



**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountant's Report	1
Combined Balance Sheet - All Fund Types and Account Groups	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types	6
Combined Statement of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual Comparison - (Non-GAAP Budgetary Basis) - All Governmental Fund Types	8
Combined Statement of Revenues, Expenses and Changes in Retained Earnings - Proprietary Fund Type	10
Combined Statement of Changes in Cash Flows - Proprietary Fund Type	11
Notes to the General Purpose Financial Statements	13
Schedule of Federal Awards Expenditures	40
Notes to Schedule of Federal Award Expenditures	41
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	43
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	45
Schedule of Findings	47

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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 Bristol Local School District, Trumbull County, (the District) as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the 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 auditing standards generally accepted in the United States of America 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, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2002 on our consideration of the 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.

We performed our audit to form an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Jim Petro
Auditor of State

January 28, 2002

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BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>ASSETS AND OTHER DEBITS</u>				
ASSETS:				
Equity in pooled cash and cash equivalents	\$280,137	\$155,923	\$67,943	\$1,369,770
Receivables (net of allowances of uncollectibles):				
Property taxes - current & delinquent	1,277,333	349,458	161,933	97,602
Accounts	1,926	1,532		
Materials and supplies inventory				
Due from other funds				
Restricted assets:				
Equity in pooled cash and cash equivalents	124,980			57,688
Property, plant and equipment (net of accumulated depreciation where applicable)				
OTHER DEBITS:				
Amount available in Debt Service Fund				
Amount to be provided for retirement of General Long-Term Obligations.				
Total assets and other debits	<u>\$1,684,376</u>	<u>\$506,913</u>	<u>\$229,876</u>	<u>\$1,525,060</u>
<u>LIABILITIES, EQUITY AND OTHER CREDITS</u>				
LIABILITIES:				
Accounts payable	\$9,403	\$19,646		\$3,900
Accrued wages and benefits.	431,338	19,292		
Compensated absences payable.	4,977			
Pension obligation payable	78,302	2,360		
Deferred revenue	1,274,268	348,647	\$161,527	97,377
Due to other funds.	21,966	1,446		
Due to students				
Due to other governments.				
General obligation bonds payable				
Asbestos note payable.				
Total liabilities	<u>1,820,254</u>	<u>391,391</u>	<u>161,527</u>	<u>101,277</u>
EQUITY AND OTHER CREDITS:				
Investment in general fixed assets.				
Retained Earnings (Deficit)				
Contributed Capital				
Fund balances:				
Reserved for encumbrances	30,594	24,894		466,738
Reserved for debt service.			67,943	
Reserved for tax revenue unavailable for appropriation	3,065	811	406	225
Reserved for bus purchases.	27,187			
Reserved for instructional materials	88,363			
Reserved for capital maintenance	9,430			
Unreserved-undesignated.	(294,517)	89,817		956,820
Total equity and other credits.	<u>(135,878)</u>	<u>115,522</u>	<u>68,349</u>	<u>1,423,783</u>
Total liabilities, equity and other credits	<u>\$1,684,376</u>	<u>\$506,913</u>	<u>\$229,876</u>	<u>\$1,525,060</u>

The Notes To The General Purpose Financial Statements Are An Integral Part Of This Statement

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$1,878	\$77,772			\$1,953,423
				1,886,326
193				3,651
7,763				7,763
	24,048			24,048
				182,668
123,276		\$10,999,538		11,122,814
			\$68,349	68,349
			2,791,910	2,791,910
\$133,110	\$101,820	\$10,999,538	\$2,860,259	\$18,040,952
\$45				\$32,994
16,819				467,449
12,944			\$543,688	561,609
23,861			41,168	145,691
3,406				1,885,225
636				24,048
	\$18,094			18,094
	83,726			83,726
			2,168,350	2,168,350
			107,053	107,053
57,711	101,820		2,860,259	5,494,239
		\$10,999,538		10,999,538
(54,365)				(54,365)
129,764				129,764
				522,226
				67,943
				4,507
				27,187
				88,363
				9,430
				752,120
75,399		10,999,538		12,546,713
\$133,110	\$101,820	\$10,999,538	\$2,860,259	\$18,040,952

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001**

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Revenues:					
From local sources:					
Taxes	\$1,187,856	\$324,104	\$166,497	\$90,088	\$1,768,545
Tuition	17,701				17,701
Earnings on investments	76,103			44,126	120,229
Other local revenues	80,927	102,698			183,625
Intergovernmental - State	3,452,784	78,226	19,564	1,205,281	4,755,855
Intergovernmental - Federal		224,518			224,518
Total revenue	4,815,371	729,546	186,061	1,339,495	7,070,473
Expenditures:					
Current:					
Instruction:					
Regular	2,762,570	13,419		5,583	2,781,572
Special	509,802	203,783		53,182	766,767
Vocational	28,626				28,626
Other		90,854			90,854
Support services:					
Pupil	142,762				142,762
Instructional staff	242,492	796		2,314	245,602
Board of Education	9,423				9,423
Administration	458,576	9,083			467,659
Fiscal	162,403	5,176	2,472	1,433	171,484
Business	45,181				45,181
Operations and maintenance	541,156	151,883		6,392	699,431
Pupil transportation	241,981	185,575			427,556
Central		9,000			9,000
Community services	88,500				88,500
Extracurricular activities	6,300	93,001			99,301
Facilities services				1,319,274	1,319,274
Debt service:					
Principal retirement			104,322		104,322
Interest and fiscal charges			100,664		100,664
Total expenditures	5,239,772	762,570	207,458	1,388,178	7,597,978
Deficiency of revenues under expenditures	(424,401)	(33,024)	(21,397)	(48,683)	(527,505)
Other financing sources (uses):					
Operating transfers out	(24,900)				(24,900)
Proceeds from sale of assets	1,751				1,751
Total other financing sources (uses)	(23,149)				(23,149)
Deficiency of revenues and other financing sources under expenditures and other financing (uses)	(447,550)	(33,024)	(21,397)	(48,683)	(550,654)
Fund balance, July 1	311,672	148,546	89,746	1,472,466	2,022,430
Fund balance (Deficit), June 30	(\$135,878)	\$115,522	\$68,349	\$1,423,783	\$1,471,776

