



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

---

**STATE OF OHIO**





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January 21, 2003

The attached audit was conducted and prepared for release prior to the commencement of my term of office on January 13, 2003. Thus, I am releasing this audit under the signature of my predecessor.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State



**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountant's Report .....	1
Combined Balance Sheet – All Fund Types And Account Groups .....	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Cash Balances – All Governmental Fund Types .....	6
Combined Statement of Revenues, Expenditures, and Changes in Fund Cash Balances – Budget and Actual (Non - GAAP Basis) - All Governmental Fund Types .....	7
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings – Proprietary Fund Type .....	9
Combined Statement of Cash Flows - Proprietary Fund Type .....	10
Notes to the General Purpose Financial Statements .....	13
Schedule of Federal Awards Expenditures .....	39
Notes to Schedule of Federal Awards Expenditures .....	40
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	41
Report of Independent Accountants on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with OMB Circular A - 133 .....	43
Schedule of Findings .....	45

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**INDEPENDENT ACCOUNTANTS' REPORT**

Bristol Local School District  
Trumbull County  
1845 Greenville Rd.  
PO Box 260  
Bristolville, Ohio 44002-0260

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, 2002, 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, 2002, and the results of its operations and the cash flows of its proprietary fund type 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 December 16, 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a long, horizontal stroke extending to the right.

**Jim Petro**  
Auditor of State

December 16, 2002



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**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2002**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>ASSETS AND OTHER DEBITS</b>				
<b>ASSETS:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ -	\$ 105,645	\$ 59,678	\$ 155,154
Receivables (net of allowances of uncollectibles):				
Property taxes - current & delinquent . . . . .	1,324,315	365,981	177,100	100,689
Accounts . . . . .	78	2,242	-	-
Accrued interest . . . . .	-	-	-	-
Interfund loan receivable . . . . .	-	-	-	49,673
Due from other governments . . . . .	-	15,866	-	-
Materials and supplies inventory . . . . .	5,547	-	-	-
Due from other funds . . . . .	-	-	-	-
Restricted assets:				
Equity in pooled cash and cash equivalents . . . . .	83,236	-	-	-
Property, plant and equipment (net of accumulated depreciation where applicable). . . . .	-	-	-	-
<b>OTHER DEBITS:</b>				
Amount available in debt service fund . . . . .	-	-	-	-
Amount to be provided for retirement of general long-term obligations . . . . .	-	-	-	-
<b>Total assets and other debits . . . . .</b>	<b>\$ 1,413,176</b>	<b>\$ 489,734</b>	<b>\$ 236,778</b>	<b>\$ 305,516</b>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>				
<b>LIABILITIES:</b>				
Accounts payable . . . . .	\$ 6,052	\$ 3,786	\$ -	\$ 3,561
Accrued wages and benefits . . . . .	522,122	22,849	-	-
Compensated absences payable . . . . .	25,898	-	-	-
Pension obligation payable . . . . .	85,994	2,592	-	-
Interfund loan payable . . . . .	-	-	-	2,868
Deferred revenue . . . . .	1,318,024	380,109	176,259	100,211
Due to other funds . . . . .	24,104	1,663	-	-
Due to other governments . . . . .	2,537	199	-	-
Due to students . . . . .	-	-	-	-
General obligation bonds payable . . . . .	-	-	-	-
Asbestos note payable . . . . .	-	-	-	-
<b>Total liabilities . . . . .</b>	<b>1,984,731</b>	<b>411,198</b>	<b>176,259</b>	<b>106,640</b>
<b>EQUITY AND OTHER CREDITS:</b>				
Investment in general fixed assets . . . . .	-	-	-	-
Contributed capital . . . . .	-	-	-	-
Accumulated deficit: unreserved . . . . .	-	-	-	-
Fund balances (deficit):				
Reserved for encumbrances . . . . .	50,006	17,214	-	63,888
Reserved for supplies inventory . . . . .	5,547	-	-	-
Reserved for debt service . . . . .	-	-	59,678	-
Reserved for tax revenue unavailable for appropriation . . . . .	6,291	1,738	841	478
Reserved for bus purchase . . . . .	48,521	-	-	-
Reserved for instructional materials . . . . .	34,715	-	-	-
Unreserved-undesignated . . . . .	(716,635)	59,584	-	134,510
<b>Total equity and other credits . . . . .</b>	<b>(571,555)</b>	<b>78,536</b>	<b>60,519</b>	<b>198,876</b>
<b>Total liabilities, equity and other credits . . . . .</b>	<b>\$ 1,413,176</b>	<b>\$ 489,734</b>	<b>\$ 236,778</b>	<b>\$ 305,516</b>

