



**BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Balance Sheet - All Fund Types and Account Groups	3
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances All Governmental Fund Types and Similar Trust Fund	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types and Similar Trust Fund	5
Statement of Revenues, Expenses and Changes in Retained Earnings - Proprietary Fund Types	7
Combined Statement of Revenues, Expenses, and Changes in Fund Equity Budget and Actual (Non-GAAP Budgetary Basis) - Proprietary Fund Types	8
Statement of Cash Flows - Proprietary Fund Types	9
Notes to the General Purpose Financial Statements	11
Schedule of Federal Awards Expenditures	49
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	51
Report on Compliance with Requirements Applicable to the Major Federal Program and Internal Control over Compliance in Accordance with <i>OMB Circular A-133</i>	53
Schedule of Findings	55
Schedule of Prior Audit Findings	65

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REPORT OF INDEPENDENT ACCOUNTANTS

Members of the Board of Education
Brooklyn City School District
Cuyahoga County
9200 Biddulph Road
Brooklyn, Ohio 44144

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Brooklyn City School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Brooklyn City School District, Cuyahoga County, Ohio, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2001 on our consideration of the Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

May 29, 2001

BROOKLYN CITY SCHOOL DISTRICT
 CUYAHOGA COUNTY
 COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 June 30, 2000

ASSETS	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types			Account Groups			TOTALS
				Internal					General			
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Service Fund	Expendable Trust	Agency	Fixed Assets	Long-Term Obligations	(Memorandum Only)	
Equity in pooled cash and cash equivalents	\$ 1,222,709	\$ 139,737	\$ -	\$ 426,240	\$ 175,641	\$ 176	\$ 4,576	\$ 11,131	\$ -	\$ -	\$ -	\$ 1,980,210
Receivables	9,976,607	-	-	188,888	-	-	-	-	-	-	-	10,165,495
Taxes - current	321,228	-	-	4,143	-	-	-	-	-	-	-	325,371
Taxes - delinquent	16,362	542	-	2,277	-	-	-	97	-	-	-	19,278
Accounts	1,019,749	-	-	16,577	-	-	-	-	-	-	-	1,036,326
Intergovernmental	35,616	-	-	-	-	-	-	-	-	-	-	35,616
Due from other funds	7,999	-	-	-	6,341	-	-	-	-	-	-	14,340
Materials and supplies inventory	11,771	-	-	-	-	-	-	-	-	-	-	11,771
Prepaid items and other assets	137,466	-	-	-	-	-	-	-	-	-	-	137,466
Restricted assets:	-	-	-	-	-	-	-	-	-	-	-	-
Equity in pooled cash and cash equivalents	-	-	-	-	39,047	-	-	-	10,662,494	-	-	10,701,541
Fixed assets (net, where applicable, of accumulated depreciation)	-	-	-	-	-	-	-	-	-	-	-	-
Amount to be provided for retirement of general long-term obligations	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	\$ 12,749,507	\$ 140,279	\$ -	\$ 635,848	\$ 223,306	\$ 176	\$ 4,576	\$ 11,228	\$ 10,662,494	\$ 4,199,428	\$ -	\$ 28,626,842
LIABILITIES, FUND EQUITY (DEFICIT), AND OTHER CREDITS												
Accounts payable	\$ 38,612	\$ 4,520	\$ -	\$ 43	\$ -	\$ -	\$ -	\$ 202	\$ -	\$ -	\$ -	\$ 43,377
Accrued wages and benefits	713,179	9,454	-	-	7,747	-	-	-	-	-	-	730,380
Due to other funds	-	35,616	-	-	-	-	-	-	-	-	-	35,616
Due to students	-	-	-	-	-	-	-	11,026	-	-	-	11,026
Deferred revenue	-	-	-	-	-	-	-	-	-	-	-	-
Taxes	9,612,862	-	-	186,071	-	-	-	-	-	-	-	9,798,933
Intergovernmental	1,019,749	-	-	16,577	-	-	-	-	-	-	-	1,036,326
Other	1,975	-	-	-	-	-	-	-	-	-	-	1,975
State solvency assistance advance	2,170,500	-	-	-	-	-	-	-	-	2,415,000	-	2,170,500
Notes payable	-	-	-	-	-	-	-	-	-	-	-	2,415,000
Compensated absences	102,506	-	-	-	14,398	-	-	-	-	1,784,428	-	1,901,332
Total liabilities	13,659,383	49,590	-	202,691	22,145	-	-	11,228	-	4,199,428	-	18,144,465
Fund equity (deficit) and other credits	-	-	-	-	17,653	-	-	-	-	-	-	17,653
Contributed capital	-	-	-	-	-	-	-	-	-	-	-	-
Investment in general fixed assets	-	-	-	-	-	-	-	-	10,662,494	-	-	10,662,494
Retained earnings	-	-	-	-	183,508	-	-	-	-	-	-	183,508
Fund balances (deficits)	684,973	-	-	6,960	-	-	-	-	-	-	-	691,933
Reserved for property taxes	137,466	-	-	-	-	-	-	-	-	-	-	137,466
Reserved for textbooks	7,999	-	-	-	-	-	-	-	-	-	-	7,999
Reserved for materials and supplies inventories	11,771	-	-	-	-	-	-	-	-	-	-	11,771
Reserved for prepaid items and other assets	-	939	-	-	-	-	-	-	-	-	-	939
Reserved for advances	-	20,444	-	-	-	-	-	-	-	-	-	20,444
Reserved for nonpublic schools	63,413	53,468	-	16,450	-	-	-	-	-	-	-	133,331
Reserved for encumbrances	(1,815,498)	15,838	-	409,747	-	176	4,576	-	-	-	-	(1,385,161)
Unreserved - undesignated	(909,876)	90,889	-	433,157	-	176	4,576	-	-	-	-	(381,278)
Total fund balances (deficits)	(909,876)	90,889	-	433,157	201,161	176	4,576	-	10,662,494	-	-	10,482,377
Total fund equity (deficit) and other credits	\$ 12,749,507	\$ 140,279	\$ -	\$ 635,848	\$ 223,306	\$ 176	\$ 4,576	\$ 11,228	\$ 10,662,494	\$ 4,199,428	\$ -	\$ 28,626,842

