

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

**BASIC FINANCIAL STATEMENTS  
*(AUDITED)***

***FOR THE FISCAL YEAR ENDED  
JUNE 30, 2013***

**MARIO A. NERO, JR., TREASURER**





# Dave Yost • Auditor of State

Board of Education  
Bristol Local School District  
1845 Greenville Road  
Bristolville, Ohio 44402

We have reviewed the *Independent Auditor's Report* of the Bristol Local School District, Trumbull County, prepared by Julian & Grube, Inc., for the audit period July 1, 2012 through June 30, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Bristol Local School District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

December 2, 2013

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

BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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**Julian & Grube, Inc.**  
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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

Bristol Local School District  
Trumbull County  
1845 Greenville Road  
Bristolville, Ohio 44402

To the Board of Education:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Bristol Local School District, Trumbull County, Ohio, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Bristol Local School District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Bristol Local School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Bristol Local School District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, its major fund, and the aggregate remaining fund information of the Bristol Local School District, Trumbull County, Ohio, as of June 30, 2013, and the respective changes in financial position thereof and the budgetary comparison for the General fund thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

*Supplementary and Other Information*

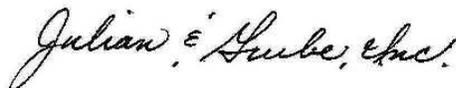
Our audit was conducted to opine on the Bristol Local School District's basic financial statements taken as a whole.

The Schedule of Receipts and Expenditures of Federal Awards (the "Schedule") presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2013, on our consideration of the Bristol Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Bristol Local School District's internal control over financial reporting and compliance.



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

The management's discussion and analysis of the Bristol Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2013 are as follows:

- In total, net position of governmental activities increased \$141,980 which represents a 1.43% increase from 2012 as restated in Note 3.A.
- General revenues accounted for \$6,420,646 in revenue or 81.08% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,498,511 or 18.92% of total revenues of \$7,919,157.
- The District had \$7,777,177 in expenses related to governmental activities; only \$1,498,511 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$6,420,646 were adequate to provide for these programs.
- The District major governmental fund is the general fund. The general fund had \$6,572,866 in revenues and other financing sources and \$6,588,973 in expenditures. During fiscal year 2013, the general fund's fund balance decreased \$16,107 from a balance of \$1,490,358 to \$1,474,251.

**Using the Basic Financial Statements (BFS)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District there is one major fund: the general fund.

**Reporting the District as a Whole**

*Statement of Net Position and the Statement of Activities*

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2013?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operations and maintenance, pupil transportation, extracurricular activities, food service operations and interest and fiscal charges.

The District's statement of net position and statement of activities can be found on pages 13-14 of this report.

**Reporting the District's Most Significant Funds**

***Fund Financial Statements***

The analysis of the District's major governmental funds begins on page 9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental fund is the general fund.

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting which measures cash and all other financial assets than can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.

***Reporting the District's Fiduciary Responsibilities***

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 20 and 21. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 22-50 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**The District as a Whole**

The table below provides a summary of the District's net position at June 30, 2013 and June 30, 2012. The net position at June 30, 2012 has been restated as described in Note 3.A.

	<b>Net Position</b>	
	Governmental Activities 2013	Restated Governmental Activities 2012
<b><u>Assets</u></b>		
Current and other assets	\$ 5,886,224	\$ 6,268,177
Capital assets, net	<u>9,215,522</u>	<u>9,016,429</u>
Total assets	<u>15,101,746</u>	<u>15,284,606</u>
<b><u>Deferred outflows of resources</u></b>		
Deferred outflows of resources	<u>22,416</u>	<u>25,439</u>
<b><u>Liabilities</u></b>		
Current liabilities	643,302	731,030
Long-term liabilities	<u>1,937,729</u>	<u>2,144,160</u>
Total liabilities	<u>2,581,031</u>	<u>2,875,190</u>
<b><u>Deferred inflows of resources</u></b>		
Deferred inflows of resources	<u>2,489,945</u>	<u>2,523,649</u>
<b><u>Net Position</u></b>		
Net investment in capital assets	7,804,771	7,690,746
Restricted	681,364	735,757
Unrestricted	<u>1,567,051</u>	<u>1,484,703</u>
Total net position	<u>\$ 10,053,186</u>	<u>\$ 9,911,206</u>

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2013, the District's assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$10,053,186. At year-end, restricted net position was \$681,364.

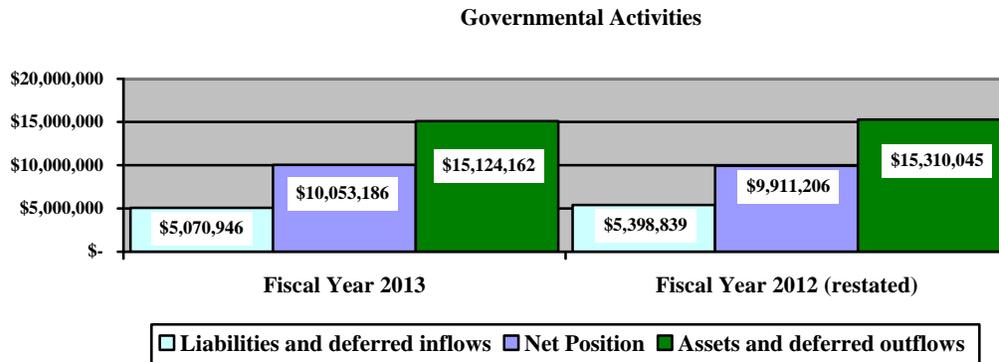
At year-end, capital assets represented 61.02% of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment and vehicles. Net investment in capital assets to acquire the assets at June 30, 2013, were \$7,804,771. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$681,364, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is \$1,567,051.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

The graph below illustrates the governmental activities assets and deferred outflows, liabilities and deferred inflows and net position at June 30, 2013 and 2012. The net position at June 30, 2012 has been restated as described in Note 3.A.



The table below shows the change in net position for fiscal years 2013 and 2012. The net position at June 30, 2012 has been restated as described in Note 3.A.

	<b>Change in Net Position</b>	
	Governmental Activities 2013	Restated Governmental Activities 2012
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 508,614	\$ 542,490
Operating grants and contributions	989,897	892,872
General revenues:		
Property taxes	2,554,902	2,629,916
Grants and entitlements	3,621,465	3,660,495
Investment earnings	4,756	2,885
Other	239,523	11,117
<b>Total revenues</b>	<b>7,919,157</b>	<b>7,739,775</b>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<b>Change in Net Position</b>	
	Governmental Activities 2013	Restated Governmental Activities 2012
<b><u>Expenses</u></b>		
Program expenses:		
Instruction:		
Regular	\$ 3,815,149	\$ 3,887,429
Special	904,493	893,118
Vocational	63,716	58,889
Other	8,901	7,927
Support services:		
Pupil	237,111	238,631
Instructional staff	110,330	100,135
Board of education	33,111	38,465
Administration	604,436	651,968
Fiscal	241,436	249,672
Business	26,852	25,397
Operations and maintenance	596,847	650,000
Pupil transportation	508,582	535,709
Central	102,182	13,503
Operation of non-instructional services		
Food service operations	255,773	288,720
Other non-instructional services	11,691	11,571
Extracurricular activities	210,964	191,260
Interest and fiscal charges	<u>45,603</u>	<u>101,842</u>
Total expenses	<u>7,777,177</u>	<u>7,944,236</u>
Change in net position	141,980	(204,461)
Net position beginning of year (restated)	<u>9,911,206</u>	<u>10,115,667</u>
Net position end of year	<u>\$ 10,053,186</u>	<u>\$ 9,911,206</u>

**Governmental Activities**

Net position of the District's governmental activities increased \$141,980. Total governmental expenses of \$7,777,177 were offset by program revenues of \$1,498,511 and general revenues of \$6,420,646. Program revenues supported 19.27% of the total governmental expenses.