The Notes To The General Purposed Financial Statements Are An Integral Part Of This Statement

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**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001**

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
From local sources:						
Taxes.....	\$1,336,423	\$1,189,406	(\$147,017)	\$365,412	\$324,571	(\$40,841)
Tuition.....	17,017	17,701	684			
Earnings on investments.....	68,682	71,444	2,762			
Other local revenues.....	23,029	23,955	926	91,001	101,202	10,201
Other revenues.....	3,319,299	3,452,785	133,486	70,342	78,227	7,885
Intergovernmental - State.....				201,887	224,518	22,631
Total revenues.....	4,764,450	4,755,291	(9,159)	728,642	728,518	(124)
Expenditures:						
Current:						
Instruction:						
Regular.....	2,732,845	2,732,217	628	13,347	13,347	0
Special.....	524,026	523,966	60	204,198	204,177	21
Vocational.....	29,720	29,714	6			
Other.....				95,264	95,264	0
Support services:						
Pupil.....	139,583	139,552	31			
Instructional staff.....	241,646	241,556	90	796	796	0
Board of Education.....	9,430	9,423	7			
Administration.....	451,354	451,246	108	9,672	9,672	0
Fiscal.....	160,027	160,011	16	5,176	5,176	0
Business.....	46,402	46,402	0			
Operations and maintenance.....	528,251	528,567	(316)	146,268	145,807	461
Pupil transportation.....	274,760	274,637	123	207,136	207,136	0
Central.....				9,000	9,000	0
Extracurricular activities.....	86,782	86,782	0	99,171	99,171	0
Facilities services.....	6,300	6,300	0			
Debt service:						
Principal retirement.....						
Interest and fiscal charges.....						
Total expenditures.....	5,231,126	5,230,373	753	790,028	789,546	482
Excess (deficiency) of revenues over (under) expenditures.....	(466,676)	(475,082)	(8,406)	(61,386)	(61,028)	358
Other financing sources (uses):						
Refund of prior year's expenditures.....	52,923	55,051	2,128			
Operating transfers in.....	173,166	180,130	6,964	1,097	1,220	123
Operating transfers (out).....	(205,030)	(205,030)	0	(1,220)	(1,220)	0
Proceeds of sale of fixed assets.....	1,683	1,751	68			
Total other financing sources (uses).....	22,742	31,902	9,160	(123)	0	123
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)...	(443,934)	(443,180)	754	(61,509)	(61,028)	481
Fund balances, July 1.....	771,068	771,068	0	162,397	162,397	0
Prior year encumbrances appropriated.....	34,860	34,860	0	23,833	23,833	0
Fund balances, June 30.....	\$361,994	\$362,748	\$754	\$124,721	\$125,202	\$481

The Notes To The General Purpose Financial Statements Are An Integral Part Of This Statement

Debt Service			Capital Projects			Total (Memorandum only)		
Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
\$186,509	\$166,943	(\$19,566)	\$101,357	\$90,218	(\$11,139)	\$1,989,701	\$1,771,138	(\$218,563)
			42,684	43,068	384	17,017	17,701	684
						111,366	114,512	3,146
						114,030	125,157	11,127
	19,564	19,564	1,194,525	1,205,280	10,755	4,584,166	4,755,856	171,690
						201,887	224,518	22,631
186,509	186,507	(2)	1,338,566	1,338,566	0	7,018,167	7,008,882	(9,285)
			5,583	5,583	0	2,751,775	2,751,147	628
			62,985	62,985	0	791,209	791,128	81
						29,720	29,714	6
						95,264	95,264	0
						139,583	139,552	31
			3,000	3,000	0	245,442	245,352	90
						9,430	9,423	7
						461,026	460,918	108
2,472	2,472	0	1,433	1,433	0	169,108	169,092	16
						46,402	46,402	0
			6,392	6,392	0	680,911	680,766	145
			25,328	25,328	0	507,224	507,101	123
						9,000	9,000	0
						185,953	185,953	0
			2,134,251	2,134,251	0	2,140,551	2,140,551	0
104,322	104,322	0				104,322	104,322	0
100,664	100,664	0				100,664	100,664	0
207,458	207,458	0	2,238,972	2,238,972	0	8,467,584	8,466,349	1,235
(20,949)	(20,951)	(2)	(900,406)	(900,406)	0	(1,449,417)	(1,457,467)	(8,050)
						52,923	55,051	2,128
						174,263	181,350	7,087
						(206,250)	(206,250)	0
						1,683	1,751	68
						22,619	31,902	9,283
(20,949)	(20,951)	(2)	(900,406)	(900,406)	0	(1,426,798)	(1,425,565)	1,233
88,894	88,894	0	587,025	587,025	0	1,609,384	1,609,384	0
			1,269,153	1,269,153	0	1,327,846	1,327,846	0
\$67,945	\$67,943	(\$2)	\$955,772	\$955,772	\$0	\$1,510,432	\$1,511,665	\$1,233

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
PRORIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2001**