BROOKLYN CITY SCHOOL DISTRICT
 CUYAHOGA COUNTY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND
 For the Fiscal Year Ended June 30, 2000

	Governmental Fund Types			Fiduciary Fund Type Expendable Trust	TOTALS (Memorandum Only)
	General	Special Revenue	Debt Service		
Revenues					
Taxes	\$ 10,092,908	\$ -	\$ -	\$ 198,678	\$ 10,291,586
Tuition and fees	194,317	-	-	-	196,642
Interest	131,888	21,142	-	-	153,030
Intergovernmental	1,648,428	449,919	-	9,765	2,108,112
Extracurricular activities	-	187,063	-	-	187,063
Miscellaneous	170,066	15,470	-	-	188,464
Total Revenues	<u>12,237,607</u>	<u>673,594</u>	<u>-</u>	<u>208,443</u>	<u>13,124,897</u>
Expenditures					
Current					
Instruction	5,315,129	115,493	-	850	5,431,472
Support services					
Pupil	804,845	105,568	-	-	910,361
Instructional staff	266,525	80,774	-	-	347,299
Board of education	1,318,129	-	-	-	1,318,129
Administrative	27,752	5,706	-	-	33,458
Fiscal	431,781	-	-	-	431,781
Business	110,127	-	-	-	110,127
Operation and maintenance of plant	1,019,747	216	-	-	1,019,963
Pupil transportation	471,101	1,528	-	-	472,629
Central	309,646	13,795	-	-	323,441
Community services	-	29,602	-	-	29,602
Extracurricular activities	179,163	208,055	-	-	387,405
Operations of non-instructional services - community services	-	185,787	-	-	185,787
Capital outlay	6,193	-	-	105,080	111,273
Debt Service					
Principal	410,000	-	-	-	410,000
Interest	146,720	-	-	-	146,720
Total Expenditures	<u>10,816,858</u>	<u>746,524</u>	<u>-</u>	<u>105,930</u>	<u>11,672,669</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,420,749	(72,930)	-	102,513	1,452,228
Other Financing Sources (Uses)					
Operating transfers in	-	1,204	-	-	1,281
Operating transfers out	(52,050)	-	-	-	(52,050)
Proceeds from sale of assets	2,095	-	-	-	2,095
Other	(3,025)	(49,200)	-	-	(55,275)
Total Other Financing Sources (Uses)	<u>(52,980)</u>	<u>(47,996)</u>	<u>-</u>	<u>(2,973)</u>	<u>(103,949)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,367,769	(120,926)	-	102,513	1,348,279
Fund Balances (Deficit) - Beginning of Year	<u>(2,277,645)</u>	<u>211,615</u>	<u>-</u>	<u>330,644</u>	<u>(1,729,733)</u>
Fund Balances (Deficit) - End of Year	<u>\$ (909,876)</u>	<u>\$ 90,689</u>	<u>\$ -</u>	<u>\$ 433,157</u>	<u>\$ (381,454)</u>

The accompanying notes are an integral part of this statement.