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			
\$ 746	\$ 63,966	\$ -	\$ -	\$ 385,189
-	-	-	-	1,968,085
-	-	-	-	2,320
-	-	-	-	-
-	-	-	-	49,673
-	-	-	-	15,866
7,317	-	-	-	12,864
-	26,604	-	-	26,604
-	-	-	-	83,236
120,477	-	12,526,920	-	12,647,397
-	-	-	60,519	60,519
-	-	-	2,809,667	2,809,667
<u>\$ 128,540</u>	<u>\$ 90,570</u>	<u>\$ 12,526,920</u>	<u>\$ 2,870,186</u>	<u>\$ 18,061,420</u>
\$ 42	\$ -	\$ -	\$ -	\$ 13,441
21,383	-	-	-	566,354
17,191	-	-	558,827	601,916
20,115	-	-	43,096	151,797
46,805	-	-	-	49,673
3,764	-	-	-	1,978,367
837	-	-	-	26,604
102	71,392	-	-	74,230
-	19,178	-	-	19,178
-	-	-	2,172,248	2,172,248
-	-	-	96,015	96,015
<u>110,239</u>	<u>90,570</u>	<u>-</u>	<u>2,870,186</u>	<u>5,749,823</u>
-	-	12,526,920	-	12,526,920
129,764	-	-	-	129,764
(111,463)	-	-	-	(111,463)
-	-	-	-	131,108
-	-	-	-	5,547
-	-	-	-	59,678
-	-	-	-	9,348
-	-	-	-	48,521
-	-	-	-	34,715
-	-	-	-	(522,541)
<u>18,301</u>	<u>-</u>	<u>12,526,920</u>	<u>-</u>	<u>12,311,597</u>
<u>\$ 128,540</u>	<u>\$ 90,570</u>	<u>\$ 12,526,920</u>	<u>\$ 2,870,186</u>	<u>\$ 18,061,420</u>

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	<u>Governmental Fund Types</u>				<b>Total (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
<b>Revenues:</b>					
From local sources:					
Taxes . . . . .	\$ 1,189,819	\$ 324,536	\$ 152,854	\$ 89,928	\$ 1,757,137
Tuition . . . . .	26,743	-	-	-	26,743
Earnings on investments . . . . .	21,781	-	-	13,728	35,509
Extracurricular . . . . .	-	148,275	-	-	148,275
Other local revenues . . . . .	48,541	18,832	-	-	67,373
Intergovernmental - state . . . . .	3,689,548	60,828	19,670	170,676	3,940,722
Intergovernmental - federal . . . . .	-	228,430	-	-	228,430
	<u>4,976,432</u>	<u>780,901</u>	<u>172,524</u>	<u>274,332</u>	<u>6,204,189</u>
Total revenue . . . . .					
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular . . . . .	2,906,694	16,248	-	2,966	2,925,908
Special . . . . .	563,261	178,396	-	51,508	793,165
Vocational . . . . .	29,903	-	-	-	29,903
Other . . . . .	-	52,670	-	-	52,670
Support services:					
Pupil . . . . .	160,436	-	-	-	160,436
Instructional staff . . . . .	287,252	3,048	-	686	290,986
Board of Education . . . . .	11,700	-	-	-	11,700
Administration . . . . .	461,765	10,593	-	-	472,358
Fiscal . . . . .	174,860	5,114	2,411	1,418	183,803
Business . . . . .	46,768	-	-	-	46,768
Operations and maintenance . . . . .	408,393	269,475	-	9,457	687,325
Pupil transportation . . . . .	267,534	135,582	-	25,564	428,680
Community services . . . . .	-	926	-	-	926
Extracurricular activities . . . . .	94,096	145,835	-	-	239,931
Facilities acquisition and construction . . . . .	6,600	-	-	1,407,640	1,414,240
Debt service:					
Principal retirement . . . . .	-	-	81,038	-	81,038
Interest and fiscal charges . . . . .	-	-	96,905	-	96,905
	<u>5,419,262</u>	<u>817,887</u>	<u>180,354</u>	<u>1,499,239</u>	<u>7,916,742</u>
Total expenditures . . . . .					
Deficiency of revenues under expenditures . . . . .	(442,830)	(36,986)	(7,830)	(1,224,907)	(1,712,553)
<b>Other financing sources (uses):</b>					
Operating transfers in . . . . .	-	-	-	87,325	87,325
Operating transfers out . . . . .	-	-	-	(87,325)	(87,325)
Proceeds from sale of fixed assets . . . . .	1,606	-	-	-	1,606
	<u>1,606</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,606</u>
Total other financing sources (uses) . . . . .					
Deficiency of revenues and other financing sources under expenditures and other financing (uses)	(441,224)	(36,986)	(7,830)	(1,224,907)	(1,710,947)
Fund balances (deficit), July 1 . . . . .	(135,878)	115,522	68,349	1,423,783	1,471,776
Increase in reserve for inventory . . . . .	5,547	-	-	-	5,547
<b>Fund balances (deficit), June 30 . . . . .</b>	<b>\$ (571,555)</b>	<b>\$ 78,536</b>	<b>\$ 60,519</b>	<b>\$ 198,876</b>	<b>\$ (233,624)</b>

