



**Auditor of State
Betty Montgomery**

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

**Financial Forecast
For the Fiscal Year Ending June 30, 2004**

Local Government Services Section

Bristol Local School District
Trumbull County

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

CERTIFICATION

Certification is hereby made that, based upon the requirement set forth in Section 3316.03, Revised Code, the Local Government Services Section of the Auditor of State's Office has examined the financial forecast of the general fund of the Bristol Local School District, Trumbull County, Ohio, and issued a report dated September 5, 2003. The forecast is based on the assumption that the School District will continue to operate its instructional program in accordance with its adopted school calendar and pay all obligations. Additional significant assumptions are set forth in the forecast. Some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, the actual results of operations during the forecast period will vary from the forecast, and the variations may be material.

The forecast reflects an operating deficit for the fiscal year ending June 30, 2004 of \$785,000 after meeting the required reserves for textbooks, capital improvements and bus purchases.

The forecasted revenues include all property taxes scheduled for settlement during the forecast period. The forecast excludes the receipt of any advances against fiscal year 2005 scheduled property tax settlements. The potential advances have been excluded due to the School District's inability to appropriate this revenue until received and the uncertainty of the timing of any advances. The forecasted operating deficit may be reduced to the extent tax advances are received prior to June 30, 2004 and to the extent the Board appropriates such advances. Currently, it is the Board's intent not to appropriate any such advances for fiscal year 2004.

BETTY MONTGOMERY
Auditor of State

Peter R. Sorem
Chief of Local Government Services

October 14, 2003

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Board of Education
Bristol Local School District
1845 Greenville Road
P.O. Box 260
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Independent Accountant's Report

We have examined the accompanying forecasted statement of revenues, expenditures and changes in fund balance of the general fund of the Bristol Local School District for the fiscal year ending June 30, 2004. The Bristol Local School District's management is responsible for the forecast. Our responsibility is to express an opinion on the forecast based on our examination.

Our examination was conducted in accordance with the attestation standards established by the American Institute of Certified Public Accountants, and accordingly, included such procedures as we considered necessary to evaluate both the assumptions used by management and the preparation and presentation of the forecast. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the accompanying forecast is presented in conformity with guidelines for presentation of a forecast established by the American Institute of Certified Public Accountants, and the underlying assumptions provide a reasonable basis for the Board's forecast. However, there will usually be differences between the forecasted and actual results, because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

The accompanying statement of revenues, expenditures and changes in fund balance of the general fund of Bristol Local School District for the fiscal years ended June 30, 2001, 2002 and 2003 were compiled by us in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed this financial information, and, accordingly, do not express an opinion or any other form of assurance on them.

Betty Montgomery

Betty Montgomery
Auditor of State

September 5, 2003

BRISTOL LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEARS ENDED JUNE 30, 2001 THROUGH 2003 ACTUAL;
FOR THE FISCAL YEAR ENDING JUNE 30, 2004 FORECASTED
GENERAL FUND