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND

For the Fiscal Year Ended June 30, 2000

	Governmental Fund Types								
	General Fund			Special Revenue Funds			Debt Service Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues									
Taxes	\$ 9,419,294	\$10,257,143	\$ 837,849	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tuition and fees	600,000	193,742	(406,258)	1,398	-	(1,398)	-	-	-
Extracurricular activities	-	-	-	203,567	204,965	1,398	-	-	-
Intergovernmental	1,654,386	1,654,386	-	327,713	473,633	145,920	-	-	-
Interest	119,630	119,630	-	3,173	3,173	-	-	-	-
Miscellaneous	594,075	168,863	(425,212)	11,267	15,409	4,142	-	-	-
Total Revenues	12,387,385	12,393,764	6,379	547,118	687,180	150,062			
Expenditures									
Current									
Instruction									
Regular	5,005,188	5,010,707	(5,519)	8,012	9,835	(1,823)	-	-	-
Special	588,727	595,717	(6,990)	87,557	109,858	(22,301)	-	-	-
Vocational	50,049	50,295	(246)	-	-	-	-	-	-
Other	404,981	227,144	177,837	2,243	2,858	(615)	-	-	-
Support Services									
Pupil	896,653	887,721	8,932	74,397	110,721	(36,324)	-	-	-
Instructional staff	252,263	253,881	(1,618)	60,482	84,897	(24,415)	-	-	-
Board of Education	19,665	30,322	(10,657)	-	-	-	-	-	-
School administration	1,328,368	1,328,816	(448)	3,952	5,718	(1,766)	-	-	-
Fiscal	516,577	444,325	74,252	-	-	-	-	-	-
Business	110,155	110,127	28	-	-	-	-	-	-
Operation and maintenance of plant	1,058,214	1,052,162	6,052	163	216	(53)	-	-	-
Pupil transportation	446,644	470,309	(23,665)	1,176	1,528	(352)	-	-	-
Central	178,739	322,572	(143,833)	8,990	9,876	(886)	-	-	-
Facilities acquisition and construction	8,750	6,192	2,558	-	-	-	-	-	-
Extracurricular activities	179,485	181,446	(1,961)	173,368	220,477	(47,091)	-	-	-
Community services	-	-	-	209,220	255,696	(46,476)	-	-	-
Debt Service	1,803,220	1,803,220	-	629,578	81,680	(182,102)	-	-	-
Total Expenditures	12,849,678	12,785,956	63,722	(82,460)	(114,500)	(32,040)			
Excess of Revenues Over (Under) Expenditures	(462,293)	(392,192)	70,101						
Other Financing Sources (Uses)									
Operating transfers in	-	-	-	1,204	1,204	-	-	-	-
Operating transfers out	(50,847)	(52,050)	(1,203)	-	-	-	-	-	-
Sale of assets	2,095	2,095	-	-	-	-	-	-	-
Advance from state solvency assistance note	924,000	924,000	-	-	-	-	-	-	-
Advances in	45,000	45,000	-	34,677	34,677	-	-	-	-
Advances out	(37,703)	(34,677)	3,026	-	-	-	-	-	-
Other	(3,025)	(3,025)	-	(36,410)	(49,201)	(12,791)	-	-	-
Total Other Financing Sources (Uses)	879,320	881,343	1,823	(529)	(13,320)	(12,791)			
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	417,227	489,151	71,924	(82,989)	(127,820)	(44,831)			
Unencumbered Fund Balances (Deficit) - Beginning of Year	748,206	748,206	-	137,129	137,129	-	(11,310)	(11,310)	-
Prior Year Encumbrances Appropriated	56,880	56,880	-	76,411	76,411	-	-	-	-
Unencumbered Fund Balances (Deficit) - End of Year	\$ 1,222,313	\$ 1,294,237	\$ 71,924	\$ 130,551	\$ 85,720	\$ (44,831)	\$ (11,310)	\$ (11,310)	\$ -

The accompanying notes are an integral part of this statement.