In the area of program revenues, the significant increase was in operating grants and contributions which increased \$97,025. This increase is attributable primarily to an increase in Title I, Disadvantaged Children funding.

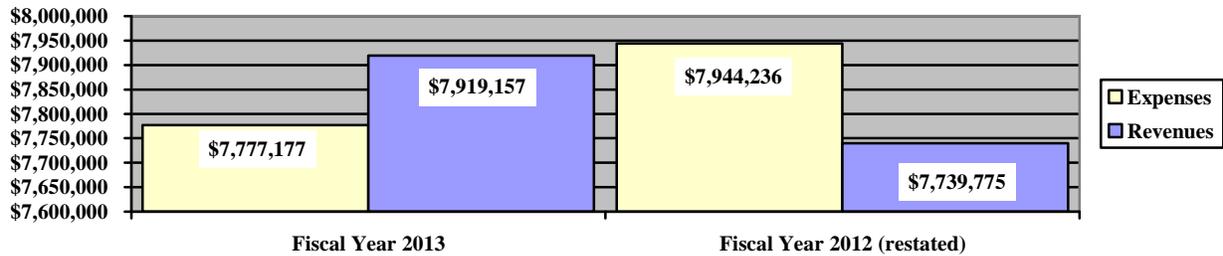
The primary sources of revenue for governmental activities are derived from property taxes, and unrestricted grants and entitlements. These two revenue sources represent 77.99% of total governmental revenue. Real estate property is reappraised every six years.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2013 and 2012.

**Governmental Activities - Revenues and Expenses**



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

	<b>Governmental Activities</b>			
	Total Cost of Services 2013	Net Cost of Services 2013	Restated Total Cost of Services 2012	Restated Net Cost of Services 2012
<b>Program expenses</b>				
Instruction:				
Regular	\$ 3,815,149	\$ 3,563,188	\$ 3,887,429	\$ 3,596,248
Special	904,493	152,192	893,118	250,002
Vocational	63,716	59,781	58,889	54,954
Other	8,901	8,901	7,927	7,927
Support services:				
Pupil	237,111	237,111	238,631	238,631
Instructional staff	110,330	92,287	100,135	85,076
Board of education	33,111	33,111	38,465	38,465
Administration	604,436	604,436	651,968	651,968
Fiscal	241,436	241,436	249,672	249,672
Business	26,852	26,852	25,397	25,397
Operations and maintenance	596,847	587,254	650,000	643,446
Pupil transportation	508,582	457,752	535,709	479,231
Central	102,182	98,582	13,503	9,903
Operation of non-instructional services				
Food service operations	255,773	(36,917)	288,720	(41,299)
Other non-instructional services	11,691	11,691	11,571	11,571
Extracurricular activities	210,964	95,406	191,260	105,840
Interest and fiscal charges	45,603	45,603	101,842	101,842
<b>Total expenses</b>	<u>\$ 7,777,177</u>	<u>\$ 6,278,666</u>	<u>\$ 7,944,236</u>	<u>\$ 6,508,874</u>

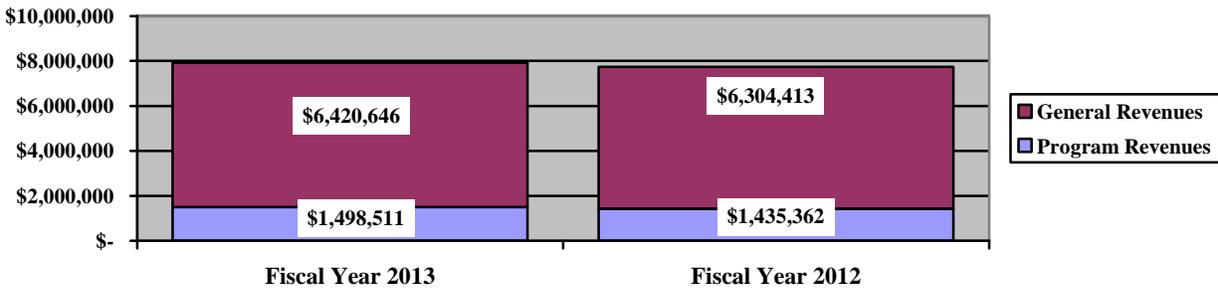
**BRISTOL LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

The dependence upon tax and other general revenues for governmental activities is apparent 78.96% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 80.73%.

The graph below presents the District's governmental activities revenue for fiscal years 2013 and 2012.

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds (as presented on the balance sheet on page 15) reported a combined fund balance of \$2,132,932, which is lower than last year's balance of \$2,411,865. The schedule below indicates the fund balances and the total change in fund balance as of June 30, 2013 and 2012.

	<u>Fund Balance</u> <u>June 30, 2013</u>	<u>Fund Balance</u> <u>June 30, 2012</u>	<u>(Decrease)</u>
General	\$ 1,474,251	\$ 1,490,358	\$ (16,107)
Other governmental	<u>658,681</u>	<u>921,507</u>	<u>(262,826)</u>
Total	<u>\$ 2,132,932</u>	<u>\$ 2,411,865</u>	<u>\$ (278,933)</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

***General Fund***

The District's general fund's fund balance decreased \$16,107. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2013</u>	<u>2012</u>	<u>Change</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>		<u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 2,247,678	\$ 2,201,474	\$ 46,204	2.10 %
Tuition	272,224	323,961	(51,737)	(15.97) %
Earnings on investments	4,756	2,885	1,871	64.85 %
Intergovernmental	3,753,681	3,793,004	(39,323)	(1.04) %
Other revenues	<u>292,527</u>	<u>48,230</u>	<u>244,297</u>	506.52 %
 Total	 <u>\$ 6,570,866</u>	 <u>\$ 6,369,554</u>	 <u>\$ 201,312</u>	 3.16 %
<b><u>Expenditures</u></b>				
Instruction	\$ 4,156,625	\$ 4,125,584	\$ 31,041	0.75 %
Support services	2,255,650	2,256,671	(1,021)	(0.05) %
Operation of non-instructional services	120	-	120	100.00 %
Extracurricular activities	168,578	56,473	112,105	198.51 %
Facilities acquisition and construction	<u>8,000</u>	<u>8,990</u>	<u>(990)</u>	(11.01) %
 Total	 <u>\$ 6,588,973</u>	 <u>\$ 6,447,718</u>	 <u>\$ 141,255</u>	 2.19 %

Tuition revenues decreased 15.97% due to the District's decrease in special education tuition and open enrollment. Other revenues increased 506.52% due to a private donation. Extracurricular activity expenditures increased 198.51% primarily due to the district moving payroll previously booked in the special revenue funds to the general fund. All other revenues and expenditures remained comparable to the prior years.

***General Fund Budgeting Highlights***

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the general fund.