	Fiscal Year 2001 Actual	Fiscal Year 2002 Actual	Fiscal Year 2003 Actual	Fiscal Year 2004 Forecasted
Revenues				
General Property Tax (Real Estate)	\$1,407,000	\$1,427,000	\$1,496,000	\$1,589,000
Tangible Personal Property Tax	80,000	55,000	53,000	56,000
Unrestricted Grants-in-Aid	3,278,000	3,432,000	3,312,000	3,779,000
Restricted Grants-in-Aid	34,000	113,000	225,000	32,000
Property Tax Allocation	184,000	190,000	203,000	205,000
All Other Revenues	171,000	127,000	83,000	355,000
<i>Total Revenues</i>	<u>5,154,000</u>	<u>5,344,000</u>	<u>5,372,000</u>	<u>6,016,000</u>
Other Financing Sources				
Proceeds of Notes	0	0	400,000	400,000
Advances In	0	0	50,000	50,000
Operating Transfers In	0	50,000	50,000	0
<i>Total Other Financing Sources</i>	<u>0</u>	<u>50,000</u>	<u>500,000</u>	<u>450,000</u>
<i>Total Revenues and Other Financing Sources</i>	<u>5,154,000</u>	<u>5,394,000</u>	<u>5,872,000</u>	<u>6,466,000</u>
Expenditures				
Personal Services	3,233,000	3,473,000	3,432,000	3,512,000
Employees' Retirement/Insurance Benefits	1,267,000	1,333,000	1,473,000	1,699,000
Purchased Services	453,000	409,000	654,000	780,000
Supplies and Materials	184,000	146,000	144,000	152,000
Capital Outlay	86,000	47,000	58,000	13,000
Debt Service:				
Principal- Note	0	0	400,000	400,000
Interest	0	0	7,000	6,000
Other Objects	316,000	312,000	92,000	109,000
<i>Total Expenditures</i>	<u>5,539,000</u>	<u>5,720,000</u>	<u>6,260,000</u>	<u>6,671,000</u>
Other Financing Uses				
Operating Transfers Out	25,000	0	0	0
Advances Out	0	0	50,000	50,000
<i>Total Other Financing Uses</i>	<u>25,000</u>	<u>0</u>	<u>50,000</u>	<u>50,000</u>
<i>Total Expenditures and Other Financing Uses</i>	<u>5,564,000</u>	<u>5,720,000</u>	<u>6,310,000</u>	<u>6,721,000</u>
<i>Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses</i>	(410,000)	(326,000)	(438,000)	(255,000)
Cash Balance (Deficit) July 1	835,000	425,000	99,000	(339,000)
Cash Balance (Deficit) June 30	<u>425,000</u>	<u>99,000</u>	<u>(339,000)</u>	<u>(594,000)</u>
Less: Encumbrances and Reserves:				
Actual/Estimated Encumbrances June 30	62,000	72,000	64,000	66,000
Reservations of Fund Balance for:				
Textbooks	88,000	35,000	46,000	78,000
Capital Improvements	9,000	0	12,000	32,000
Bus Purchase	27,000	49,000	22,000	15,000
Total Encumbrances and Reservations of Fund Balance	<u>186,000</u>	<u>156,000</u>	<u>144,000</u>	<u>191,000</u>
Unencumbered/Unreserved Fund Balance (Deficit) June 30	<u>\$239,000</u>	<u>(\$57,000)</u>	<u>(\$483,000)</u>	<u>(\$785,000)</u>

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

Bristol Local School District
Trumbull County
Summary of Significant Assumptions and Accounting Policies
For the Fiscal Year Ending June 30, 2004

Note 1 – The School District

The Bristol Local School District (School District) is located in Trumbull County and encompasses all of the Township of Bristol, and all or part of surrounding townships. The School District is organized under Article VI, Sections 2 and 3, of the Constitution of the State of Ohio. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at large for staggered four year terms. The School District currently operates one elementary school and one comprehensive middle/high school. The School District is staffed by 41 non-certified and 66 certificated personnel to provide services to approximately 990 students and other community members.

Note 2 - Nature of the Forecast

This financial forecast presents, to the best of the Bristol Local School District Board of Education's knowledge and belief, the expected revenues, expenditures and operating balance of the general fund. Accordingly, the forecast reflects the Board of Education's judgment of the expected conditions and its expected course of action as of September 5, 2003, the date of this forecast. The assumptions disclosed herein are those that management believes are significant to the forecast. Differences between the forecasted and actual results will usually arise because events and circumstances frequently do not occur as expected, and those differences may be material.

Note 3 - Nature of the Presentation

The forecast presents the revenues, expenditures, and changes in fund balance of the general fund. Under State law, certain general fund resources received from the State must be spent on specific programs. These resources and the related expenditures have been segregated in the accounting records of the School District to demonstrate compliance. State laws also require general fund resources pledged for the repayment of debt to be recorded directly in the debt service fund. For presentation in the forecast, the emergency levy and disadvantaged pupil impact aid (DPIA) funds are included in the general fund.