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, OHIO**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	General			Special Revenue		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>						
From local sources:						
Taxes . . . . .	\$ 1,342,127	\$ 1,186,593	\$ (155,534)	\$ 355,874	\$ 323,609	\$ (32,265)
Tuition . . . . .	25,619	26,743	1,124	-	-	-
Earnings on investments . . . . .	25,329	26,440	1,111	-	-	-
Extracurricular . . . . .	-	-	-	110,428	148,075	37,647
Other local revenues . . . . .	16,592	17,320	728	1,471	1,972	501
Intergovernmental - state . . . . .	3,534,522	3,689,548	155,026	45,363	60,828	15,465
Intergovernmental - federal . . . . .	-	-	-	170,354	228,430	58,076
Total revenues . . . . .	<u>4,944,189</u>	<u>4,946,644</u>	<u>2,455</u>	<u>683,490</u>	<u>762,914</u>	<u>79,424</u>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular . . . . .	2,891,164	2,891,164	-	16,320	16,320	-
Special . . . . .	547,473	547,473	-	174,273	174,273	-
Vocational . . . . .	29,269	29,269	-	-	-	-
Other . . . . .	-	-	-	54,941	54,941	-
Support services:						
Pupil . . . . .	154,110	154,110	-	-	-	-
Instructional staff . . . . .	280,745	280,745	-	3,048	3,048	-
Board of Education . . . . .	11,700	11,700	-	-	-	-
Administration . . . . .	457,379	457,379	-	10,523	10,523	-
Fiscal . . . . .	164,658	174,104	(9,446)	5,114	5,114	-
Business . . . . .	48,630	48,630	-	-	-	-
Operations and maintenance . . . . .	409,225	409,823	(598)	282,136	281,538	598
Pupil transportation . . . . .	303,962	303,962	-	154,133	154,133	-
Community services . . . . .	-	-	-	926	926	-
Extracurricular activities . . . . .	94,394	94,394	-	149,672	149,672	-
Facilities acquisition and construction . . . . .	6,600	6,600	-	-	-	-
Debt service:						
Principal retirement . . . . .	-	-	-	-	-	-
Interest and fiscal charges . . . . .	-	-	-	-	-	-
Total expenditures . . . . .	<u>5,399,309</u>	<u>5,409,353</u>	<u>(10,044)</u>	<u>851,086</u>	<u>850,488</u>	<u>598</u>
Excess (deficiency) of revenues over (under) expenditures . . . . .	<u>(455,120)</u>	<u>(462,709)</u>	<u>(7,589)</u>	<u>(167,596)</u>	<u>(87,574)</u>	<u>80,022</u>
<b>Other financing sources (uses):</b>						
Operating transfers in . . . . .	209,154	218,328	9,174	12,388	16,611	4,223
Operating transfers out . . . . .	(185,260)	(185,260)	-	(259)	(259)	-
Advances out . . . . .	-	-	-	-	-	-
Proceeds from sale of fixed assets . . . . .	1,539	1,606	67	-	-	-
Refund of prior year expenditure . . . . .	52,556	54,861	2,305	-	-	-
Total other financing sources (uses) . . . . .	<u>77,989</u>	<u>89,535</u>	<u>11,546</u>	<u>12,129</u>	<u>16,352</u>	<u>4,223</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses) . . . . .	<u>(377,131)</u>	<u>(373,174)</u>	<u>3,957</u>	<u>(155,467)</u>	<u>(71,222)</u>	<u>84,245</u>
Fund balances, July 1 . . . . .	362,748	362,748	-	125,202	125,202	-
Prior year encumbrances appropriated . . . . .	37,710	37,710	-	30,721	30,721	-
<b>Fund balances, June 30 . . . . .</b>	<u>\$ 23,327</u>	<u>\$ 27,284</u>	<u>\$ 3,957</u>	<u>\$ 456</u>	<u>\$ 84,701</u>	<u>\$ 84,245</u>

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)
\$ 167,446	\$ 152,419	\$ (15,027)	\$ 98,298	\$ 89,675	\$ (8,623)	\$ 1,963,745	\$ 1,752,296	\$ (211,449)
-	-	-	-	-	-	25,619	26,743	1,124
-	-	-	17,409	14,786	(2,623)	42,738	41,226	(1,512)
-	-	-	-	-	-	110,428	148,075	37,647
-	-	-	-	-	-	18,063	19,292	1,229
-	19,670	19,670	113,003	95,976	(17,027)	3,692,888	3,866,022	173,134
-	-	-	-	-	-	170,354	228,430	58,076
<u>167,446</u>	<u>172,089</u>	<u>4,643</u>	<u>228,710</u>	<u>200,437</u>	<u>(28,273)</u>	<u>6,023,835</u>	<u>6,082,084</u>	<u>58,249</u>
-	-	-	2,966	2,966	-	2,910,450	2,910,450	-
-	-	-	51,508	51,508	-	773,254	773,254	-
-	-	-	-	-	-	29,269	29,269	-
-	-	-	-	-	-	54,941	54,941	-
-	-	-	-	-	-	154,110	154,110	-
-	-	-	1,025	1,025	-	284,818	284,818	-
-	-	-	-	-	-	11,700	11,700	-
-	-	-	-	-	-	467,902	467,902	-
2,411	2,411	-	1,418	1,418	-	173,601	183,047	(9,446)
-	-	-	-	-	-	48,630	48,630	-
-	-	-	9,457	9,457	-	700,818	700,818	-
-	-	-	32,168	32,168	-	490,263	490,263	-
-	-	-	-	-	-	926	926	-
-	-	-	-	-	-	244,066	244,066	-
-	-	-	1,369,123	1,369,123	-	1,375,723	1,375,723	-
81,038	81,038	-	-	-	-	81,038	81,038	-
96,905	96,905	-	-	-	-	96,905	96,905	-
<u>180,354</u>	<u>180,354</u>	<u>-</u>	<u>1,467,665</u>	<u>1,467,665</u>	<u>-</u>	<u>7,898,414</u>	<u>7,907,860</u>	<u>(9,446)</u>
<u>(12,908)</u>	<u>(8,265)</u>	<u>4,643</u>	<u>(1,238,955)</u>	<u>(1,267,228)</u>	<u>(28,273)</u>	<u>(1,874,579)</u>	<u>(1,825,776)</u>	<u>48,803</u>
-	-	-	81,349	69,092	(12,257)	302,891	304,031	1,140
-	-	-	(87,325)	(87,325)	-	(272,844)	(272,844)	-
-	-	-	(49,673)	(49,673)	-	(49,673)	(49,673)	-
-	-	-	-	-	-	1,539	1,606	67
-	-	-	-	-	-	52,556	54,861	2,305
-	-	-	(55,649)	(67,906)	(12,257)	34,469	37,981	3,512
(12,908)	(8,265)	4,643	(1,294,604)	(1,335,134)	(40,530)	(1,840,110)	(1,787,795)	52,315
67,943	67,943	-	955,772	955,772	-	1,511,665	1,511,665	-
-	-	-	470,628	470,628	-	539,059	539,059	-
<u>\$ 55,035</u>	<u>\$ 59,678</u>	<u>\$ 4,643</u>	<u>\$ 131,796</u>	<u>\$ 91,266</u>	<u>\$ (40,530)</u>	<u>\$ 210,614</u>	<u>\$ 262,929</u>	<u>\$ 52,315</u>