	Proprietary Fund Type
	Enterprise
Operating revenues:	
Tuition and fees	\$14,059
Sales/charges for services	168,786
Other	32
Total operating revenues.	182,877
Operating expenses:	
Personal services	169,935
Contract services	5,251
Materials and supplies.	121,730
Other.	294
Depreciation.	6,488
Total operating expenses	303,698
Operating loss	(120,821)
Nonoperating revenues (expenses):	
Operating grants	56,321
Federal commodities	20,402
Loss on sale of assets	(57)
Total nonoperating revenues (expenses)	76,666
Net loss before operating transfers	(44,155)
Operating transfers in.	24,900
Net loss.	(19,255)
Retained Earnings July 1 (Restated - Note 3).	(35,110)
Retained Earnings(Deficit), June 30	(\$54,365)
Contributed Capital	\$129,764
Total Fund Equity	\$75,399

The Notes To The General Purpose Financial Statements Are An Integral Part Of This Statement

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**COMBINED STATEMENT OF CHANGES IN CASH FLOWS
PROPRIETARY FUND TYPE
FOR THE YEAR ENDED JUNE 30, 2001**

	Proprietary Fund Type
	Enterprise
Cash flows from operating activities:	
Cash received from tuition and fees	\$13,964
Cash received from sales/service charges	168,742
Cash payments for personal services.	(156,519)
Cash payments for contract services	(5,206)
Cash payments for supplies and materials	(100,185)
Cash payments for other expenses	(294)
	(79,498)
Net cash used in operating activities.	(79,498)
Cash flows from noncapital financing activities:	
Cash received from operating grants.	56,321
Transfers in from other funds	24,900
	81,221
Net cash provided by noncapital financing activities.	81,221
Net increase in cash and cash equivalents	1,723
Cash and cash equivalents at beginning of year.	155
Cash and cash equivalents at end of year	\$1,878
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	(\$120,821)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	6,488
Federal donated commodities	20,402
Changes in assets and liabilities:	
Increase in supplies inventory	(796)
Increase in accounts receivable	(171)
Increase in accounts payable	7
Decrease in accrued wages & benefits	(273)
Increase in compensated absences payable.	897
Increase in due to other funds.	636
Increase in pension obligation payable	12,156
Increase in deferred revenue.	1,977
	(79,498)
Net cash used in operating activities.	(\$79,498)

The Notes To The General Purpose Financial Statements Are An Integral Part Of This Statement

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**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001**

1. DESCRIPTION OF THE SCHOOL DISTRICT

The Bristol Local School District (the "District") is located in Trumbull County and encompasses all of the Township of Bristol, and all or part of surrounding townships.

The District is organized under Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four year terms.

The District is the 516th largest by enrollment among the 682 public and community school districts in the State. It currently operates one elementary school and one comprehensive middle/high school. The District is staffed by 43 non-certified and 68 certificated personnel to provide services to approximately 928 students and other community members.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements (GPFS) of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The District's reporting entity has been defined in accordance with GASB Statement No. 14, The Financial Reporting Entity, effective for financial statements for periods beginning after December 15, 1992. A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes for the organization. The financial statements of the reporting entity include only those of the District (the primary government). The District has no component units. The following organizations are described due to their relationship to the District.

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Joint Venture Without Equity Interest

The Northeast Ohio Management Information Network (NEOMIN) is a joint venture among 28 school districts and 2 county educational service centers. The joint venture was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to the administrative and instructional functions among member districts. Each of the governments of these schools supports NEOMIN based upon a per pupil charge, dependent upon the software package utilized. In the event of dissolution of the organization, all current members will share in net obligations or asset liquidations in a ratio proportionate to their last twelve months' financial contribution. NEOMIN is governed by a Board of Directors consisting of superintendents of the member school districts. The degree of control exercised by any school district is limited to its representation on the Board. In accordance with GASB Statement No. 14, the District does not have any equity interest in NEOMIN because a residual interest in the net resources of a joint venture upon dissolution is not equivalent to an equity interest. Financial information is available from Lori Simione, Treasurer for the Trumbull County Educational Service Center, (fiscal agent), at 347 N. Park Avenue, Warren, Ohio 44481.

The District is also a participant in a public entity risk sharing pool, discussed in Note 10.

B. Fund Accounting

The District uses funds and account groups to report its financial position and the results of its operations. 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. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: Governmental, Proprietary and Fiduciary. Each category is divided into separate fund types.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in Proprietary Funds) are accounted for through Governmental Funds. The following are the District's Governmental Fund Types:

General Fund - The General fund is the general operating fund of the 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 District for any purpose, provided it is expended or transferred in accordance with applicable Ohio statute.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds).

PROPRIETARY FUNDS

Proprietary Funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The following are the District's Proprietary Fund Types:

Enterprise Funds - Enterprise Funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises--where the intent of the governing body 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 (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

FIDUCIARY FUNDS

Agency Funds - These funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include Agency Funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations, or have measurement focus. Agency funds are reported on a cash basis, with note disclosure regarding items which, in other fund types, would be subject to accrual.

ACCOUNT GROUPS

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of general nature, the following account groups are used:

General Fixed Assets Account Group - This group of accounts is established to account for all fixed assets of the District, other than those accounted for in the Proprietary Funds.

General Long-Term Obligations Account Group - This group of accounts is established to account for all long-term obligations of the District except those accounted for in the Proprietary Funds.

C. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All Governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds 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 GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All Proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Proprietary Fund Type operating statements present increases (revenues) and decreases (expenses) in net total assets.

The modified accrual basis of accounting is followed for Governmental funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year-end. Revenues accrued at the end of the year include taxes, (to the extent they are intended to finance the current fiscal year), interest, and accounts (student fees and tuition). Current property taxes measurable as of June 30, 2001, and which are intended to finance fiscal 2002 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as advances on future tax settlements are recognized as revenue at year-end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2001, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the modified accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the resources are available. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been met and the resources are available.

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred, with the following exception: general long-term obligation principal and interest are reported only when due; and costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in Governmental funds.

The Proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense, with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenues.

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

On the accrual basis of accounting, revenue from nonexchange transactions, such as grants, entitlements, and donations, is recognized in the fiscal year in which all eligibility requirements have been met. The Proprietary funds receive no revenue from property taxes.