During the course of fiscal year 2013, the District amended its general fund budget numerous times. For the general fund, final budgeted revenues and other financing sources were \$5,771,816 which was \$7,038 higher than the original budgeted revenues and other financing sources estimate of \$5,764,778. Actual revenues and other financing sources for fiscal year 2013 were \$5,771,816 which was equal to final budgeted revenues and other financing sources.

General fund final appropriations and other financing uses were \$6,094,377 which was \$145,809 lower than the original budgeted expenditures and other financing uses of \$6,240,186. Actual expenditures and other financing uses for fiscal year 2013 were \$6,071,145 which was \$23,232 lower than final appropriations and other financing sources.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**Capital Assets and Debt Administration**

*Capital Assets*

At the end of fiscal year 2013, the District had \$9,215,522 invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal year 2013 balances compared to balances of 2012:

<b>Capital Assets at June 30 (Net of Depreciation)</b>		
<u>Governmental Activities</u>		
	<u>2013</u>	<u>2012</u>
Land	\$ 178,569	\$ 178,569
Building and improvements	8,250,678	8,138,194
Furniture and equipment	400,479	331,390
Vehicles	<u>385,796</u>	<u>368,276</u>
Total	<u>\$ 9,215,522</u>	<u>\$ 9,016,429</u>

The overall increase in capital assets of \$199,093 is due to capital outlays of \$543,412 exceeding depreciation expense of \$344,319 for the fiscal year.

See Note 7 to the basic financial statements for additional information on the District's capital assets.

*Debt Administration*

At June 30, 2013, the District had \$1,410,777 in general obligation bonds and loans outstanding. Of this total, \$155,000 is due within one year and \$1,255,777 is due in more than one year. The following table summarizes the bonds and loans outstanding.

<b>Outstanding Debt, at Year End</b>		
	Governmental Activities <u>2013</u>	Governmental Activities <u>2012</u>
General obligation bonds	\$ 1,410,777	\$ 1,543,922
Asbestos loan	<u>-</u>	<u>5,519</u>
Total	<u>\$ 1,410,777</u>	<u>\$ 1,549,441</u>

At June 30, 2013, the District's overall legal debt margin was \$7,063,022 with an unvoted debt margin of \$90,121.

See Note 8 to the basic financial statements for additional information on the District's debt administration.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**Current Financial Related Activities**

This District continues to face many challenges in the future. As the preceding information shows, the District relies heavily upon grants and entitlements and property taxes. Since future grants and entitlement revenue is expected to decrease, the reliance upon local taxes is increasingly important. Property tax delinquencies have increased over the last several years. Due to the present economic conditions property values have remained stable over the last few years. Collection of the 5.5 mill levy began in calendar year 2006. Cost cutting measures, including reductions in several teaching and non-teaching positions were made in fiscal year 2005 and fiscal year 2006 and a total of \$1.13 million was borrowed from the State Solvency Assistance Fund. Repayment of the loan began in August of 2004 and concluded in June of 2007. The District was released from fiscal emergency by the State in December of 2006.

A major challenge facing the District in the future continues to be the uncertainty of State funding. The State of Ohio was found by the Ohio Supreme Court in March 1997 to be operating an unconstitutional educational system, one that was neither "adequate" nor "equitable." Since 1997, the State has directed its tax revenue growth toward school districts with little property tax wealth. In June of 2005, the State legislature passed House Bill 66 which made several changes to State school funding, one of the changes being the phase out and elimination of tangible personal property taxes. House Bill 1 has changed the State foundation funding structure. HB59 will determine foundation payments for fiscal year 2014 and 2015 and our payments for fiscal year 2013 were determined by the bridge report. In previous years, six percent of our foundation money was replaced with federal stimulus; State Fiscal Stabilization Funds (SFSF) was available for fiscal year 2010 and fiscal year 2011. Education Job Grant money was available only in fiscal year 2011 and fiscal year 2012. These funds were not replaced in fiscal year 2013.

This District also has experienced a decline in funding due to declining enrollment. The District continues to lose students to neighboring districts as they go to open enrollment, charter schools and electronic schools. As those students leave, the State funding decreases. As a result of the decline in enrollment and the need to cut costs, the District closed the Farmington Elementary Building in May of 2004 consolidating the students into one campus at the Bristol High School and Middle School location. Also, in an effort to reduce energy costs the district completed a HB264 project.

Current cost cutting measures will continue unless other revenue sources become available. All of the District's financial abilities will be needed to meet the financial challenges in the future.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mario Nero, Treasurer, Bristol Local School District, 1845 Greenville Rd. NW, P.O. Box 260, Bristolville, OH 44402-0260.

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

STATEMENT OF NET POSITION  
JUNE 30, 2013

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . . . .	\$ 2,719,794
Receivables:	
Property taxes . . . . .	3,051,281
Accounts. . . . .	2,665
Accrued interest . . . . .	340
Intergovernmental . . . . .	92,689
Prepayments . . . . .	8,747
Materials and supplies inventory. . . . .	10,708
Capital assets:	
Land. . . . .	178,569
Depreciable capital assets, net. . . . .	9,036,953
Capital assets, net . . . . .	9,215,522
Total assets. . . . .	15,101,746
 <b>Deferred outflows of resources:</b>	
Unamortized deferred charges on debt refunding . . . . .	22,416
Total deferred outflows of resources . . . . .	22,416
 <b>Liabilities:</b>	
Accounts payable. . . . .	15,268
Accrued wages and benefits payable . . . . .	492,695
Pension obligation payable. . . . .	110,694
Intergovernmental payable . . . . .	21,946
Accrued interest payable . . . . .	2,699
Long-term liabilities:	
Due within one year. . . . .	222,595
Due in more than one year. . . . .	1,715,134
Total liabilities . . . . .	2,581,031
 <b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year. . . . .	2,489,945
Total deferred inflows of resources . . . . .	2,489,945
 <b>Net position:</b>	
Net investment in capital assets . . . . .	7,804,771
Restricted for:	
Capital projects . . . . .	53,480
Classroom facilities maintenance . . . . .	20,504
Debt service. . . . .	96,316
State funded programs. . . . .	1,699
Federally funded programs . . . . .	2,443
Student activities . . . . .	135,565
Other purposes . . . . .	371,357
Unrestricted . . . . .	1,567,051
Total net position. . . . .	\$ 10,053,186

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 3,815,149	\$ 247,341	\$ 4,620	\$ (3,563,188)
Special . . . . .	904,493	26,241	726,060	(152,192)
Vocational . . . . .	63,716	-	3,935	(59,781)
Other . . . . .	8,901	-	-	(8,901)
Support services:				
Pupil . . . . .	237,111	-	-	(237,111)
Instructional staff . . . . .	110,330	-	18,043	(92,287)
Board of education . . . . .	33,111	-	-	(33,111)
Administration . . . . .	604,436	-	-	(604,436)
Fiscal . . . . .	241,436	-	-	(241,436)
Business . . . . .	26,852	-	-	(26,852)
Operations and maintenance . . . . .	596,847	9,448	145	(587,254)
Pupil transportation . . . . .	508,582	-	50,830	(457,752)
Central . . . . .	102,182	-	3,600	(98,582)
Operation of non-instructional services:				
Other non-instructional services . . . . .	11,691	-	-	(11,691)
Food service operations . . . . .	255,773	110,438	182,252	36,917
Extracurricular activities . . . . .	210,964	115,146	412	(95,406)
Interest and fiscal charges . . . . .	45,603	-	-	(45,603)
<b>Total governmental activities . . . . .</b>	<b>\$ 7,777,177</b>	<b>\$ 508,614</b>	<b>\$ 989,897</b>	<b>(6,278,666)</b>