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**COMBINED STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN RETAINED EARNINGS (ACCUMULATED DEFICIT)  
PROPRIETARY FUND TYPE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating revenues:</b>	
Tuition and fees . . . . .	\$ 14,213
Sales/charges for services . . . . .	<u>168,761</u>
 Total operating revenues . . . . .	 <u>182,974</u>
<b>Operating expenses:</b>	
Personal services . . . . .	185,214
Contract services . . . . .	4,349
Materials and supplies . . . . .	141,486
Depreciation . . . . .	6,583
Other . . . . .	<u>672</u>
 Total operating expenses . . . . .	 <u>338,304</u>
 Operating loss . . . . .	 <u>(155,330)</u>
<b>Nonoperating revenues:</b>	
Operating grants . . . . .	64,641
Federal commodities . . . . .	<u>33,591</u>
 Total nonoperating revenues . . . . .	 <u>98,232</u>
 Net loss . . . . .	 (57,098)
Retained earnings (accumulated deficit), July 1 . . . . .	<u>(54,365)</u>
Retained earnings (accumulated deficit), June 30 . . . . .	<u>\$ (111,463)</u>
Contributed Capital . . . . .	<u>\$ 129,764</u>
 <b>Total Fund Equity</b>	 <b>18,301</b>

*THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.*



**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**COMBINED STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
Cash flows from operating activities:	
Cash received from tuition and fees . . . . .	\$ 14,362
Cash received from sales/service charges . . . . .	168,805
Cash payments for personal services . . . . .	(179,846)
Cash payments for contract services . . . . .	(4,352)
Cash payments for materials and supplies . . . . .	(107,091)
Cash payments for other expenses . . . . .	(672)
	(108,794)
Net cash used in operating activities . . . . .	(108,794)
Cash flows from noncapital financing activities:	
Cash received from operating grants . . . . .	64,641
Cash received from interfund loans . . . . .	46,805
	111,446
Net cash provided by noncapital financing activities . . . . .	111,446
Cash flows from capital and related financing activities:	
Acquisition of capital assets . . . . .	(3,784)
	(3,784)
Net cash used in capital and related financing activities . . . . .	(3,784)
Net decrease in cash and cash equivalents . . . . .	(1,132)
Cash and cash equivalents at beginning of year . . . . .	1,878
Cash and cash equivalents at end of year . . . . .	\$ 746
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss . . . . .	\$ (155,330)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation . . . . .	6,583
Federal donated commodities . . . . .	33,591
Changes in assets and liabilities:	
Decrease in materials and supplies inventory . . . . .	446
Decrease in accounts receivable . . . . .	193
Increase in due to other governments . . . . .	102
Decrease in accounts payable . . . . .	(3)
Increase in accrued wages and benefits . . . . .	4,564
Increase in compensated absences payable . . . . .	4,247
Increase in due to other funds . . . . .	201
Decrease in pension obligation payable . . . . .	(3,746)
Increase in deferred revenue . . . . .	358
	358
Net cash used in operating activities . . . . .	\$ (108,794)

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, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

**1. DESCRIPTION OF THE SCHOOL DISTRICT**

The Bristol Local School District (the "District") is located in Trumbull County and encompasses all of the Village 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 517<sup>th</sup> largest by enrollment among the 705 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 39 non-certified and 71 certificated personnel to provide services to approximately 914 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 accounting principles generally accepted in the United States of America (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. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued prior to November 30, 1989 to its proprietary activities unless those pronouncements conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

**A. Reporting Entity**

The District's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity". 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, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(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 Simone, 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* - The 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.

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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.

Capital Projects Funds - The 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 - The 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 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 (See Note 3.C.).

**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.

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**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.

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 fiscal 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, 2002, and which are intended to finance fiscal 2003 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 fiscal year-end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2002, 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. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

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.

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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.

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 2002 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 2002.