Note 4 - Summary of Significant Accounting Policies

A. - Basis of Accounting

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

B. - Fund Accounting

The School District maintains its accounting in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the segregation of specific receipts and disbursements. The transactions of each fund

Bristol Local School District
Trumbull County
Summary of Significant Assumptions and Accounting Policies
For the Fiscal Year Ending June 30, 2004

are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

Governmental Funds

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

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

Debt Service Fund - Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term and short-term debt principal and interest.

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

Proprietary Funds

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

Fiduciary Funds

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

C. - Budgetary Process

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

Budget - Trumbull County has waived the requirement of the formal tax budget and has implemented an alternative method for distribution of local government funds. The County Budget Commission requires tax levy fund information and summary data for all other funds to be submitted to the County Auditor as Secretary of the County Budget Commission, by January 20 of each year, for the succeeding fiscal year.

Bristol Local School District
Trumbull County
Summary of Significant Assumptions and Accounting Policies
For the Fiscal Year Ending June 30, 2004

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

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

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

Note 5 - General Operating Assumptions

The Bristol Local School District will continue to operate its instructional program in accordance with its adopted school calendar and pay all obligations. The forecast contains those expenditures the Board of Education has determined to be necessary to provide for an adequate educational program.

Note 6 - Significant Assumptions for Revenues and Other Financing Sources

A. - General and Tangible Personal Property Taxes

Property taxes consist of real property, public utility real and personal property, manufactured home and tangible personal property taxes. Advances may be requested from the Trumbull County Auditor as the taxes are collected. When settlements are made, any amounts remaining to be distributed to the School District are paid. Deductions for auditor and treasurer fees, advertising delinquent taxes, election expenses, and other fees are made at these settlement times.

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

The property tax revenues for the general fund of the School District are generated from several levies. The levies for the general fund, the year approved, last year of collection, and the full tax rate are as follows:

Bristol Local School District
Trumbull County
Summary of Significant Assumptions and Accounting Policies
For the Fiscal Year Ending June 30, 2004

Tax Levies	Year Approved	Last Year of Collection	Full Tax Rate (per \$1,000 of assessed valuation)
Inside Ten Mill Limitation	n/a	n/a	\$5.00
Continuing Operating	1976	n/a	17.40
Continuing Operating	1977	n/a	7.50
Continuing Operating	1987	n/a	8.00
Emergency	2002	2006	4.70
Total Tax Rate			\$42.60

The School District also has levies for bonded debt, permanent improvement and school facilities maintenance totaling \$5.60 per \$1,000 of assessed valuation. The School District's total rate is 48.20 mills.

Ohio law provides for a reduction in the rates of voted levies to offset increased values resulting from a reappraisal of real property. Reduction factors are applied to voted levies so that each levy yields the same amount of property taxes as in the year in which the levy was approved. Increases to voted levy revenues are restricted to assessments for new construction. The reduction factors are computed annually and applied separately for residential/agricultural property and commercial/industrial property. The effective residential and agricultural rate is \$27.41 per \$1,000 of assessed valuation and the effective commercial and industrial rate is \$30.00 per \$1,000 of assessed valuation.

General Property Tax (Real Estate) - General property tax revenue includes real estate taxes, public utility property taxes and manufactured home taxes. The amounts shown in the revenue section of the forecast schedule represent gross property tax revenue. The general property tax revenue estimate is based upon actual receipts and information provided by the Trumbull County Auditor. The County had a revaluation during 2002. Based upon this information, the School District anticipates an increase of \$93,000 from the prior fiscal year.

Tangible Personal Property Tax - Tangible personal property tax is applied to property used in business (except for public utilities). As with general property taxes, tangible personal property tax revenues are based upon information provided by the Trumbull County Auditor. Based upon these estimates, the School District anticipates an increase of \$3,000 from the previous fiscal year.