<b>General revenues:</b>	
Property taxes levied for:	
General purposes . . . . .	2,263,034
Special Revenue . . . . .	30,261
Debt service . . . . .	165,582
Capital outlay . . . . .	96,025
Grants and entitlements not restricted to specific programs . . . . .	3,621,465
Investment earnings . . . . .	4,756
Miscellaneous . . . . .	239,523
<b>Total general revenues . . . . .</b>	<b>6,420,646</b>
Change in net position . . . . .	141,980
<b>Net position at beginning of year (restated)</b>	<b>9,911,206</b>
<b>Net position at end of year . . . . .</b>	<b>\$ 10,053,186</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2013

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents. . . . .	\$ 2,055,637	\$ 664,157	\$ 2,719,794
Receivables:			
Property taxes. . . . .	2,701,222	350,059	3,051,281
Accounts . . . . .	1,866	799	2,665
Accrued interest . . . . .	293	47	340
Intergovernmental. . . . .	59,464	33,225	92,689
Prepayments. . . . .	8,747	-	8,747
Materials and supplies inventory. . . . .	-	10,708	10,708
Total assets . . . . .	<u>\$ 4,827,229</u>	<u>\$ 1,058,995</u>	<u>\$ 5,886,224</u>
<b>Liabilities:</b>			
Accounts payable . . . . .	\$ 15,070	\$ 198	\$ 15,268
Accrued wages and benefits payable . . . . .	455,493	37,202	492,695
Compensated absences payable . . . . .	31,833	-	31,833
Intergovernmental payable . . . . .	19,882	2,064	21,946
Pension obligation payable . . . . .	101,074	9,620	110,694
Total liabilities. . . . .	<u>623,352</u>	<u>49,084</u>	<u>672,436</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year. . .	2,204,285	285,660	2,489,945
Delinquent property tax revenue not available. . .	479,302	62,114	541,416
Other nonexchange transactions not available. . .	46,039	3,456	49,495
Total deferred inflows of resources . . . . .	<u>2,729,626</u>	<u>351,230</u>	<u>3,080,856</u>
<b>Fund balances:</b>			
Nonspendable:			
Materials and supplies inventory. . . . .	-	10,708	10,708
Prepays. . . . .	8,747	-	8,747
Restricted:			
Debt service . . . . .	-	97,106	97,106
Capital improvements . . . . .	-	32,817	32,817
Classroom facilities maintenance . . . . .	-	14,041	14,041
Food service operations . . . . .	-	364,882	364,882
Targeted academic assistance . . . . .	-	2,437	2,437
Other purposes. . . . .	-	1,705	1,705
Extracurricular. . . . .	-	135,565	135,565
Assigned:			
Student instruction . . . . .	14,183	-	14,183
Student and staff support. . . . .	238,640	-	238,640
Subsequent year's appropriations . . . . .	260,488	-	260,488
Unassigned (deficit) . . . . .	952,193	(580)	951,613
Total fund balances . . . . .	<u>1,474,251</u>	<u>658,681</u>	<u>2,132,932</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 4,827,229</u>	<u>\$ 1,058,995</u>	<u>\$ 5,886,224</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2013

<b>Total governmental fund balances</b>		\$ 2,132,932
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		9,215,522
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$ 541,416	
Intergovernmental receivable	49,495	
Total		590,911
Unamortized deferred charges are not recognized in the funds.		22,416
Unamortized discounts are not recognized in the funds.		1,864
Unamortized premiums on bonds issued are not recognized in the funds.		(60,032)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(2,699)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Energy conservation improvement bonds	(230,000)	
General obligation current interest bonds payable	(1,100,000)	
General obligation capital appreciation bonds payable	(44,999)	
Accreted interest on capital appreciation bonds payable	(35,778)	
Compensated absences payable	(436,951)	
Total		(1,847,728)
<b>Net position of governmental activities</b>		<b>\$ 10,053,186</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>			
From local sources:			
Property taxes . . . . .	\$ 2,247,678	\$ 289,717	\$ 2,537,395
Tuition. . . . .	272,224	-	272,224
Earnings on investments . . . . .	4,756	725	5,481
Charges for services . . . . .	-	110,526	110,526
Extracurricular. . . . .	42,286	72,860	115,146
Classroom materials and fees . . . . .	1,358	-	1,358
Rental income . . . . .	9,360	-	9,360
Contributions and donations . . . . .	216,037	412	216,449
Other local revenues . . . . .	23,486	-	23,486
Intergovernmental - state . . . . .	3,753,681	68,857	3,822,538
Intergovernmental - federal . . . . .	-	766,504	766,504
Total revenues . . . . .	<u>6,570,866</u>	<u>1,309,601</u>	<u>7,880,467</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular. . . . .	3,645,239	5,064	3,650,303
Special . . . . .	440,375	515,067	955,442
Vocational . . . . .	62,110	-	62,110
Other . . . . .	8,901	-	8,901
Support services:			
Pupil . . . . .	236,237	-	236,237
Instructional staff . . . . .	96,713	18,057	114,770
Board of education . . . . .	33,111	-	33,111
Administration . . . . .	614,788	-	614,788
Fiscal . . . . .	224,297	5,350	229,647
Business. . . . .	26,852	-	26,852
Operations and maintenance . . . . .	516,959	70,095	587,054
Pupil transportation . . . . .	408,111	115,628	523,739
Central . . . . .	98,582	3,600	102,182
Operation of non-instructional services:			
Other non-instructional services. . . . .	120	-	120
Food service operations. . . . .	-	292,902	292,902
Extracurricular activities . . . . .	168,578	41,536	210,114
Facilities acquisition and construction. . . . .	8,000	322,150	330,150
Debt service:			
Principal retirement. . . . .	-	155,519	155,519
Interest and fiscal charges . . . . .	-	33,653	33,653
Total expenditures . . . . .	<u>6,588,973</u>	<u>1,578,621</u>	<u>8,167,594</u>
Excess of expenditures over revenues. . . . .	<u>(18,107)</u>	<u>(269,020)</u>	<u>(287,127)</u>
<b>Other financing sources:</b>			
Sale of assets . . . . .	2,000	-	2,000
Total other financing sources . . . . .	<u>2,000</u>	<u>-</u>	<u>2,000</u>
Net change in fund balances . . . . .	(16,107)	(269,020)	(285,127)
<b>Fund balances at beginning of year. . . . .</b>	1,490,358	921,507	2,411,865
<b>Increase in reserve for inventory. . . . .</b>	-	6,194	6,194
<b>Fund balances at end of year. . . . .</b>	<u>\$ 1,474,251</u>	<u>\$ 658,681</u>	<u>\$ 2,132,932</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**Net change in fund balances - total governmental funds** \$ (285,127)

*Amounts reported for governmental activities in the statement of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital asset additions	\$	543,412	
Current year depreciation		(344,319)	
Total			199,093

Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed. 6,194

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Property taxes		17,507	
Intergovernmental		21,183	
Total			38,690

Repayment of bond and loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. Principal payments during the year were:

Bonds		150,000	
Loans		5,519	
Total			155,519

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:

(Increase) in accrued interest payable		(27)	
Accreted interest on capital appreciation bonds		(16,855)	
Amortization of bond premiums		8,094	
Amortization of bond discounts		(139)	
Amortization of deferred charges		(3,023)	
Total			(11,950)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 39,561

**Change in net position of governmental activities** \$ 141,980

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Property taxes . . . . .	\$ 1,593,466	\$ 1,595,873	\$ 1,595,873	\$ -
Tuition . . . . .	324,658	272,224	272,224	-
Earnings on investments . . . . .	4,003	4,658	4,658	-
Rental income . . . . .	6,305	9,360	9,360	-
Contributions and donations . . . . .	190,157	215,177	215,177	-
Other local revenues . . . . .	7,506	23,477	23,477	-
Intergovernmental - state . . . . .	3,632,983	3,643,826	3,643,826	-
<b>Total revenues . . . . .</b>	<u>5,759,078</u>	<u>5,764,595</u>	<u>5,764,595</u>	<u>-</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	3,429,634	3,346,685	3,335,883	10,802
Special . . . . .	416,524	368,274	368,274	-
Vocational . . . . .	62,193	61,713	61,713	-
Other . . . . .	7,747	8,569	8,569	-
Support services:				
Pupil . . . . .	235,176	233,300	232,839	461
Instructional staff . . . . .	99,864	100,188	91,518	8,670
Board of education . . . . .	35,585	39,621	55,214	(15,593)
Administration . . . . .	623,902	623,101	621,591	1,510
Fiscal . . . . .	207,897	214,715	212,485	2,230
Business . . . . .	34,674	37,931	28,789	9,142
Operations and maintenance . . . . .	391,172	362,036	360,675	1,361
Pupil transportation . . . . .	304,374	280,636	276,758	3,878
Central . . . . .	64,065	68,484	68,524	(40)
Other operation of non-instructional services . . . . .	-	120	120	-
Extracurricular activities . . . . .	130,298	121,285	120,984	301
Facilities acquisition and construction . . . . .	1,506	510	-	510
<b>Total expenditures . . . . .</b>	<u>6,044,611</u>	<u>5,867,168</u>	<u>5,843,936</u>	<u>23,232</u>
Excess of expenditures over revenues . . . . .	(285,533)	(102,573)	(79,341)	23,232
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	5,700	5,221	5,221	-
Transfers (out) . . . . .	(195,575)	(227,209)	(227,209)	-
Sale of capital assets . . . . .	-	2,000	2,000	-
<b>Total other financing sources (uses) . . . . .</b>	<u>(189,875)</u>	<u>(219,988)</u>	<u>(219,988)</u>	<u>-</u>
Net change in fund balance . . . . .	(475,408)	(322,561)	(299,329)	23,232
<b>Fund balance at beginning of year . . . . .</b>	2,040,740	2,040,740	2,040,740	-
<b>Prior year encumbrances appropriated . . . . .</b>	47,290	47,290	47,290	-
<b>Fund balance at end of year . . . . .</b>	<u>\$ 1,612,622</u>	<u>\$ 1,765,469</u>	<u>\$ 1,788,701</u>	<u>\$ 23,232</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
JUNE 30, 2013

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Current assets:		
Equity in pooled cash and cash equivalents . . . . .	\$ 1,500	\$ 16,645
Total assets. . . . .	1,500	\$ 16,645
<b>Liabilities:</b>		
Due to students. . . . .	-	\$ 16,645
Total liabilities . . . . .	-	\$ 16,645
<b>Net position:</b>		
Held in trust for scholarships . . . . .	1,500	
Total net position. . . . .	\$ 1,500	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

	<b>Private-Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Gifts and contributions. . . . .	\$ 1,500
Total additions. . . . .	1,500
 <b>Deductions:</b>	
Scholarships awarded . . . . .	1,000
Change in net position . . . . .	500
<b>Net position at beginning of year. . . . .</b>	<b>1,000</b>
<b>Net position at end of year . . . . .</b>	<b>\$ 1,500</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 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 546<sup>th</sup> largest by enrollment among the 918 public and community schools in the State. It currently operates one comprehensive K-12 school. The District is staffed by 26 non-certified, 50 certified teaching personnel and 4 administrators who provide services to approximately 807 students and other community members.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements 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's significant accounting policies are described below.

**A. Reporting Entity**

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. 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; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) 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. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

The following organizations are described due to their relationship to the District:

*JOINTLY GOVERNED ORGANIZATION*

Northeast Ohio Management Information Network (NEOMIN)

NEOMIN is a jointly governed organization among thirty school districts in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the districts supports NEOMIN based upon a per pupil charge.

Superintendents of the participating school districts are eligible to be voting members of the Governing Board, which consists of ten members: the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County districts, and a treasurer from each county. The District was not represented on the Governing Board during fiscal year 2013. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. A complete set of separate financial statements may be obtained from the Trumbull County Educational Service Center, 6000 Youngstown-Warren Road, Niles, Ohio 44446.

*PUBLIC ENTITY RISK POOLS*

Trumbull County Schools Employee Insurance Benefit Consortium Association

The Trumbull County Schools Employee Insurance Benefit Consortium Association (the "Consortium") is a shared risk pool comprised of sixteen Trumbull County school districts. The Consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly exercises controls over the operations of the Consortium. All Consortium revenues are generated from charges for services and remitted to the fiscal agent Trumbull County Educational Service Center. The fiscal agent will then remit the charges for services to Watson Wyatt Worldwide in Cleveland, Ohio, an agent of Medical Mutual, who acts in the capacity of a third-party administrator (TPA) for claims processing.

Ohio School Boards Association Workers' Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan") was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

The Plan's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

**B. Fund Accounting**

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

*GOVERNMENTAL FUNDS*

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance.

The following is the District's major governmental fund:

*General fund* -The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

*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. The District has no proprietary funds.

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private-purpose trust which accounts for scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student activities.

**C. Basis of Presentation and Measurement Focus**

*Government-wide Financial Statements* - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, current deferred outflows of resources, current liabilities and current deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

Revenues - Exchange and Nonexchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of 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 an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. 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. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

*Deferred Inflows of Resources and Deferred Outflows of Resources* - A deferred inflow of resources is an acquisition of net assets by the District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of net assets by the District that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations, and other revenues received in advance of the fiscal year for which they were intended to finance, have been recorded as deferred inflows. Grants not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at June 30, 2013, are recorded as deferred inflows on the governmental fund financial statements.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred inflows of resources.

*Expenses/Expenditures* - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. The allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**E. 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 appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund and function level. Any budgetary modifications at these levels may only be made by resolution of the Board of Education.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

Tax Budget:

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 purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with Trumbull County Budget Commission for rate determination.

Estimated Resources:

By 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 July 1, 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 the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. 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 statements reflect the amounts in the original and final certificate of estimated resources issued during the fiscal year.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at any level of control. Any revisions that alter the fund and function level of expenditures must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, all supplemental appropriations were legally enacted.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budget amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior year. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all 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 basic financial statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

During fiscal year 2013, investments were limited to investments in State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at fair value which is based on quoted market prices. Non-participating investment contracts, such as a non-negotiable certificates of deposit, are reported at cost.

The District has invested funds in State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2013. 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 shares price which is the price the investment could be sold for on June 30, 2013.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2013 amounted to \$4,756, which includes \$1,111 assigned from other District funds.

