percent of the remaining unused accumulated sick days in excess of one hundred and eighty days, paid at their daily rate. If an employee retires in their first year of eligibility they receive one-third of their unused sick leave up to a maximum of eighty days, or one-fourth of their final salary and one-half of their severance pay up to a maximum of forty days, whichever is greater. Severance costs are anticipated to decrease due to the retirement of two staff members during the forecast period compared with the retirement of three staff members during fiscal year 2004.

Presented below is a comparison of salaries and wages for fiscal year 2004 and the forecast period.

	Actual Fiscal Year 2002	Actual Fiscal Year 2003	Actual Fiscal Year 2004	Forecast Fiscal Year 2005	Variance Increase (Decrease)
Certified Salaries	\$2,596,000	\$2,555,000	\$2,615,000	\$2,416,000	(\$199,000)
Classified Salaries	607,000	598,000	609,000	469,000	(140,000)
Substitute Salaries	130,000	102,000	117,000	117,000	0
Supplemental Contracts	109,000	107,000	105,000	76,000	(29,000)
Severance Pay	19,000	58,000	45,000	21,000	(24,000)
Other Salaries and Wages	12,000	12,000	12,000	12,000	0
Totals	<u>\$3,473,000</u>	<u>\$3,432,000</u>	<u>\$3,503,000</u>	<u>\$3,111,000</u>	<u>(\$392,000)</u>

B. – Employees’ Retirement/Insurance Benefits

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

Retirement costs are based on the employer’s contribution rate of fourteen percent of salaries for STRS and SERS. Payments are made based upon estimated salary and wages for each fiscal year. Adjustments resulting from over estimates are prorated over the next calendar year. Retirement costs are forecasted to decrease based on forecasted salaries and adjustments resulting from over/under estimates prorated over the next calendar year. The School District pays the employee’s retirement contribution of the superintendent, principals and treasurer.

Bristol Local School District
Trumbull County
Summary of Significant Assumptions and Accounting Policies
For the Fiscal Year Ending June 30, 2005

Health care costs are based on rates issued by the Trumbull County Health insurance consortium, a public entity risk sharing pool. All funds are charged for the number of employees participating in the program and the type (single or family) of coverage provided to each employee. The health care program includes medical/surgical, prescription drug, dental care and vision. Health care premiums are fixed on a calendar year basis. Premiums in 2003 increased by approximately ten percent and premiums in 2004 increased by approximately twelve percent. Health care premiums are estimated to increase an additional ten percent for fiscal year 2005. This increase is offset due to the fact that the School District has seventeen less employees.

Life insurance premiums are based on the coverage amount, the anticipated number of employees participating in the program and the monthly premiums. Since the number of employees has decreased, life insurance costs are also anticipated to decrease.

Workers' compensation and Medicare are based on a percentage of salaries. Since the salaries are forecast to decrease, the same is forecasted for both workers' compensation and Medicare.

Unemployment is anticipated to increase due to the fact that the School District reduced staff during the 2004 fiscal year. The tuition reimbursement is showing an increase because the contract calls for a maximum of \$10,000 to be paid out in any one fiscal year and if that amount is unspent, any unspent amount is carried forward to the next fiscal year. The District has not reached the \$10,000 limit in any of the prior three fiscal years, and because of this, it forecasts spending the entire amount during fiscal year 2005 due to more employees taking additional classes.

Opt out pay represents payments to employees electing not to take health insurance. The opt out pay is usually paid each June. The opt pay is expected to increase marginally during fiscal year 2005.

Presented below is a comparison of prior fiscal years and the forecast period:

	Fiscal Year 2002	Fiscal Year 2003	Actual Fiscal Year 2004	Forecast Fiscal Year 2005	Variance Increase (Decrease)
Employer's Retirement	\$480,000	\$541,000	\$537,000	\$506,000	(\$31,000)
Health Care/Life Insurance	767,000	842,000	946,000	809,000	(137,000)
Workers' Compensation	39,000	41,000	41,000	38,000	(3,000)
Medicare	27,000	28,000	31,000	27,000	(4,000)
Unemployment	2,000	1,000	1,000	27,000	26,000
Tuition Reimbursement	7,000	7,000	2,000	10,000	8,000
Administration Dues	0	1,000	0	1,000	1,000
Opt Out Pay	11,000	12,000	24,000	25,000	1,000
Totals	<u>\$1,333,000</u>	<u>\$1,473,000</u>	<u>\$1,582,000</u>	<u>\$1,443,000</u>	<u>(\$139,000)</u>

Bristol Local School District
Trumbull County
Summary of Significant Assumptions and Accounting Policies
For the Fiscal Year Ending June 30, 2005

C. - Purchased Services

Purchased service expenditures forecasted in the amount of \$958,000 are comprised of the following:

	Actual Fiscal Year 2002	Actual Fiscal Year 2003	Actual Fiscal Year 2004	Forecast Fiscal Year 2005	Variance Increase (Decrease)
Professional and Technical Services	\$31,000	\$28,000	\$32,000	\$32,000	\$0
Property Services	92,000	95,000	123,000	125,000	2,000
Travel and Meeting Expenses	12,000	7,000	4,000	4,000	0
Communication Costs	17,000	16,000	19,000	19,000	0
Utility Services	181,000	191,000	226,000	152,000	(74,000)
Tuition Payments	64,000	315,000	643,000	625,000	(18,000)
Pupil Transportation	12,000	2,000	1,000	1,000	0
Totals	\$409,000	\$654,000	\$1,048,000	\$958,000	(\$90,000)

Utilities are anticipated to decrease because the School District closed Farmington Elementary School at the end of fiscal year 2004 and is now operating only one building. Tuition is also expected to decrease due to a decrease in excess costs charged by the County Educational Service Center and a lower tuition amount being estimated by the Ohio Department of Education. In fiscal year 2003, additional information became available from the Ohio Department of Education that enabled the District to record open enrollment revenues and expenditures separately rather than at the net amount received.