D. Budgets

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 appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The specific timetable for fiscal year 2001 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Trumbull County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2001.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. All funds, other than Agency funds, are legally required to be budgeted and appropriated. Short-term interfund loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.
6. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 2001 in the following amounts:

	<u>Increase</u>
General Fund	\$ 485,365
Special Revenue Funds	92,078
Debt Service Fund	(1,349)
Capital Projects Funds	1,111,822
Enterprise Funds	<u>36,495</u>
 Total Net Increase	 <u>\$1,724,411</u>

9. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For Governmental Fund Types, encumbrances outstanding at year-end appear as a reserve to the fund balance on a GAAP basis (Exhibit 1) and as the equivalent of expenditures on a non-GAAP budgetary basis (Exhibit 3) in order to demonstrate legal compliance. Note 14 provides a reconciliation of the budgetary and GAAP basis of accounting. There were no encumbrances outstanding in the Enterprise funds at year-end.

E. Cash and Cash Equivalents

To improve cash management, cash received by the District is pooled. Monies for all funds, including Proprietary funds, are maintained in this pool. 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 Cash Equivalents" (both unrestricted and restricted) on the combined balance sheet.

During fiscal 2001, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio) and money market funds.

Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as money market funds are reported at cost.

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2001.

Under existing Ohio statutes all investment earnings are assigned to the General fund, unless statutorily required to be credited to a specific fund. Interest revenue credited to the General fund during fiscal 2001 amounted to \$76,103, which included \$47,862 assigned from other District funds.

An analysis of the Treasurer's investment account at year end is provided in Note 4.

F. Inventory

Inventories of Proprietary funds are valued at the lower of cost (first-in/first-out method) or market and expensed when used rather than when purchased.

G. Fixed Assets and Depreciation

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the General Fixed Assets Account Group. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$1,000 and a useful life of less than five years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized, nor is interest on debt issued to construct or acquire general fixed assets. No depreciation is recognized for assets in the General Fixed Assets Account Group. The District has not included infrastructure in the General Fixed Asset Account Group.

2. Proprietary Funds

Equipment reflected in these funds are stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Life (years)</u>
Buildings	25-50
Furniture, Fixtures and Minor Equipment	5-20
Vehicles	4-6

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Intergovernmental Revenues

In Governmental funds, intergovernmental revenues such as entitlements and non-reimbursable grants (to the extent such grants and entitlements relate to the current fiscal year) are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred.

Grants for Proprietary fund operations (excluding commodities) are recognized as non-operating revenues in the accounting period in which they are measurable and earned. The District currently participates in various state and federal programs categorized as follows:

<u>Entitlements</u>	<u>Non-Reimbursable Grants - (Continued)</u>
<u>General Fund</u>	<u>Special Revenue Funds - (Continued)</u>
State Foundation Program	Education Management
State Property Tax Relief	Information System
School Bus Purchases	Partnership 2000
	SchoolNet Professional Development
<u>Special Revenue Funds</u>	
Disadvantaged Pupil Impact Aid	<u>Capital Projects Funds</u>
State Property Tax Relief	SchoolNet
	Technology Equity
<u>Debt Service Fund</u>	Emergency Building Repair
State Property Tax Relief	Ohio School Facilities Commission
<u>Capital Projects Funds</u>	<u>Reimbursable Grants</u>
State Property Tax Relief	<u>General Fund</u>
	Driver Education Reimbursement
<u>Non-Reimbursable Grants</u>	Tutor Reimbursement
<u>Special Revenue Funds</u>	
Title VI-B	<u>Enterprise Funds</u>
Title I	National School Lunch Program
Title VI	National School Milk Program
Teacher Development	

Grants and entitlements amounted to approximately 69% of the District's operating revenue during the 2001 fiscal year.

I. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In accordance with the provisions of GASB Statement No. 16, Accounting for Compensated Absences, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for sick leave is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty (50) or greater with at least ten (10) years of service and all employees with at least fifteen (15) years of service regardless of their age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

Accumulated vacation and severance of Governmental Fund Type employees meeting the above requirements have been recorded in the appropriate Governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the General Long Term Obligations Account Group. Vacation and sick leave for employees meeting the above requirements who are paid from Proprietary funds is recorded as an expense when earned.

J. Long-Term Obligations

In general, Governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from Governmental funds are reported as a liability in the General Long-Term Obligations Account Group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year-end are generally considered not to have been paid with current available financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the General Long-Term Obligations Account Group until due.

Long-term debt and other obligations financed by Proprietary funds are reported as liabilities in the appropriate Proprietary funds.

K. Fund Equity

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 encumbrances, tax advance unavailable for appropriation, debt service, bus purchases, instructional materials, and capital maintenance. The reserve for property taxes represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute. The unreserved portions of fund equity reflected for the Governmental funds are available for use within the specific purposes of those funds.

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Statutory Reserves

The District is required by State law to set-aside certain (cash-basis) General fund revenue amounts, as defined by statute, into various reserves. During the fiscal year ended June 30, 2001, the reserve activity was as follows:

	Instructional Materials	Capital Maintenance	Budget Stabilization
Set-aside cash balance as of July 1, 2000	\$ 93,787	\$ 8,647	\$ 94,257
Current year set-aside requirement	114,655	114,655	
Current year offsets		(97,432)	
Qualifying disbursements	(120,079)	(16,440)	
Change in statutory requirement	_____	_____	(94,257)
Total, June 30, 2001	<u>88,363</u>	<u>9,430</u>	<u>0</u>
Cash balance carried forward to FY 2002	<u>\$ 88,363</u>	<u>\$ 9,430</u>	<u>\$ 0</u>

A schedule of the restricted assets at June 30, 2001 follows:

Amount restricted for capital maintenance	\$ 9,430
Amount restricted for instructional materials	<u>88,363</u>
Total restricted assets	<u>\$97,793</u>

M. Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds. The most significant may include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of Agency funds, which do not show transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans made pursuant to Board of Education Resolution are reflected as "interfund loans receivable or payable." Such interfund loans are repaid in the following fiscal year.