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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.) Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. 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.
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 except for the general fund (See Note 3.D.).
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 2002.
9. Unencumbered appropriations lapse at fiscal 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 fiscal year-end appear as a reserve to the fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis 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" on the combined balance sheet.

During fiscal 2002, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio) and money market funds.



**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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.

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, 2002.

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 2002 amounted to \$21,781, which included \$15,172 assigned from other District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

**F. Inventory**

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

**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.

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**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 on a straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Life (years)</u>
Furniture and equipment	5 - 20

**H. 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.

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.

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**I. 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 fiscal 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.

**J. 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, materials and supplies inventory, debt service, tax advance unavailable for appropriation, bus purchases and instructional materials. 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.

**K. 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. The District had short-term interfund loans receivable and payable at June 30, 2002.
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.

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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. The District had no long-term advances receivable or payable at June 30, 2002.

An analysis of the District's interfund transactions for fiscal year 2002 is presented in Note 5.

**L. Contributions of Capital**

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year-end. In accordance with GASB Statement No. 33, capital contributions are recorded as revenue and a component of retained earnings at year-end. There were no capital contributions received by the enterprise fund in 2002. Contributed capital in the enterprise funds at June 30, 2002, is \$129,764.

**M. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents that are restricted in use by state statute. The District has also received state monies that are restricted for school bus purchases. Fund balance reserves have also been established. See Note 16 for details.

**N. 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.

**O. 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. Prior Period Adjustment**

The District has recorded a prior period adjustment to properly record the June 30, 2001 balance of the current interest general obligation bonds and to properly reflect accreted interest on capital appreciation bonds. These adjustments have increased the general long-term obligations account balance by \$52,439 from \$2,860,259 to \$2,912,698 at June 30, 2000.

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**3. ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**B. Deficit Fund Balances/Retained Earnings**

Fund balance/retained earnings at June 30, 2002 included the following individual fund deficits:

	<u>Deficit Balances</u>
<u>General Fund</u>	\$571,555
<u>Special Revenue Funds</u>	
Title I	15,629
Miscellaneous Federal Grants	4,663
<u>Capital Projects Funds</u>	
Building Improvement	2,868
Technology Equity	3,525
<u>Enterprise Fund</u>	
Food Service	98,361

The deficit balances in the General fund, Title I and Miscellaneous Federal Grants funds are caused by the application of GAAP, namely in the reporting of a liability for accrued wages and benefits attributable to the fiscal year. These deficits will be eliminated as revenues become available to cover these costs as they are incurred.

The deficit balance in the Technology Equity Capital Projects fund is caused by GAAP, namely in the reporting of a liability for accounts payable. This deficit will be eliminated as revenues become available to cover these costs as they are incurred.

The deficit balance in the Building Improvement Capital Projects fund is due to the reporting of an "advance in" from another fund as an interfund loan payable rather than as an "other financing source". This deficit will be eliminated by intergovernmental revenues and other resources not recognized at June 30.

The deficit retained earnings in the Food Service Enterprise fund is caused by accruing wage and benefit obligations in accordance with GAAP. This deficit will be eliminated by user charges and intergovernmental revenues not recognized at June 30.

**C. Agency Funds**

The following is an accrual for the agency funds, which, in another fund type, would be recognized in the combined balance sheet:

<b><u>ASSETS</u></b>	
Accounts receivable	\$103

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**3. ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**D. Compliance**

The following fund had expenditures in excess of appropriations for the fiscal year ended June 30, 2002:

	<u>Appropriations</u>	<u>Expenditures</u>	<u>Excess</u>
General Fund	\$5,399,309	\$5,409,353	\$10,044

**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.

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;

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**4. EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

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.

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 \$29,821 and the bank balance was \$142,202. Of the bank balance:

1. \$100,000 was covered by federal deposit insurance.
2. \$42,202 was uninsured and uncollateralized as defined by GASB although it was secured by collateral held by third party trustees pursuant to Section 135.181, Ohio Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions; these securities not being in the name of the District. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**4. EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

**Investments:** Investments are categorized to give an indication of the level of risk assumed by the District at fiscal 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	\$39,531	\$ 39,531
Not subject to categorization:		
Investment in STAR Ohio	-	399,073
Total investments	<u>\$39,531</u>	<u>\$438,604</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:

	Equity in Pooled Cash and Cash Equivalents	Investments
Per GASB Statement No. 9	\$ 468,425	\$ -
Investments of the cash management pool:		
Money market	(39,531)	39,531
Investment in STAR Ohio	(399,073)	399,073
GASB Statement No. 3	<u>\$ 29,821</u>	<u>\$438,604</u>

**5. INTERFUND TRANSACTIONS**

A. The following is a reconciliation of the District's operating transfers during fiscal year 2002:

	Transfers In	Transfers Out
<u>Capital Projects Funds</u>		
Permanent Improvement	\$ -	\$87,325
Building Improvements	69,092	-
ADA	18,233	-
Total	<u>\$87,325</u>	<u>\$87,325</u>



**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**5. INTERFUND TRANSACTIONS - (Continued)**

B. Interfund balances at June 30, 2002, consists of the following individual interfund loans receivable and payable:

	<u>Interfund Loans Receivable</u>	<u>Interfund Loans Payable</u>
<u>Capital Projects Fund</u>		
Permanent Improvement	\$49,673	\$ -
ADA		2,868
<u>Enterprise Fund</u>		
Food Service	-	46,805
Total	<u>\$49,673</u>	<u>\$49,673</u>

C. Interfund balances at June 30, 2002, 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	\$ -	\$24,104
<u>Special Revenue Funds</u>		
Classroom Facilities Maintenance	-	553
Education Management Information Systems	-	50
Title I	-	833
Miscellaneous Federal Grants	-	227
<u>Enterprise Fund</u>		
Food Service	-	837
<u>Agency Fund</u>		
District Agency	<u>26,604</u>	-
Total	<u>\$26,604</u>	<u>\$26,604</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.