D. - Supplies and Materials

Supplies and materials are comprised of the following:

	Actual Fiscal Year 2002	Actual Fiscal Year 2003	Actual Fiscal Year 2004	Forecast Fiscal Year 2005	Variance Increase (Decrease)
General Supplies, Library Books and Periodicals	\$82,000	\$46,000	\$23,000	\$25,000	\$2,000
Operations, Maintenance and Repair	52,000	35,000	49,000	52,000	3,000
Textbooks	12,000	63,000	3,000	3,000	0
Totals	\$146,000	\$144,000	\$75,000	\$80,000	\$5,000

The increase in forecasted supplies and materials is a due to the School District's need to purchase general supplies.

E. - Capital Outlay

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

Capital outlay expenditures are forecasted in the amount of \$11,000 for the purchase of new and replacement equipment. The School District does not anticipate purchasing a used school bus in fiscal year 2005 as was the case in fiscal year 2004. The School District has a permanent improvement fund that generates approximately \$105,000 annually. The School District uses this fund to make all major capital expenditures.

Bristol Local School District
Trumbull County
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For the Fiscal Year Ending June 30, 2005

F. – Debt Service

During fiscal year 2003 and 2004, general fund supported debt consisted of cash flow borrowing in the amount of \$400,000. The notes were retired within each fiscal year. The School District received a State solvency advance during fiscal year 2004. The School District will pay \$393,000 in principal during fiscal year 2005.

G. - Other Objects

Other object expenditures consist of dues and fees and insurance. Other object expenditures are forecasted in the amount of \$74,000. The \$32,000 decrease from fiscal year 2004 is due to the School District anticipating lower audit costs and reduced dues and fees.

H. - Operating Transfers and Advances Out

No advances out or transfers out are anticipated during fiscal year 2005. The School District made significant cuts in its food service fund to alleviate negative cash balances and does not foresee this fund needing a cash advance during fiscal year 2005.

Note 8 - Encumbrances

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

There were no encumbrances for purchased services, supplies and materials, capital outlay and other objects for the fiscal year ended June 30, 2004. The School District made a conscious effort to make sure it had no encumbrances outstanding at the end of the fiscal year due to a change in the accounting software. This situation will not reoccur; therefore encumbrances are forecasted at \$66,000 for June 30, 2005 to remain consistent with previous fiscal years.

Note 9 - Reservations of Fund Balance

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

A. - Textbooks and Instructional Materials

The set aside requirement for fiscal year 2005 is \$131,000. There was a carryover of \$148,000 from fiscal year 2004. The School District is expecting to have \$28,000 in instructional supplies and textbooks expenditures during the current fiscal year leaving a reserve balance of \$251,000.

Bristol Local School District
 Trumbull County
 Summary of Significant Assumptions and Accounting Policies
 For the Fiscal Year Ending June 30, 2005

B. - Capital Acquisition and Improvements

The set aside amount for fiscal year 2005 is \$131,000. There was a carryover balance of \$1,143,000 in off-sets from the prior fiscal years. The School District anticipates \$116,000 in qualifying expenditures and offsets in fiscal year 2005, therefore no reserve for capital acquisition and improvements is forecasted.

C. - Bus Purchases

At June 30, 2004, the School District had \$26,000 in bus monies and does not anticipate purchasing a new bus during the current fiscal year. The School District is anticipating \$11,000 in bus purchase revenues for fiscal year 2005. Therefore, the reserve balance remains at \$37,000.

D. - Disadvantaged Pupil Impact Aid (DPIA)

At June 30, 2004, the School District had no unspent DPIA monies. The School District anticipates receiving \$7,000 in restricted DPIA monies during fiscal year 2005. The School District anticipates spending \$7,000 in DPIA expenditures during the current fiscal year. Therefore, there is no reserve included for DPIA.

Note 10 - Levies

The School District has placed a 5.5 mill emergency levy on the November 2, 2004 ballot. If passed, the levy will generate approximately \$200,000 in fiscal year 2005 and \$400,000 in each fiscal year thereafter in which there is a full year of collection. In the past ten years, the School District has placed several levies on the ballot. The type of levy, millage amount, term and election results are as follows:

<u>Date</u>	<u>Type</u>	<u>Amount</u>	<u>Term</u>	<u>Election Results</u>
November 1993	Emergency	\$330,000	3 Years	Passed
November 1995	Permanent Improvement	2.50 mills	5 Years	Passed
November 1996	Emergency	\$330,000	3 Years	Passed
May 1997	Bond Issue	4.17 mills	20 Years	Passed
November 1999	Emergency	\$330,000	3 Years	Passed
November 2000	Permanent Improvement	2.50 mills	5 Years	Passed
November 2002	Emergency	\$330,000	3 Years	Passed
May 2003	Emergency	\$350,000	5 Years	Failed
November 2003	Emergency	\$560,000	5 Years	Failed
March 2004	Emergency	\$560,000	5 Years	Failed
August 2004	Emergency	\$500,000	5 Years	Failed

Bristol Local School District
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Summary of Significant Assumptions and Accounting Policies
For the Fiscal Year Ending June 30, 2005

Note 11 - 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 12 - 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 on its future State funding and on its financial operations.



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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
OCTOBER 14, 2004**