B. - Unrestricted Grants-in-Aid

State foundation payments established by Chapter 3317 of the Ohio Revised Code are calculated by the State Department of Education, Division of School Finance, on the basis of pupil enrollment (ADM), classroom teacher ratios and other factors. The funds are distributed on a semi-monthly basis. Deductions from the monthly payments for contributions to the two school retirement systems are included in the expenditure section. Unrestricted grants-in-aid includes formula aid, special education aid, gifted aid, transportation, and vocational education.

Formula aid is calculated by multiplying a cost of doing business factor times the cost per pupil times ADM, less an adjustment for property valuation. State law set the base cost per pupil for fiscal year 2001 at \$4,294 and increased it each year thereafter to \$4,490 for 2002 and \$4,949 for 2003. In 2003, the rate was changed for fiscal year 2004 to \$5,058 per pupil.

Bristol Local School District
Trumbull County
Summary of Significant Assumptions and Accounting Policies
For the Fiscal Year Ending June 30, 2004

The anticipated revenue for fiscal year 2004 is based on current estimates provided by the Ohio Department of Education. The amount reported on the most recent school foundation statement of settlement is \$3,779,000, which represents a \$467,000 increase from the prior fiscal year. The increase of \$467,000 is caused by an increase in parity aid of \$101,000 as well as parity aid being classified as restricted in fiscal year 2003 and being classified as unrestricted during fiscal year 2004. In addition, the School District had an increase in per pupil funding partially offset by decreases in formula aid, excess costs and transportation.

Beginning in tax year 2001, there were significant reductions in the valuation of certain types of public utility property. Two bills enacted by the 123rd General Assembly reduced the assessment rate for certain tangible personal property of electric utilities and all tangible personal property of gas utilities. To replace this money, new state consumption taxes have been enacted, a kilowatt-hour tax on electricity and a thousand cubic foot tax on natural gas. Money from these new taxes is used to reimburse school districts for the loss of public utility property tax revenue. Reimbursements are to be made twice a year in February and August. The School District is anticipating \$32,000 in public utility reimbursements in fiscal year 2004, which is based on information provided by the Ohio Department of Taxation.

C. - Restricted Grants-in-Aid

Restricted grants-in-aid during the forecast period consist of an anticipated bus purchase allowance of \$25,000, and a DPIA subsidy of \$7,000. During fiscal year 2003, the School District classified its parity aid within the restricted grants-in-aid classification. The combination of \$195,000 in the parity aid reclassification and a \$2,000 increase in the bus purchase allowance causes a net \$193,000 decrease forecast for fiscal year 2004.

D. - Property Tax Allocation

State law grants tax relief in the form of a ten percent reduction in real property tax bills. In addition, a two and one-half percent rollback is granted on residential property taxes. Tax relief is also granted to qualified elderly and disabled homeowners based on their income. The State reimburses the School District for the loss of real property taxes as a result of the rollback and homestead tax relief programs. Property tax allocation revenue, based on information provided by the Trumbull County Auditor, is anticipated to be \$205,000, an increase of \$2,000 over fiscal year 2003. This increase is primarily due to the County having a revaluation during 2002.

E. - All Other Revenues

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

The School District receives tuition for students with developmentally handicapped and learning disabilities as well as open enrollment. In prior years, the School District recorded tuition revenue net on its books. For fiscal year 2004, the School District is recording the tuition revenue at gross instead of net.

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

Bristol Local School District
Trumbull County
Summary of Significant Assumptions and Accounting Policies
For the Fiscal Year Ending June 30, 2004

All other revenues consist of the following:

Revenue Sources	Actual Fiscal Year 2003	Forecast Fiscal Year 2004	Variance Increase (Decrease)
Tuition	\$20,000	\$282,000	\$262,000
Interest on Investments	5,000	4,000	(1,000)
Rentals	6,000	7,000	1,000
Miscellaneous	10,000	10,000	0
Sale of Assets	1,000	2,000	1,000
Refund of Prior Year Expenditures	41,000	50,000	9,000
Totals	\$83,000	\$355,000	\$272,000

F. - Other Financing Sources

Proceeds of notes represents receipts from the issuance of tax anticipation notes for short-term cash flow borrowing. The School District issued a \$400,000 three month tax anticipation note that bears interest of three percent that matures in September 2003. When the note matures in September 2003, the School District plans to extend the life of the issuance by three months so that it will mature in December 2003.