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 varying rates of true value.

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**6. PROPERTY TAXES - (Continued)**

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 value upon which the 2001 taxes were collected was \$62,689,601. Agricultural/residential and public utility/minerals real estate represented 90.24% or \$56,569,320 of this total; Commercial & industrial real estate represented 2.98% or \$1,867,580 of this total, public utility tangible represented 4.93% or \$3,094,100 of this total and general tangible property represented 1.85% or \$1,158,601 of this total. The voted general tax rate at the fiscal year ended June 30, 2002 was \$41.4 per \$1,000.00 of assessed valuation for operations, \$2.85 per \$1,000.00 of assessed valuation for debt service, and \$2.50 per \$1,000.00 of assessed valuation for permanent improvements.

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.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable as of June 30, 2002. 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, 2002, 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, 2002 totaled \$6,291 in the general fund, \$841 in the debt service fund, \$478 in the Permanent Improvement capital projects fund, \$1,599 in the Emergency Levy special revenue fund, and \$139 in the Classroom Facilities special revenue fund.

**7. RECEIVABLES**

Receivables at June 30, 2002 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, interfund loans, and intergovernmental grants (to the extent eligibility requirements have been met). Intergovernmental grants receivable have been presented as "Due From Other Governments" on the combined balance sheet. Taxes and intergovernmental receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of state programs.

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**7. RECEIVABLES – (Continued)**

A summary of the principal items of receivables follows:

	<u>Amounts</u>
<u>General Fund</u>	
Taxes - current and delinquent	\$1,324,315
<u>Special Revenue Funds</u>	
Taxes - current and delinquent	365,981
Accounts	2,242
Due from other governments	15,866
<u>Debt Service Fund</u>	
Taxes - current and delinquent	177,100
<u>Capital Projects Funds</u>	
Taxes - current and delinquent	100,689
Interfund loan	49,673

**8. FIXED ASSETS**

A summary of the changes in the general fixed assets account group during the fiscal year follows:

	<u>Balance July 1, 2001</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2002</u>
Land/improvements	\$ 123,884	\$ -	\$ -	\$ 123,884
Buildings/improvements	1,289,943	9,746,427	-	11,036,370
Furniture/equipment	943,764	1,110	(15,928)	928,946
Vehicles	384,970	52,750	-	437,720
Construction in progress	8,256,977	1,480,850	(9,737,827)	-
Total	<u>\$10,999,538</u>	<u>\$11,281,137</u>	<u>\$(9,753,755)</u>	<u>\$12,526,920</u>

A summary of the proprietary fixed assets at June 30, 2002 follows:

Furniture and equipment	\$159,388
Less: accumulated depreciation	(38,911)
Net fixed assets	<u>\$120,477</u>

**9. LONG-TERM OBLIGATIONS**

A. During fiscal year 1998, the District issued voted \$2,333,870 in school improvement 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 is 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 repayment is derived from a current 2.70 mill bonded debt tax levy.

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**9. LONG -TERM OBLIGATIONS - (Continued)**

This issue is comprised of both current interest bonds, par value \$2,140,000, and capital appreciation bonds, par value \$380,000. The interest rates on the current interest bonds range from 3.90% to 5.25%. The capital appreciation bonds mature on December 1, 2004 (effective interest 9.00%), December 1, 2005 (effective interest 8.15%), December 1, 2006 (effective interest 8.15%), and December 1, 2007 (effective interest 8.15%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The present value (as of issue date) reported in the general long-term obligations account group at June 30, 2002 was \$193,870. A total of \$83,378 in accreted interest on the capital appreciation bonds has been included in the general long-term obligations account group at June 30, 2002.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2020.

The following is a summary of the District's future annual debt service requirements to maturity for general obligation bonds:

Fiscal Year Ending	Current Interest Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2003	\$ 85,000	\$ 93,629	\$ 178,629	\$ -	\$ -	\$ -
2004	90,000	89,865	179,865	-	-	-
2005 -		82,908	82,908	95,000	-	95,000
2006 -		87,908	87,908	95,000	-	95,000
2007 -		87,908	87,908	95,000	-	95,000
2008 - 2012	395,000	402,663	797,663	95,000	-	95,000
2013 - 2017	630,000	266,951	896,951	-	-	-
2018 - 2021	695,000	76,745	771,745	-	-	-
Total	<u>\$1,895,000</u>	<u>\$1,188,577</u>	<u>\$3,083,577</u>	<u>\$380,000</u>	<u>\$ -</u>	<u>\$380,000</u>

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**9. LONG -TERM OBLIGATIONS - (Continued)**