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Quasi-external transactions are similar to the purchase of goods or services from a vendor; i.e., the fund which provides a service records revenue, and the fund which receives that service records an expenditure/expense.
5. Residual equity transfers are non-recurring or non-routine permanent transfers of equity, generally made when a fund is closed.
6. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources.

An analysis of the District's interfund transactions for fiscal year 2001 is presented in Note 5.

N. Restricted Assets

Restricted assets in the General fund represent cash and cash equivalents set-aside to establish reserves for instructional supplies, capital maintenance and bus purchases. The reserves for instructional supplies and capital maintenance are required by State statute. Fund balance reserves have also been established. See Note 2. L. for statutory reserves.

O. Statement of Cash Flows

In September 1989, GASB issued Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting. The District has presented a statement of cash flows for its Enterprise funds. For purposes of the statement of cash flows, the District considers cash equivalents to include all short term investments (maturity of 90 days or less from date of purchase).

P. Financial Reporting for Proprietary and Similar Fund Types

The District's financial statements have been prepared in accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting. This Statement is effective for financial statements beginning after December 15, 1993. The District accounts for its proprietary activities in accordance with all applicable GASB pronouncements, as well as pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Q. Estimates

The preparation of financial statements in conformity with GAAP 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 GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Memorandum Only - Total Columns

Total columns on the GPFS 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 changes in financial position in conformity with GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

3. ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principle

GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, was implemented during fiscal 2001. This statement pertains to the financial reporting of certain types of revenue received by the District for which no value is given in return, including derived tax revenues, imposed nonexchange transactions, government-mandated nonexchange transactions, and voluntary nonexchange transactions. The adoption of this statement had no effect on fund balances/retained earnings as previously reported by the District at June 30, 2000.

B. Deficit Fund Balances/Retained Earnings

Fund balance/retained earnings at June 30, 2001 included the following individual fund deficits:

<u>Fund</u>	<u>Deficit Balance</u>
General Fund	\$(135,878)
 <u>Special Revenue Funds</u>	
Miscellaneous Federal Grants	(133)
DPIA	(72)
Title I	(5,161)
Title VI	(53)
 <u>Enterprise Funds</u>	
Food Service	(54,365)

These GAAP deficits will be funded by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30. The General fund provides transfers for deficit balances; however, transfers are made when cash is needed rather than when accruals occur.

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

3. ACCOUNTABILITY AND COMPLIANCE (Continued)

C. Prior Period Adjustments

At July 1, 2000, the District has presented a restatement of fixed assets, as a result of a change in the capitalization threshold; from \$250 to \$1,000. The effect of these adjustments to fixed assets and the accumulated deficit as previously reported is as follows:

	<u>Fixed Assets/ Accumulated Deficit as Previously Reported June 30, 2000</u>	<u>Adjustment</u>	<u>Restated Amounts July 1, 2000</u>
General Fixed Assets Account Group	\$10,627,983	\$(801,693)	\$9,826,290
<u>Enterprise Funds</u>			
Property, plant and equipment	87,102	(27,284)	59,818
Accumulated depreciation	(86,619)	26,858	(59,761)
Retained Earnings	(34,684)	(426)	(35,110)

4. EQUITY IN POOLED CASH AND INVESTMENTS

State statutes require the classification of 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 monies deposited with the institution.

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

4. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

Interim monies may be invested or deposited 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 or 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. Bonds 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) of this section 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 Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt investments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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.

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

4. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements.

Deposits:

At year-end the carrying amount of the District's deposits was \$(30,722) and the bank balance was \$36,101. The entire bank balance was covered by federal depository insurance. A liability was not recorded for the negative carrying amount of deposits because there was no actual overdraft, due to the "zero-balance" nature of the District's bank accounts.

Investments:

Investments are 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 securities held by the District. 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 is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Fair Value
Money Market	\$81,368	\$ 81,368
Not Subject to Categorization:		
Investment in State		
Treasurer's Investment Pool		<u>2,085,445</u>
Total Investments	<u>\$81,368</u>	<u>\$2,166,813</u>

The classification of cash and cash equivalents on the combined balance sheet 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 on the combined balance sheet per GASB Statement No. 9 and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<u>Equity in Pooled Cash and Cash Equivalents</u>	<u>Investments</u>
Per GASB Statement No. 9	\$ 2,136,091	
Investments of the Cash		
Management Pool:		
Money Market	(81,368)	\$ 81,368
Investment in STAR Ohio	<u>(2,085,445)</u>	<u>2,085,445</u>
GASB Statement No. 3	<u>\$ (30,722)</u>	<u>\$2,166,813</u>

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

5. INTERFUND TRANSACTIONS

A. The following is a reconciliation of the District's operating transfers during fiscal year 2001:

	<u>Transfers In</u>	<u>Transfers (Out)</u>
General Fund		\$(24,900)
<u>Enterprise Funds</u>		
Uniform School Supplies	\$ 227	
Food Service	<u>24,673</u>	<u> </u>
Total	<u>\$24,900</u>	<u>\$(24,900)</u>

B. Interfund balances at June 30, 2001, which result from quasi-external transactions, consist of the following individual fund receivables and payables:

	<u>Due from Other Funds</u>	<u>Due (to) Other Funds</u>
General Fund		\$(21,966)
<u>Special Revenue Funds</u>		
Public School Support		(190)
Classroom Facilities Maintenance		(229)
EMIS		(5)
DPIA		(72)
Title I		(772)
Title VI		(53)
Miscellaneous Federal Grants		<u>(125)</u>
Total Special Revenue Funds		(1,446)
<u>Enterprise Funds</u>		
Food Service		(636)
<u>Agency Funds</u>		
District Agency	<u>\$24,048</u>	<u> </u>
Total Due from/Due to Other Funds	<u>\$24,048</u>	<u>\$(24,048)</u>

6. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District.