For presentation on the basic financial statements, 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 District's investment account at year end is provided in Note 4.

**G. Inventory**

On government-wide and fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Donated commodities are presented at their entitlement value. Inventories are accounted for using the purchase method on the fund financial statements and using the consumption method on the government-wide statements.

On the fund financial statements, reported material and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

**H. Capital Assets**

General capital assets are those assets specifically related to governmental activities. These assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$2,000. The District does not possess any infrastructure. Improvements are capitalized; 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.

All reported capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Land improvements	20 years
Buildings and improvements	25 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	6 - 10 years

**I. Compensated Absences**

Compensated absences of the District consist of vacation leave and sick leave to the extent that payment to the employee for these absences is 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. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method and 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 sick leave on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service and all employees with at least 15 years of service regardless of their age were considered expected to become eligible 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.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

**J. Interfund Balances**

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivable/payable". These amounts are eliminated in the governmental column of the statement of net position. The District had no interfund loans receivable/payable at June 30, 2013.

**K. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and loans are recognized as a liability on the fund financial statements when due.

**L. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

*Restricted* - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

*Committed* - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

*Unassigned* - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**M. Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amounts restricted for food service operations.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**N. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. On the fund financial statements, reported prepayments are equally offset by a nonspendable fund balance.

**O. Estimates**

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

**P. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements. All interfund transactions between governmental funds have been eliminated on the government-wide financial statements.

**Q. Unamortized Bond Premium and Discount/Issuance Costs/Unamortized Accounting Gain or Loss**

Bond premiums are deferred and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

On fund financial statements and the government wide financial statements, issuance costs are expensed in the fiscal year they occur.

For bond refundings resulting in the defeasance of debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources.

On the governmental fund financial statements, bond issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 8.A.

**R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2013.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2013, the District has implemented GASB Statement No. 60, "Accounting and Financial Reporting for Service Concession Arrangements", GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34", GASB Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements", GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position", GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities", and GASB Statement No. 66, "Technical Corrections-2012".

**BRISTOL LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a “facility”) in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the District.

GASB Statement No. 61 modifies certain requirements for inclusion of component units in the financial reporting entity. The Statement amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. Finally, the Statement also clarifies the reporting of equity interests in legally separate organizations. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the District.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the District.

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government’s *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the District’s financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources.

GASB Statement No. 65 establishes accounting and financial reporting standards that reclassify, as *deferred outflows of resources* or *deferred inflows of resources*, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. GASB Statement No. 65 also provides other financial reporting guidance related to the impact of the financial statement elements *deferred outflows of resources* and *deferred inflows of resources*, such as changes in the determination of the major fund calculations and limiting the use of the term *deferred* in financial statement presentations. The implementation of GASB Statement No. 65 had the following effect on the financial statements of the District:

	Governmental Activities
Net assets as previously reported	\$ 9,969,687
Removal of unamortized bond issuance costs	(58,481)
Net position at July 1, 2012	\$ 9,911,206

GASB Statement No. 66 enhances the usefulness of financial reports by resolving conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the District.

**BRISTOL LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

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

**B. Deficit Fund Balances**

Fund balances at June 30, 2013 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Race to the top	\$ 152
IDEA Part-B	332
Improving teacher quality	96

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

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five 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 or deposit accounts including passbook accounts.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days from the purchase date 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 interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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.

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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Deposits with Financial Institutions**

At June 30, 2013, the carrying amount of all District deposits was \$1,961,089. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2013, \$233,750 of the District's bank balance of \$1,986,103 was exposed to custodial risk as discussed below, while \$1,752,353 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**B. Investments**

As of June 30, 2013, the District had the following investment and maturity:

<u>Investment type</u>	<u>Fair Value</u>	<u>6 months or less</u>
STAR Ohio	\$ <u>776,850</u>	\$ <u>776,850</u>

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* Standard & Poor's has assigned STAR Ohio an AAAM money market rating. The District's investment policy does not specifically address credit risk beyond requiring the District to invest in securities authorized by State statute.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2013:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ <u>776,850</u>	<u>100.00</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**C. Reconciliation of Cash and Investments to the Statement of Activities**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2013:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 1,961,089
Investments	<u>776,850</u>
 Total	 <u>\$ 2,737,939</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 2,719,794
Private-purpose trust funds	1,500
Agency funds	<u>16,645</u>
 Total	 <u>\$ 2,737,939</u>

**NOTE 5 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed values as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Public utility real and personal property taxes received in calendar year 2013 became a lien on December 31, 2011, were levied after April 1, 2012, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 5 - PROPERTY TAXES - (Continued)**

The District receives property taxes from Trumbull County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available as an advance at June 30, 2013 was \$17,635 in the general fund, \$1,287 in the debt service fund (a nonmajor governmental fund), \$238 in the classroom facilities maintenance fund (a nonmajor governmental fund) and \$760 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2012 was \$7,903 in the general fund, \$561 in the debt service fund (a nonmajor governmental fund), \$108 in the classroom facilities maintenance fund (a nonmajor governmental fund) and \$353 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2013 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow.

The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second Half Collections		2013 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 87,454,480	97.50	\$ 87,682,940	97.29
Public utility personal	<u>2,245,210</u>	<u>2.50</u>	<u>2,438,110</u>	<u>2.71</u>
Total	<u>\$ 89,699,690</u>	<u>100.00</u>	<u>\$ 90,121,050</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
General	\$46.50		\$46.50	
Bonds	1.85		1.85	
Classroom facility	0.50		0.50	
Permanent improvement	2.50		2.50	

**BRISTOL LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 6 - RECEIVABLES**

Receivables at June 30, 2013 consisted of property taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

**Governmental activities:**

Property taxes	\$ 3,051,281
Accounts	2,665
Accrued interest	340
Intergovernmental	<u>92,689</u>
 Total	 <u><u>\$ 3,146,975</u></u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected in the subsequent year.

**NOTE 7 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance 06/30/12	Additions	Deductions	Balance 06/30/13
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 178,569	\$ -	\$ -	\$ 178,569
Total capital assets, not being depreciated	<u>178,569</u>	<u>-</u>	<u>-</u>	<u>178,569</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	21,826	-	-	21,826
Building and improvements	11,060,730	343,967	-	11,404,697
Furniture and equipment	1,070,459	120,695	-	1,191,154
Vehicles	<u>653,238</u>	<u>78,750</u>	<u>(52,750)</u>	<u>679,238</u>
Total capital assets, being depreciated	<u>12,806,253</u>	<u>543,412</u>	<u>(52,750)</u>	<u>13,296,915</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(21,826)	-	-	(21,826)
Building and improvements	(2,922,536)	(231,483)	-	(3,154,019)
Furniture and equipment	(739,069)	(51,606)	-	(790,675)
Vehicles	<u>(284,962)</u>	<u>(61,230)</u>	<u>52,750</u>	<u>(293,442)</u>
Total accumulated depreciation	<u>(3,968,393)</u>	<u>(344,319)</u>	<u>52,750</u>	<u>(4,259,962)</u>
Governmental activities capital assets, net	<u><u>\$ 9,016,429</u></u>	<u><u>\$ 199,093</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 9,215,522</u></u>