Advances-In in the amount of \$50,000 represents receipts from the food service fund to pay back an interfund loan that the general fund issued in a prior fiscal year.

Operating transfers in for prior years represent transfers from the workers' compensation agency fund. Throughout the fiscal year, the School District charges a workers' compensation premium to all funds that have salaries. Those premiums are placed in an agency fund until the bill comes due. At the time the bill comes due, the monies are transferred to the general fund for payment.

Note 7 - Significant Assumptions for Expenditures and Other Financing Uses

A. - Personal Services

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

Certified (teaching) staff salaries are based on a negotiated contract which includes base and step increases and educational incentives. The contracts cover the period July 1, 2001 to June 30, 2004, and allows for a four percent increase in the base salary as well as step increases from four to six percent in each year of the contract. The contract for classified staff covers the same period and also allows for a four percent increase in each year of the contract. Administrative salaries are set by the Board of Education.

The increase in salaries is offset by twelve certified employees leaving the School District and the School District only hiring nine employees at a lower salary to replace them. The School District is not replacing the remaining three employees. The certified salaries are showing a slight increase. The School District gave a four percent salary increase and step increases to classified staff. Four classified employees left the School District and the School District has elected not to replace them.

Bristol Local School District
Trumbull County
Summary of Significant Assumptions and Accounting Policies
For the Fiscal Year Ending June 30, 2004

The School District offers severance pay upon retirement to its certified and classified employees with five years of service in the School District. Payments for certified and classified employees are twenty-five percent of their unused sick leave up to a maximum of forty five days and fifteen percent of the remaining unused accumulated sick days in excess of one hundred and eighty days, paid at their daily rate. If an employee retires in their first year of eligibility they receive one-third of their unused sick leave up to a maximum of eighty days, or one-fourth of their final salary and one-half of their severance pay up to a maximum of forty days, whichever is greater. Severance costs are anticipated to decrease due to the retirement of three staff members during the forecast period compared with the retirement of five staff members during fiscal year 2003.

Presented below is a comparison of salaries and wages for fiscal year 2003 and the forecast period.

	Actual Fiscal Year 2003	Forecast Fiscal Year 2004	Variance Increase (Decrease)
Certified Salaries	\$2,555,000	\$2,639,000	\$84,000
Classified Salaries	597,000	594,000	(3,000)
Substitute Salaries	102,000	113,000	11,000
Supplemental Contracts	108,000	108,000	0
Severance Pay	58,000	46,000	(12,000)
Other Salaries and Wages	12,000	12,000	0
Totals	<u>\$3,432,000</u>	<u>\$3,512,000</u>	<u>\$80,000</u>

B. - Employees' Retirement/Insurance Benefits

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

Retirement costs are based on the employers' contribution rate of fourteen percent of salaries for STRS and SERS. Payments are made based upon estimated salary and wages for each fiscal year. Adjustments resulting from over estimates are prorated over the next calendar year. Retirement costs are forecasted to decrease based on forecasted salaries and adjustments resulting from over/under estimates prorated over the next calendar year.

Health care costs are based on rates issued by the Trumbull County Health insurance consortium, a public entity risk sharing pool. All funds are charged for the number of employees participating in the program and the type (single or family) of coverage provided to each employee. The health care program includes medical/surgical, prescription drug, dental care and vision.

Health care premiums are fixed on a calendar year basis. Premiums in 2002 increased by forty four percent and premiums in 2003 remained the same as those during 2002. The School District is anticipating no increase in premiums for fiscal year 2004. Health care costs for fiscal year 2004 are forecast to increase even though the School District has seven less employees because the School District held two months of health insurance billings from fiscal year 2003 which were paid during fiscal year 2004. The amount of the billings for those two months is approximately \$149,000.