B. 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, 2002:

<u>Interest Purpose</u>	<u>Issue Rate</u>	<u>Maturity Date</u>	<u>Balance Date</u>	<u>Retired July 1, 2001</u>	<u>Balance in 2002</u>	<u>June 30, 2002</u>
Asbestos abatement	None	4/30/93	05/30/13	<u>\$107,053</u>	<u>\$(11,038)</u>	<u>\$96,015</u>

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$11,038	\$ -	\$11,038
2004	11,038	-	11,038
2005	11,038	-	11,038
2006	11,038	-	11,038
2007	11,038	-	11,038
2008 - 2012	<u>40,825</u>	-	<u>40,825</u>
Total	<u>\$96,015</u>	<u>\$ -</u>	<u>\$96,015</u>

C. During the fiscal year-ended June 30, 2002, the following changes occurred in liabilities reported in the general long-term obligations account group. Compensated absences are reported net of actual increases and decreases due to the impracticality of determining these values. Compensated absences and the pension benefit obligation will ultimately be paid from the fund from which the employee is paid.

	<u>Restated Balance July 1, 2001</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2002</u>
Compensated absences	\$ 543,688	\$15,139	\$ -	\$ 558,827
Current interest bonds	1,965,000	-	(70,000)	1,895,000
Capital appreciation bonds	255,789	21,459	-	277,248
Asbestos loan	107,053	-	(11,038)	96,015
Pension obligation payable	<u>41,168</u>	<u>43,096</u>	<u>(41,168)</u>	<u>43,096</u>
Total general	<u>\$2,912,698</u>	<u>\$79,694</u>	<u>\$(122,206)</u>	<u>\$2,870,186</u>

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**9. LONG -TERM OBLIGATIONS - (Continued)**

D. 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, 2002 are a voted debt margin of \$3,530,335 (including available funds of \$60,519), an unvoted debt margin of \$62,690, and an unvoted energy conservation debt margin of \$564,206.

**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 2001.

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.

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

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, 2002.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total</u>
Operating revenue	\$ 168,761	\$14,213	\$ 182,974
Operating loss	(154,141)	(1,189)	(155,330)
Non-operating revenue:			
Operating grants	64,641	-	64,641
Donated federal commodities	33,591	-	33,591
Net loss	(55,909)	(1,189)	(57,098)
Net working capital	(71,883)	746	(71,137)
Total assets	127,794	746	128,540
Long-term liabilities			
payable from fund revenues	17,191	-	17,191
Total fund equity	17,555	746	18,301

**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 administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by 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, 300 East Broad Street, Columbus, Ohio 43215, or by calling (614) 222-5853.

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**12. DEFINED BENEFIT PENSION PLANS – (Continued)**

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 2002; 5.46 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, 2002, 2001, and 2000 were \$118,126, \$118,982, and \$110,043, respectively; 44 percent has been contributed for fiscal year 2002 and 100 percent for the fiscal years 2001 and 2000. \$66,780, representing the unpaid contribution for fiscal year 2002, 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, 2002, 2001, and 2000 were \$384,768, \$383,577, and \$351,816, respectively; 83 percent has been contributed for fiscal year 2002 and 100 percent for the fiscal years 2001 and 2000. \$69,048, representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by SERS or STRS have an option to choose Social Security or SERS/STRS. As of June 30, 2002, no members of the Board of Education have elected Social Security.



**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**13. POSTEMPLOYMENT BENEFITS**

The District provides comprehensive health care benefits to retired teachers and their dependents through STRS, and to retired non-certified employees and their dependents through SERS. Benefits include hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Benefit provisions and the obligations to contribute are established by STRS and SERS based on authority granted by State statute. Both STRS and SERS 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. For this fiscal year, the State Teachers Retirement Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve fund. For the District, this amount equaled \$123,675 during fiscal 2002.

STRS pays health care benefits from the Health Care Reserve fund. The balance in the Health Care Reserve fund was \$3.256 billion at June 30, 2001 (the latest information available). For the fiscal year ended June 30, 2001 (the latest information available), net health care costs paid by STRS were \$300.772 million and STRS had 102,132 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 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 8.54 percent of covered payroll. 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 2002, 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 percent of annual health care expenses. Expenses for health care at June 30, 2001 (the latest information available), were \$161.440 million and the target level was \$242.2 million. At June 30, 2001 (the latest information available), SERS had net assets available for payment of health care benefits of \$315.7 million and SERS had approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$83,186 during the 2002 fiscal year.

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(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);
- (d) 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			
	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Project</u>
Budget basis	\$(373,174)	\$(71,222)	\$(8,265)	\$(1,335,134)
Net adjustment for revenue accruals	29,788	17,987	435	73,895
Net adjustment for expenditure accruals	(65,861)	11,657	-	(95,462)
Net adjustment for other financing sources/(uses)	(87,929)	(16,352)	-	67,906
Encumbrances (budget basis)	<u>55,952</u>	<u>20,944</u>	<u>-</u>	<u>63,888</u>
GAAP basis	<u>\$(441,224)</u>	<u>\$(36,986)</u>	<u>\$(7,830)</u>	<u>\$(1,224,907)</u>

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(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, 2002.

B. Litigation

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

C. 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 plan 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 its financial operations.