**BRISTOL LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 7 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 182,507
Special	35,471
Vocational	1,606
<u>Support service:</u>	
Pupil	1,415
Instructional staff	6,653
Administration	5,939
Fiscal	478
Operations and maintenance	34,688
Pupil transportation	62,406
Other non-instructional services	11,571
Extracurricular activities	850
Food service operations	<u>735</u>
Total depreciation expense	<u>\$ 344,319</u>

**NOTE 8 - LONG-TERM OBLIGATIONS**

A. During the fiscal year 2013, the following activity occurred in governmental activities long-term obligations:

	Balance <u>06/30/12</u>	Increases	Decreases	Balance <u>06/30/13</u>	Amount Due Within <u>One Year</u>
<u>Governmental activities:</u>					
<u>General obligation bonds</u>					
Energy conservation improvement bonds - series 2012	\$ 240,000	\$ -	\$ (10,000)	\$ 230,000	\$ 15,000
Classroom facilities improvement refunding bonds:					
Current interest refunding serial bonds-series 2010	950,000	-	(140,000)	810,000	140,000
Current interest refunding term bonds-series 2010	290,000	-	-	290,000	-
Capital appreciation refunding bonds-series 2010	44,999	-	-	44,999	-
Accreted interest-series 2010	<u>18,923</u>	<u>16,855</u>	<u>-</u>	<u>35,778</u>	<u>-</u>
Total general obligation bonds	<u>1,543,922</u>	<u>16,855</u>	<u>(150,000)</u>	<u>1,410,777</u>	<u>155,000</u>
Asbestos loan	5,519	-	(5,519)	-	-
Compensated absences	<u>528,596</u>	<u>7,630</u>	<u>(67,442)</u>	<u>468,784</u>	<u>67,595</u>
Total long-term obligations	<u>\$ 2,078,037</u>	<u>\$ 24,485</u>	<u>\$ (222,961)</u>	<u>1,879,561</u>	<u>\$ 222,595</u>
				Add: Unamortized premium on bonds - 2010	60,032
				Less: Unamortized discount on bonds - 2012	<u>(1,864)</u>
				Total reported on statement of net position	<u>\$ 1,937,729</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)**

Compensated Absences: Compensated absences will be paid from the fund from which the employee's salaries are paid, which for the District, is primarily the general fund and food service fund (a nonmajor governmental fund).

Asbestos Loan: During fiscal year 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. Payments are recorded as expenditures of the debt service fund, from current operating revenue. As of June 30, 2013, the final payment has been made.

Energy Conservation Bonds - Series 2012: On June 14, 2012, the District issued \$240,000 in general obligation bonds to provide financing for various construction projects to improve energy conservation. The issue is comprised of current interest bonds, par value \$240,000. The interest rates on the current interest bonds range from 1.80% - 3.125%. The bonds have a final maturity date of December 1, 2026.

Classroom Facilities Improvement Refunding Bonds - Series 2010 - On September 22, 2010, the District issued series 2010 classroom facilities improvement refunding bonds to currently refund the callable portion of the series 1997 general obligation bonds. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded general obligation bonds at June 30, 2013, is \$1,100,000.

This refunding issue is comprised of both current interest bonds (consisting of \$1,195,000 of serial bonds and \$290,000 of term bonds) and capital appreciation bonds, in the amount of \$44,999. The interest rate on the current interest bonds ranged from 1.00% to 2.80%. The bonds were issued for a ten year period, with final maturity during fiscal year 2021. The bonds will be retired through the debt service fund (a nonmajor governmental fund). The capital appreciation bonds mature December 1, 2015 at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The capital appreciation bonds bear an approximate stated interest rate of 23.857%. The accreted value at maturity for the capital appreciation bonds is \$145,000. Total accreted interest of \$35,778 has been included in the statement of net position at June 30, 2013.

Interest payments on the serial and term 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 and December 1, 2017, respectively.

The \$290,000 current interest term bonds maturing on December 1, 2017, shall bear interest at the rate of 2.20% per year and be subject to mandatory sinking fund redemption on December 1, 2016 (Mandatory Redemption Date), in the principal amount of \$145,000 (with the balance of \$145,000 to be paid at maturity on December 1, 2017).

The reacquisition price exceeded the net carrying amount of the old debt by \$30,730. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

**BRISTOL LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)**

The following is a summary of the District's future debt service requirements to maturity for the series 2010 classroom facilities improvement refunding bonds:

Fiscal Year Ending June 30,	Current Interest Bonds - Refunding 2010			Capital Appreciation Bonds - Refunding 2010		
	Principal	Interest	Total	Principal	Interest	Total
2014	\$ 140,000	\$ 24,990	\$ 164,990	\$ -	\$ -	\$ -
2015	140,000	22,190	162,190	-	-	-
2016	-	20,790	20,790	44,999	100,001	145,000
2017	145,000	20,790	165,790	-	-	-
2018	145,000	16,005	161,005	-	-	-
2019 - 2021	530,000	22,235	552,235	-	-	-
<b>Total</b>	<b>\$ 1,100,000</b>	<b>\$ 127,000</b>	<b>\$ 1,227,000</b>	<b>\$ 44,999</b>	<b>\$ 100,001</b>	<b>\$ 145,000</b>

Fiscal Year Ending June 30,	Energy Conservation Bonds - Series 2012		
	Principal	Interest	Total
2014	\$ 15,000	\$ 5,860	\$ 20,860
2015	15,000	5,590	20,590
2016	15,000	5,320	20,320
2017	15,000	5,050	20,050
2018	15,000	4,780	19,780
2019 - 2023	75,000	18,259	93,259
2024 - 2027	80,000	5,001	85,001
<b>Total</b>	<b>\$ 230,000</b>	<b>\$ 49,860</b>	<b>\$ 279,860</b>

**B. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the 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 additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2013, are a voted debt margin of \$7,063,002 (including available funds of \$97,106), an unvoted debt margin of \$90,121, and an energy conservation debt margin of \$581,089.

**BRISTOL LOCAL SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 9 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-two days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Each employee earns sick leave at the rate of one and one-fourth days per month. Upon retirement during the first year of eligibility, payment is made for one-third of the total sick leave accumulation, up to a maximum accumulation of eighty days for both certificated and classified employees. Upon retirement after the first year of eligibility, payment is made for one-third of the total sick leave accumulation, up to a maximum of eighty days, plus 15 percent of accrued sick leave over the maximum days accrued. An employee receiving such payment must meet the retirement provisions set by State Teachers Retirement System of Ohio and School Employees Retirement System.

**B. Insurance Benefits**

The District provides health, vision and life insurance coverage for employees. The health insurance coverage is administered by Medical Mutual of Ohio, 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.

**NOTE 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 \$3,000 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 \$16,537,930 with a deductible of \$2,500.

The District liability policy has a limit of \$2,000,000 for each occurrence and \$4,000,000 aggregate.

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 10 - RISK MANAGEMENT - (Continued)**

**B. Health Insurance**

The District has joined together with other school districts in the state to form the Trumbull County Schools Employee Insurance Benefit 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 Consortium employs reinsurance agreements (stop-loss coverage) to reduce its risk that large losses may be incurred on medical claims. This allows the Consortium to recover a portion of losses on claims from re-insurers, although it does not discharge their primary liability.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 12. As such, no funding provisions are required by the District.

**C. OSBA Group Workers' Compensation Rating Plan**

For fiscal year 2013, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan"), an insurance purchasing pool (Note 2.A.). The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the state based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan.