Bristol Local School District
Trumbull County
Summary of Significant Assumptions and Accounting Policies
For the Fiscal Year Ending June 30, 2004

Life insurance premiums are based on the coverage amount, the anticipated number of employees participating in the program and the monthly premiums.

Bonus pay represents payments to employees electing not to take health insurance. The bonus pay is usually paid each June. However, the School District did not have the money to pay the \$30,000 bonus during fiscal year 2003. The fiscal year 2003 bonus was paid during fiscal year 2004. In addition to the fiscal year 2003 amount being paid during fiscal year 2004, the School District has increased the amount given to its employees for those not electing health insurance for fiscal year 2004 from twenty-five percent of the annual premium paid by the School District for single coverage to fifty percent of the annual premium paid by the School District for single coverage.

Presented below is a comparison of fiscal year 2003 and the forecast period:

	Fiscal Year 2003	Fiscal Year 2004	Increase (Decrease)
Employer's Retirement	\$541,000	\$520,000	(\$21,000)
Health Care/Life Insurance	842,000	1,040,000	198,000
Workers' Compensation	41,000	40,000	(1,000)
Medicare	28,000	28,000	0
Unemployment	1,000	1,000	0
Tuition Reimbursement	7,000	9,000	2,000
Administration Dues	1,000	1,000	0
Bonus Pay	12,000	60,000	48,000
Totals	\$1,473,000	\$1,699,000	\$226,000

C. - Purchased Services

Purchased service expenditures forecasted in the amount of \$780,000 are comprised of the following:

	Actual Fiscal Year 2003	Forecast Fiscal Year 2004	Variance Increase (Decrease)
Professional and Technical Services	\$28,000	\$31,000	\$3,000
Property Services	95,000	124,000	29,000
Travel and Meeting Expenses	7,000	11,000	4,000
Communication Costs	16,000	17,000	1,000
Utility Services	191,000	224,000	33,000
Tuition Payments	315,000	371,000	56,000
Pupil Transportation	2,000	2,000	0
Totals	\$654,000	\$780,000	\$126,000

The School District is anticipating a \$126,000 increase in purchased services for fiscal year 2004. This increase is due the School District holding invoices at the end of fiscal year 2003 and paying them in fiscal year 2004. The total amount of fiscal year 2003 held invoices relating to purchased services was approximately \$47,000. The tuition payments are increasing due to the School District now recording the expenditure amounts for open enrollment and other tuition from its foundation settlement at gross instead of recording them at net.

Bristol Local School District
Trumbull County
Summary of Significant Assumptions and Accounting Policies
For the Fiscal Year Ending June 30, 2004

D. - Supplies and Materials

Supplies and materials are comprised of the following:

	Actual Fiscal Year 2003	Forecast Fiscal Year 2004	Variance Increase (Decrease)
General Supplies, Library Books and Periodicals	\$46,000	\$72,000	\$26,000
Operations, Maintenance and Repair	63,000	65,000	2,000
Textbooks	35,000	15,000	(20,000)
Totals	<u>\$144,000</u>	<u>\$152,000</u>	<u>\$8,000</u>

The School District is forecasting an \$8,000 increase in materials and supplies for the forecast period. This is a combination of the School District's need to replenish general supplies which were not purchased the prior fiscal year and the reduction in textbook purchases. In addition, the School District held invoices at the end of fiscal year 2003 and paid them during fiscal year 2004. The total amount of invoices relating to supplies and materials was approximately \$13,000.

E. - Capital Outlay

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

Capital outlay expenditures are forecasted in the amount of \$13,000 for the purchase of replacement equipment and one used school bus. The \$45,000 decrease from fiscal year 2003 is primarily due to the School District purchasing a used bus during fiscal year 2004 compared to the School District purchasing one new bus in the prior fiscal year. The School District has a permanent improvement fund that generates approximately \$104,000 annually. The School District uses this fund to make all other capital expenditures.