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

6. PROPERTY TAXES (Continued)

Real property taxes and public utility taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value, except for the personal property of rural electric companies, which is assessed 50% of market value, and railroads, which are assessed at 29% of market value.

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The first \$10,000 of assessed value is exempt from taxation. The District receives a state subsidy in lieu of tax revenue which would otherwise have been collected.

The assessed values upon which the fiscal year 2001 taxes were collected are as follows:

	2000 Second-Half Collections		2001 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$55,098,750	91.72	\$56,546,400	90.93
Public Utility Personal	3,784,950	6.30	3,855,080	6.20
Tangible Personal Property	1,192,258	1.98	1,784,216	2.87
	\$60,075,958	100.00	\$62,185,696	100.00
Tax rate per \$1,000 of assessed valuation:				
Operations	\$33.59	\$36.40		
Debt Service	3.50	2.70		
Permanent Improvement		2.50		2.50

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The Trumbull County Treasurer collects property taxes on behalf of the District. The County Auditor periodically remits to the District its portion of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August.

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

6. PROPERTY TAXES (Continued)

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue.

Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2001, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end. Available tax advances at June 30, 2001 totaled \$3,065 in the General fund, \$406 in the Debt Service fund, \$225 in the Permanent Improvements fund, \$766 in the Emergency Levy fund, and \$45 in the Classroom Facilities fund.

7. RECEIVABLES

Receivables at June 30, 2001 consisted of taxes, accounts (billings for user charged services and student fees), and intergovernmental grants and entitlements (intended to finance the current fiscal year). 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 fiscal year guarantee of federal funds.

A summary of the principal items of receivables follows:

	<u>Amounts</u>
<u>General Fund</u>	
Taxes - Current and Delinquent	\$ 1,277,333
<u>Special Revenue Fund</u>	
Taxes - Current and Delinquent	349,458
<u>Debt Service Fund</u>	
Taxes - Current and Delinquent	161,933
<u>Capital Projects Fund</u>	
Taxes - Current and Delinquent	97,602

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

8. FIXED ASSETS

A summary of the changes in the General Fixed Assets Account Group during the fiscal year follows:

	Restated Balance <u>July 1, 2000</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>June 30, 2001</u>
Land/improvements	\$ 123,884			\$ 123,884
Buildings/improvements	1,289,943			1,289,943
Furniture/equipment	932,673	\$ 12,100	\$ (1,009)	943,764
Vehicles	373,911	53,452	(42,393)	384,970
Construction in progress	<u>7,105,879</u>	<u>1,280,862</u>	<u>(129,794)</u>	<u>8,256,977</u>
Total	<u>\$9,826,290</u>	<u>\$1,346,414</u>	<u>\$(173,166)</u>	<u>\$10,999,538</u>

A summary of the Proprietary fixed assets at June 30, 2001 follows:

Furniture and equipment	\$ 155,604
Less: accumulated depreciation	<u>(32,328)</u>
Net fixed assets	<u>\$ 123,276</u>

9. LONG-TERM OBLIGATIONS

A. During the 1998 fiscal year, the District issued \$2,333,870 in general obligation bonds to provide funds for the acquisition and construction of equipment and facilities. These bonds are general obligations of the District, for which the full faith and credit of the District are pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the General Long-Term Obligations Account Group. Payments of principal and interest relating to these bonds are recorded as expenditures in the Debt Service fund. The source of payment is derived from a current 2.70 mill bonded debt tax levy.

These general obligation bonds represent the amount of the construction project that the District itself was required to finance, in accordance with the terms of a facilities grant from the Ohio School Facilities Commission (OSFC). OSFC will make quarterly disbursements to the District as the project is completed.

In conjunction with the 2.70 mills which support the bond issue, the District also passed in fiscal 1998 a .5 mill levy to ultimately fund the maintenance costs of the new facility. Tax revenue from this levy has been reported in the Special Revenue funds.

The following is a description of the District's bonds outstanding as of June 30, 2001:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Balance 07/01/00</u>	<u>Retired During Fiscal 2001</u>	<u>Balance 06/30/01</u>
Additions & Renovations	5.25%	12/23/97	12/23/22	<u>\$2,333,870</u>	<u>\$2,233,350</u>	<u>\$(65,000)</u>	<u>\$2,168,350</u>

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

9. LONG-TERM OBLIGATIONS (Continued)

B. Energy conservation notes outstanding are general obligations of the District, for which the District's full faith and credit are pledged for repayment. Accordingly, these notes are accounted for in the General Long-Term Debt Obligations Group. Payments of principal and interest relating to these notes are recorded as expenditures in the Debt Service fund; however, unlike general obligation bonds, Ohio statute allows for the issuance of energy conservation notes without voter approval, and the subsequent repayment of the notes from operating revenues.