A participant will then either receive money from or be required to contribute to the "equity pooling fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control, and actuarial services to the Plan.

**NOTE 11 - PENSION PLANS**

**A. School Employees Retirement System**

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, survivor 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. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Employers/Audit Resources".

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**NOTE 11 - PENSION PLANS - (Continued)**

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2013, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$100,108, \$97,086 and \$93,262, respectively; 74.66 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**B. State Teachers Retirement System of Ohio**

Plan Description - The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org), under "Publications".

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 11 - PENSION PLANS - (Continued)**

Funding Policy - For fiscal year 2013, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012 and 2011 were \$358,347, \$365,528 and \$370,714, respectively; 84.06 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$24,024 made by the District and \$17,160 made by the plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2013, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Section 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2013 (latest information available) was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income and the SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Employers/Audit Resources".

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)**

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2013, 0.16 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the actuarially determined amount was \$20,525.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2013, 2012 and 2011 were \$12,894, \$15,876 and \$14,397, respectively; 74.66 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2013, this actuarially required allocation was 0.74 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$5,655, \$5,733 and \$5,546, respectively; 74.66 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**B. State Teachers Retirement System of Ohio**

Plan Description - The District contributes to the cost sharing, multiple employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org), under "Publications" or by calling (888) 227-7877.

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2013, 2012 and 2011 were \$27,565, \$28,118 and \$28,516, respectively; 84.06 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 13 - BUDGETARY BASIS OF ACCOUNTING**

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

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund 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 and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses 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, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ (299,329)
Net adjustment for revenue accruals	6,909
Net adjustment for expenditure accruals	73,512
Net adjustment for other sources/uses	(5,221)
Funds budgeted elsewhere	177,081
Adjustment for encumbrances	30,941
GAAP basis	\$ (16,107)

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund, emergency levy fund, public school support fund and District agency fund.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE 14 - 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

This District is party to legal proceedings seeking damages or injunctive relief generally incidental to its operations and spending projects. The District management is of the opinion that disposition of the claim and legal proceedings will not have a material effect, if any, on the financial condition of the District.

**NOTE 15 - SET ASIDES**

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

**NOTE 15 - SET ASIDES - (Continued)**

The following cash-basis information describes the change in the fiscal year-end set-aside amount for capital improvements. Disclosure of this information is required by State statute.

	<u>Capital Improvements</u>
Set-aside balance June 30, 2012	\$ -
Current year set-aside requirement	124,945
Contributions in excess of the current fiscal year set-aside requirement	-
Current year qualifying expenditures	(5,125)
Excess qualified expenditures from prior years	-
Current year offsets	(163,193)
Waiver granted by ODE	-
Prior year offset from bond proceeds	-
Total	<u>\$ (43,373)</u>
Balance carried forward to fiscal year 2014	<u>\$ -</u>
Set-aside balance June 30, 2013	<u>\$ -</u>

During fiscal year 1998, the District issued \$2,333,870 in capital related school improvement bonds. These proceeds may be used to reduce capital acquisition below zero for future years. The District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$1,738,309 at June 30, 2013.

**NOTE 16 - OTHER COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund Type</u>	<u>Year-End Encumbrances</u>
General	\$ 48,651
Other governmental	<u>4,366</u>
Total	<u>\$ 53,017</u>

## **SUPPLEMENTARY DATA**

**BRISTOL LOCAL SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
<i>Child Nutrition Cluster:</i>				
(D),(E) School Breakfast Program	10.553	2013	\$ 43,204	\$ 43,204
(C),(D) National School Lunch Program - Food Donation	10.555	2013	18,678	18,678
(D),(E) National School Lunch Program	10.555	2013	152,383	152,383
<b>Total National School Lunch Program</b>			<u>171,061</u>	<u>171,061</u>
<b>Total U.S. Department of Agriculture and Child Nutrition Cluster</b>			<u>214,265</u>	<u>214,265</u>
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
Title I Grants to Local Educational Agencies	84.010	2012	19,871	24,253
Title I Grants to Local Educational Agencies	84.010	2013	341,201	335,825
<b>Total Title I Grants to Local Educational Agencies</b>			<u>361,072</u>	<u>360,078</u>
Special Education_Grants to States	84.027	2013	162,178	162,178
Rural Education	84.358	2012	-	14,242
Rural Education	84.358	2013	13,739	13,739
<b>Total Rural Education</b>			<u>13,739</u>	<u>27,981</u>
Improving Teacher Quality State Grants	84.367	2013	40,728	40,728
ARRA-Race to the Top, Recovery Act	84.395A	2013	1,750	1,750
<b>Total U.S. Department of Education</b>			<u>579,467</u>	<u>592,715</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 793,732</u>	<u>\$ 806,980</u>

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS:**

- (A) OAKS did not assign pass through numbers for fiscal year 2013
- (B) This schedule was prepared on the cash basis of accounting.
- (C) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are valued at entitlement value.
- (D) Included as part of "Child Nutrition Cluster" in determining major programs.
- (E) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.



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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's Report on Internal Control Over Financial Reporting and on  
Compliance and Other Matters Required by *Government Auditing Standards***

Bristol Local School District  
Trumbull County  
1845 Greenville Road  
Bristolville, Ohio 44402

To the Board of Education:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of Bristol Local School District, Trumbull County, Ohio, as of and for the fiscal year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Bristol Local School District's basic financial statements and have issued our report thereon dated October 29, 2013.

***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Bristol Local School District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Bristol Local School District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Bristol Local School District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Board of Education  
Bristol Local School District

***Compliance and Other Matters***

As part of reasonably assuring whether the Bristol Local School District's financial statements are free of material misstatements, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our auditing and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Bristol Local School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Bristol Local School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
October 29, 2013



**Julian & Grube, Inc.**  
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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's Report on Compliance With Requirements Applicable to  
Each Major Federal Program and on Internal Control Over Compliance  
Required by OMB Circular A-133**

Bristol Local School District  
Trumbull County  
1845 Greenville Road  
Bristolville, Ohio 44402

To the Board of Education

***Report on Compliance for Each Major Federal Program***

We have audited Bristol Local School District's compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Bristol Local School District's major federal program for the fiscal year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings and responses identifies the Bristol Local School District's major federal program.

***Management's Responsibility***

The Bristol Local School District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to opine on the Bristol Local School District's compliance for each of the Bristol Local School District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Bristol Local School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Bristol Local School District's major program. However, our audit does not provide a legal determination of the Bristol Local School District's compliance.

Board of Education  
Bristol Local School District

***Opinion on the Major Federal Program***

In our opinion, the Bristol Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 2013.

***Report on Internal Control Over Compliance***

The Bristol Local School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Bristol Local School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Bristol Local School District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.  
October 29, 2013

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

**SCHEDULE OF FINDINGS AND RESPONSES  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2013**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	Title I Grants to Local Educational Agencies, CFDA #84.010
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None



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**Independent Accountants' Report on Applying Agreed-Upon Procedure**

Bristol Local School District  
Trumbull County  
1845 Greenville Road  
Bristolville, Ohio 44402

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board solely to assist the Board in evaluating whether the Bristol Local School District has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedure engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of this procedure is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on November 14, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

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

Julian & Grube, Inc.  
October 29, 2013

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# Dave Yost • Auditor of State

**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  
DECEMBER 12, 2013**