F. - Debt Service

General fund supported debt consists of cash flow borrowing in the amount of a \$400,000 note issued at three percent which matures on September 30, 2003. When the note matures in September 2003, the School District plans to extend the maturity by three months so that it will mature in December 2003. The interest expenditure is anticipated to be \$6,000.

G. - Other Objects

Other object expenditures consist of dues and fees and insurance. Other object expenditures are forecasted in the amount of \$109,000. The \$17,000 increase from fiscal year 2003 is due to the School District recording a retainage refund as an expenditure reduction in fiscal year 2003 that will not occur during fiscal year 2004.

Bristol Local School District
Trumbull County
Summary of Significant Assumptions and Accounting Policies
For the Fiscal Year Ending June 30, 2004

H. - Operating Transfers and Advances Out

The School District is forecasting advances out in fiscal year 2004 in the amount of \$50,000 to its food service fund which is the same as fiscal year 2003. No transfers out are anticipated during fiscal year 2004.

Note 8 - Encumbrances

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

Encumbrances for purchased services, supplies and materials, capital outlay and other objects for fiscal year ended June 30, 2003 were \$64,000 and are forecasted at \$66,000 for June 30, 2004. The School District is anticipating a slight increase in its encumbrances.

Note 9 - Reservations of Fund Balance

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

A. - Textbooks and Instructional Materials

The set aside requirement for fiscal year 2004 is \$128,000. There was a carryover of \$46,000 from fiscal year 2003. The School District is expecting to have \$87,000 in instructional supplies and textbooks and \$9,000 in other qualifying expenditures during the current fiscal year leaving a reserve balance of \$78,000.

B. - Capital Acquisition and Improvements

The set aside amount for fiscal year 2004 is \$128,000. There was a carryover of \$13,000 from fiscal year 2003. The School District anticipates \$5,000 in qualifying expenditures and \$104,000 in offsets in fiscal year 2003 leaving a reserve balance of \$32,000.

C. - Bus Purchases

At June 30, 2003, the School District had nothing in unspent bus monies. The School District received \$23,000 in a bus purchase allowance during fiscal year 2003. The School District will spend \$8,000 on the purchase of a used bus during the current fiscal year leaving a reserve balance of \$15,000.

Bristol Local School District
Trumbull County
Summary of Significant Assumptions and Accounting Policies
For the Fiscal Year Ending June 30, 2004

D. – Disadvantaged Pupil Impact Aid (DPIA)

At June 30, 2003, the School District had no unspent DPIA monies. The School District anticipates receiving \$7,000 in restricted DPIA monies during fiscal year 2004. The School District anticipates spending \$7,000 in DPIA expenditures during the current fiscal year. Therefore, there is no reserve included for DPIA.

Note 10 - Levies

The School District has placed a 7.8 mill emergency levy on the November 4, 2003 ballot. If passed, the levy will generate approximately \$280,000 in fiscal year 2004 and \$560,000 in each fiscal year thereafter in which there is a full year of collection. In the past ten years, the School District has placed several levies on the ballot. The type of levy, millage amount, term and election results are as follows:

Date	Type	Amount	Term	Election Results
November 1993	Emergency	9.30 mills	3 Years	Passed
November 1995	Permanent Improvement	2.50 mills	5 Years	Passed
November 1996	Emergency	7.88 mills	3 Years	Passed
May 1997	Bond Issue	4.17 mills	20 Years	Passed
November 1999	Emergency	6.80 mills	3 Years	Passed
November 2000	Permanent Improvement	2.50 mills	5 Years	Passed
November 2002	Emergency	5.30 mills	3 Years	Passed
May 2003	Emergency	4.90 mills	5 Years	Failed

Note 11 - Pending Litigation

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

Note 12 - State School Funding Decision

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

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

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



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BRISTOL LOCAL SCHOOL DISTRICT

TRUMBULL COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 14, 2003**