**16. STATUTORY RESERVES**

The District is required by state law to set-aside certain general fund revenue amounts, as defined by statute, into various reserves. During the fiscal year ended June 30, 2002, the reserve activity was as follows:

	<u>Instructional Materials</u>	<u>Capital Maintenance</u>
Set-aside cash balance as of July 1, 2001	\$ 88,363	\$ 9,430
Current year set-aside requirement	114,215	114,215
Current year offsets	-	(89,675)
Qualifying disbursements	(98,823)	(1,255,286)
Amount to limit set-aside to cash available	<u>(69,040)</u>	<u>-</u>
Total, June 30, 2002	<u>\$ 34,715</u>	<u>\$(1,221,316)</u>
Cash balance carried forward to FY 2003	<u>\$ 34,715</u>	<u>\$(1,221,316)</u>

The District had offsets and qualifying disbursements during the year that reduced the set-aside amount below zero for the capital acquisition reserve, this extra amount may be used to reduce the set-aside requirement for future years. The negative amount is therefore presented as being carried forward to the next fiscal year.

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

**16. STATUTORY RESERVES (Continued)**

In addition to the above statutory reserves, the District also received monies restricted for school bus purchases. Fund balance has been reserved as the entire balance was encumbered at fiscal year-end.

A schedule of the restricted assets at June 30, 2002 follows:

Amount restricted for bus purchases	\$48,521
Amount restricted for instructional materials	<u>34,715</u>
Total restricted assets	<u>\$83,236</u>

BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
AS OF JUNE 30, 2002

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through The Ohio Department of Education:</i>						
<b>Nutrition Cluster:</b>						
Food Distribution Program	N/A	10.550	-	\$16,264	-	\$33,591
National School Lunch Program	LL-P4-01	10.555	7,228	-	7,228	-
	LL-P4-02		55,294	-	55,294	-
<b>Subtotal -- School National School Lunch Program</b>			<b>62,522</b>	<b>-</b>	<b>62,522</b>	<b>-</b>
<b>Total U.S. Department of Agriculture ☐ Nutrition Cluster</b>			<b>\$62,522</b>	<b>\$16,264</b>	<b>\$62,522</b>	<b>\$33,591</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through The Ohio Department of Education:</i>						
Grants to Local Educational Agencies						
Title I School Subsidy	C1-S1-00	84.010	-	-	\$17,255	-
	C1-S1-02		124,541	-	116,793	-
<b>Total ☐ Title I School Subsidy</b>			<b>124,541</b>	<b>-</b>	<b>134,048</b>	<b>-</b>
<b>Special Education Cluster:</b>						
Special Education Grants to States						
Title VI-B Handicapped Flowthrough	6B-SF-002 P	84.027	65,608	-	65,608	-
Eisenhower Professional Development State Grant						
Math and Science ☐ Subsidy	MS-S1 01	84.281	-	-	1,265	-
	MS-S1 02		5,270	-	4,087	-
<b>Total ☐ Math and Science Subsidy</b>			<b>5,270</b>	<b>-</b>	<b>5,352</b>	<b>-</b>
Safe and Drug Free School and Communities						
Drug Free Education ☐ Subsidy	DR-S1 02	84.186	\$3,689	-	3,689	-
Innovative Education Program Strategies						
Chapter 2 ☐ Subsidy	CS-S1 01	84.298	(\$20)	-	-	-
	CS-S1 02		4,861	-	4,861	-
<b>Total ☐ Chapter 2 Subsidy</b>			<b>4,841</b>	<b>-</b>	<b>4,861</b>	<b>-</b>
Class Size Reduction Subsidy						
	CR-S1-01	84.340	(\$6)	-	-	-
	CR-S1-01		24,461	-	24,302	-
<b>Total ☐ Title VI R Classroom Reduction</b>			<b>24,455</b>	<b>-</b>	<b>24,302</b>	<b>-</b>
<b>Total ☐ U.S. Department of Education</b>			<b>\$228,404</b>	<b>-</b>	<b>\$237,860</b>	<b>-</b>
<b>Totals</b>			<b>\$290,926</b>	<b>\$16,264</b>	<b>\$300,382</b>	<b>\$33,591</b>

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  
JUNE 30, 2002**

**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, 2002, The District 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.



**STATE OF OHIO  
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

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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 44002-0260

To The Board of Education:

We have audited the financial statements of Bristol Local School District, Trumbull County (the District) as of and for the year ended June 30 2002, and have issued our report thereon dated December 16, 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 certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 16, 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 District in a separate letter dated December 16, 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

**Jim Petro**  
Auditor of State

December 16, 2002





STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANTS 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 44002-0260

To The Board of Education:

**Compliance**

We have audited the compliance of Bristol Local School District, Trumbull County (the 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, 2002. 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, 2002. However, we noted one instance of noncompliance that does not require inclusion in this report that we have reported to the management of Bristol Local School District in a separate letter dated December 16, 2002.

### **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

December 16, 2002

**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY  
JUNE 30, 2002**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)()(i)</b>	<b>Type of Financial Statement opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Title I CFDA: 84.010 and Nutrition Cluster CFDA's: 10.550,10.551& 10.555
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	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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OFFICE OF THE AUDITOR

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**BRISTOL LOCAL SCHOOL DISTRICT**

**TRUMBULL COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 28, 2003**