The following is a description of the District's energy conservation notes outstanding as of June 30, 2001:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Balance 07/01/2000</u>	<u>Retired in Fiscal 2001</u>	<u>Balance 06/30/2001</u>
Energy Conservation Notes	4.50%	01/30/94	01/31/01	<u>\$28,284</u>	<u>\$(28,284)</u>	<u>\$ 0</u>

C. In fiscal 1993, the District received a loan from the U.S. Environmental Protection Agency for an asbestos abatement project. The loan is interest free as long as the District remains current on repayment. This loan is a general obligation of the District for which the full faith and credit of the District are pledged for repayment. The outstanding balance of the loan is reported in the General Long-Term Obligations Account Group. Payments are recorded as expenditures of the Debt Service fund, from current operating revenue. The following schedule describes the loan outstanding at June 30, 2001:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Outstanding 07/01/2000</u>	<u>Retired in 2001</u>	<u>Outstanding 06/30/2001</u>
Asbestos Abatement	None	4/30/93	05/30/13	<u>\$118,091</u>	<u>\$(11,038)</u>	<u>\$107,053</u>

D. Principal and interest requirements to retire general obligation bonds and the asbestos loan outstanding at June 30, 2001, are as follows:

<u>Fiscal Year Ending June 30</u>	<u>General Obligation Bonds</u>	<u>Asbestos Loan</u>	<u>Total</u>
2002	\$ 164,707	\$ 11,038	\$ 175,745
2003	166,905	11,038	177,943
2004	178,628	11,038	189,666
2005	179,865	11,038	190,903
2006	177,907	11,038	188,945
2007 - 2011	905,558	51,863	957,421
2012 - 2016	892,738		892,738
2017 - 2021	933,887		933,887
2022	<u>194,987</u>		<u>194,987</u>
Total	3,795,182	107,053	3,902,235
Less: Interest	<u>(1,626,832)</u>	<u>0</u>	<u>(1,626,832)</u>
Total	<u>\$ 2,168,350</u>	<u>\$107,053</u>	<u>\$ 2,275,403</u>

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

9. LONG-TERM OBLIGATIONS (Continued)

E. During the year ended June 30, 2001, the following changes occurred in liabilities reported in the General Long-Term Obligations Account Group. Compensated absences and the pension benefit obligation will ultimately be paid from the fund from which the employee is paid.

	<u>Balance</u> <u>07/01/00</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>06/30/01</u>
Compensated Absences	\$ 466,380	\$ 77,308		\$ 543,688
General Obligation Bonds	2,233,350		\$ (65,000)	2,168,350
Energy Conservation Notes	28,284		(28,284)	0
Asbestos Loan	118,091		(11,038)	107,053
Pension Obligation Payable	<u>36,123</u>	<u>41,168</u>	<u>(36,123)</u>	<u>41,168</u>
Total General				
Long-Term Obligations	<u>\$2,882,228</u>	<u>\$118,476</u>	<u>\$(140,445)</u>	<u>\$2,860,259</u>

F. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of a school district shall never exceed 9% of the total assessed valuation of the district. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the district. The code further provides that un-voted indebtedness for energy conservation measures shall not exceed 9/10 of 1% of the property valuation of the District. The effects of these debt limitations for the District at June 30, 2001 are a voted debt margin of \$3,496,712 (including available funds of \$68,349), an unvoted debt margin of \$62,196, and an unvoted energy conservation debt margin of \$559,671.

10. RISK MANAGEMENT

A. Comprehensive

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 maintains comprehensive commercial insurance coverage for real property, building contents, vehicles, and general liability.

Vehicle policies include liability coverage for bodily injury and property damage. The liability limits are \$500,000 for each accident, medical coverage of \$5,000 per person, and uninsured motorist of \$500,000 for each accident with a collision deductible of \$500.

Real property and contents are fully insured. Real property is 90% co-insured. Limits of insurance on real property and equipment are \$6,605,800 with a deductible of \$1,000.

The District liability policy has a limit of \$1,000,000 for each occurrence and \$3,000,000 aggregate.

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There has been no significant reductions in amounts of insurance coverage from fiscal 2000.

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

10. RISK MANAGEMENT (Continued)

B. Health Self Insurance

The District has joined together with other school districts in the State to form the Trumbull County School Insurance Consortium Association, a public entity risk pool currently operating as a common risk management and insurance program for 16 member school districts in Trumbull County. The District pays a monthly premium to Trumbull County School Insurance Consortium Association for its insurance coverage. It is intended that the Trumbull County School Insurance Consortium Association will be self-supporting through member premiums. The monthly premium includes a specific and aggregate stop-loss premium paid to General American Insurance. The specific individual stop-loss is \$100,000 per year. The aggregate stop-loss is 105% of yearly anticipate claims.

The District provides health, vision and life insurance coverage for employees. The health insurance coverage is administered by United Healthcare, a third party administrator. Vision Service Plan administers the vision coverage. Medical Life Insurance Company provides the life insurance coverage. The District pays the insurance premiums, as a fringe benefit for the employees.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 13. As such, no funding provisions are required by the District.

11. SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains two Enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects, in a summarized format, the more significant financial data relating to the Enterprise funds of the District as of and for the year ended June 30, 2001.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total</u>
Operating Revenue	\$ 168,786	\$14,091	\$ 182,877
Operating Income (Loss)	(122,352)	1,531	(120,821)
Non-operating Revenue:			
Operating grants	56,321		56,321
Donated Federal Commodities	20,402		20,402
Operating Transfers In	24,673	227	24,900
Net Income (Loss)	(21,013)	1,758	(19,255)
Net Working Capital	(26,050)	1,935	(24,115)
Total Assets	131,175	1,935	133,110
Long-Term Liabilities			
Payable From Fund Revenues	12,944		12,944
Total Fund Equity	73,464	1,935	75,399

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

12. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides basic retirement and disability benefits, cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

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, which was 14 percent for 2001; 4.2 percent was the portion to fund pension obligations. The contribution rates of plan members and employers are established and may be amended by the School Employees Retirement Board, up to maximum amounts allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$118,982, \$110,043, and \$100,296, respectively; 49 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$60,900, representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The District contributes to 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 for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East 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; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, 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 required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$383,577, \$351,816, and \$338,220, respectively; 84 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$62,844, representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

12. DEFINED BENEFIT PENSION PLANS (Continued)

C. Social Security System

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, 2001, no members of the Board of Education have elected Social Security.

13. 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 include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations 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, 2001, the Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$120,468 during fiscal 2001.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.419 billion at June 30, 2000 (the latest information available). For the year ended June 30, 2000, net health care costs paid by STRS were \$283.137 million and there were 99,011 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 9.8 percent of covered payroll, an increase from 8.45 percent for fiscal year 1999. 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 2001, 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 150% of annual health care expenses. Expenses for health care at June 30, 2000 (the latest information available), were \$140.7 million and the target level was \$211.0 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million and there were approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$90,090 during the 2001 fiscal year.

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

14. BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance is done on a GAAP basis, the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis 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 paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for Governmental funds (GAAP basis);
- (a) Intrafund transfers have been presented as other financing sources (uses) on a budget basis. Intrafund transfers have been eliminated for GAAP basis reporting purposes.

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the Governmental funds are as follows:

**Excess (Deficiency) of Revenues and Other Financing
Sources Over/(Under) Expenditures and Other
Financing Uses**

	Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>
Budget basis	\$(443,180)	\$(61,028)	\$(20,951)	\$(900,406)
Net adjustment for revenue accruals	60,080	1,028	(446)	929
Net adjustment for expenditure accruals	(47,109)	(3,745)		380,166
Net adjustment for other financing sources (uses)	(55,051)			
Encumbrances (budget basis)	<u>37,710</u>	<u>30,721</u>	<u> </u>	<u>470,628</u>
GAAP basis	<u>\$(447,550)</u>	<u>\$(33,024)</u>	<u>\$(21,397)</u>	<u>\$ (48,683)</u>

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

15 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local 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. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2001.

B. Litigation

The District is not involved in litigation as either plaintiff or defendant.

C. State School Funding Decision

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.

Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006. On November 5, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of January 4, 2002, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and re-determine any issue upon such reconsideration.

As of the date of these financial statements, the District is unable to determine the effect, if any, this decision will have on its future State funding and on its financial operations.

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)**

16. OUTSTANDING CONTRACTUAL COMMITMENTS

At June 30, 2001, the District had the following outstanding contractual commitments:

<u>Bristol High School</u>			
<u>Contractor</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Balance Remaining</u>
Jack Gibson Construction Co.	\$4,097,730	\$4,038,618	\$59,112
Thompson Mechanical Contractors	1,096,552	1,087,608	8,944
Waller-Duman, Inc.	226,350	212,750	13,600
S. S. Kemp & Co.	<u>150,950</u>	<u>148,854</u>	<u>2,096</u>
Total Contractual Commitments	<u>\$5,571,582</u>	<u>\$5,487,830</u>	<u>\$83,752</u>

TRUMBULL COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2001

<u>Federal Grantor/ Pass Through Grantor Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Non-Cash Receipts</u>	<u>Expenditures</u>	<u>Non-Cash Expenditures</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through The Ohio Department of Education:</i>						
<i>Nutrition Cluster:</i>						
Food Distribution Program	N/A	10.550	-	\$20,402	-	\$20,402
National School Lunch Program	LL-P1-00	10.555	\$3,241	-	\$3,241	-
	LL-P1-01		34,031	-	34,031	-
	LL-P4-00		1,527	-	1,527	-
	LL-P4-01		15,024	-	15,024	-
Subtotal -- School National School Lunch Program			53,823	-	53,823	-
Total U.S. Department of Agriculture – Nutrition Cluster			53,823	20,402	53,823	20,402
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through The Ohio Department of Education:</i>						
Grants to Local Educational Agencies Title I School Subsidy	C1-S1-00	84.010	0	-	47,557	-
	C1-S1-01		134,415	-	117,160	-
Subtotal – Title I School Subsidy			134,415	-	164,717	-
Special Education Cluster: Special Education Grants to States Title VI-B Handicapped Flowthrough	6B-SF-00 P	84.027	55,341	-	55,341	-
Eisenhower Professional Development State Grant Math and Science – Subsidy	MS-S1 01	84.281	3,793	-	2,528	-
Safe and Drug Free School and Communities Drug Free Education – Subsidy	DR-S1 01	84.186	3,899	-	3,899	-
Innovative Education Program Strategies Chapter 2 – Subsidy	CS-S1 00	84.298	0	-	1,028	-
	CS-S1 01		4,653	-	4,653	-
Subtotal – Chapter 2 Subsidy			4,653	-	5,681	-
Class Size Reduction Subsidy	CR-S1-00	84.340	0	-	2,369	-
	CR-S1-01		22,417	-	22,417	-
Subtotal – Title VI R Classroom Reduction			22,417	-	24,786	-
Total – U.S. Department of Education			224,518	-	256,952	-
Totals			\$278,341	\$20,402	\$310,775	\$20,402

The accompanying notes to this schedule are an integral part of this schedule.

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 2001**

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of activity of the Districts federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B--FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, had no significant food commodities in inventory.

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.

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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 financial statements of Bristol Local School District as of and for the year ended June 30, 2001, and have issued our report thereon dated January 28, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Bristol Local School District's 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 the 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 one immaterial instance of noncompliance that we have reported to management of the School District in a separate letter dated January 28, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bristol Local School District's internal control over 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 matters 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 the 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 other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the School District in a separate letter dated January 28, 2002.

Bristol Local School District
Trumbull County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

January 28, 2002



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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

To The Board of Education:

Compliance

We have audited the compliance of Bristol Local School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. Bristol Local School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Bristol Local School District's management. Our responsibility is to express an opinion on Bristol Local School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about Bristol Local School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Bristol Local School District's compliance with those requirements.

In our opinion, Bristol Local School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Internal Control Over Compliance

The management of Bristol Local School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Bristol Local School District 's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

January 28, 2002

**BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2001**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(i)	Type of Financial Statement opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Title I CFDA: 84.010
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

3. FINDINGS FOR FEDERAL AWARDS

None



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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 7, 2002**