BROOKLYN CITY SCHOOL DISTRICT
 CUYAHOGA COUNTY
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS) (Continued)
 ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUND
 For the Fiscal Year Ended June 30, 2000

	Governmental Fund Types (continued)			Fiduciary Fund Types			Totals (Memorandum Only)		
	Capital Projects Fund			Expendable Trust Funds					
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues									
Taxes	\$ 195,041	\$ 200,345	\$ 5,304	\$ -	\$ -	\$ -	\$ 9,614,335	\$ 10,457,488	\$ 843,153
Tuition and fees	-	-	-	-	-	-	601,398	193,742	(407,656)
Extracurricular activities	-	-	-	-	-	-	203,567	204,965	1,398
Intergovernmental	-	4,106	4,106	-	-	-	1,982,099	2,132,125	150,026
Interest	-	-	-	-	-	-	122,803	122,803	-
Miscellaneous	-	-	-	2,158	2,928	770	607,500	187,200	(420,300)
Total Revenues	195,041	204,451	9,410	2,158	2,928	770	13,131,702	13,298,323	166,621
Expenditures									
Current									
Instruction									
Regular	850	850	-	-	-	-	5,014,050	5,021,392	(7,342)
Special	-	-	-	-	-	-	676,284	705,575	(29,291)
Vocational	-	-	-	-	-	-	50,049	50,295	(246)
Other	-	-	-	-	-	-	407,224	230,002	177,222
Support Services									
Pupil	-	-	-	-	-	-	971,050	998,442	(27,392)
Instructional staff	-	-	-	-	-	-	312,745	338,778	(26,033)
Board of Education	-	-	-	-	-	-	19,665	30,322	(10,657)
School administration	-	-	-	-	-	-	1,332,320	1,345,534	(13,214)
Fiscal	-	-	-	-	-	-	518,577	444,325	74,252
Business	-	-	-	-	-	-	110,155	110,127	28
Operation and maintenance of plant	-	-	-	-	-	-	1,058,377	1,052,378	5,999
Pupil transportation	-	-	-	-	-	-	447,820	471,837	(24,017)
Central	-	-	-	-	-	-	187,729	332,448	(144,719)
Facilities acquisition and construction	120,800	121,486	(686)	2,712	2,711	1	132,262	130,389	1,873
Extracurricular activities	-	-	-	-	188	(188)	352,871	402,111	(49,240)
Community services	-	-	-	-	511	(511)	209,220	256,207	(46,987)
Debt Service	-	-	-	-	-	-	1,803,220	1,803,220	-
Total Expenditures	121,650	122,336	(686)	2,712	3,410	(698)	13,603,618	13,723,582	(119,764)
Excess of Revenues Over (Under) Expenditures	73,391	82,115	8,724	(554)	(482)	72	(471,916)	(425,059)	46,857
Other Financing Sources (Uses)									
Operating transfers in	-	-	-	77	77	-	1,281	1,281	-
Operating transfers out	-	-	-	-	-	-	(50,847)	(52,050)	(1,203)
Sale of assets	-	-	-	-	-	-	2,095	2,095	-
Advance from state solvency assistance note	-	-	-	-	-	-	924,000	924,000	-
Advances in	-	-	-	-	-	-	79,677	79,677	-
Advances out	-	-	-	-	-	-	(37,705)	(34,677)	3,026
Other	-	-	-	(500)	(3,050)	(2,550)	(39,935)	(55,276)	(15,341)
Total Other Financing Sources (Uses)	-	-	-	(423)	(2,973)	(2,550)	878,368	865,050	(13,318)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	73,391	82,115	8,724	(977)	(3,455)	(2,478)	406,652	439,991	33,339
Unencumbered Fund Balances (Deficit) - Beginning of Year	322,017	322,017	-	8,031	8,031	-	1,204,073	1,204,073	-
Prior Year Encumbrances Appropriated	-	-	-	-	-	-	133,291	133,291	-
Unencumbered Fund Balances (Deficit) - End of Year	\$ 395,408	\$ 404,132	\$ 8,724	\$ 7,054	\$ 4,576	\$ (2,478)	\$ 1,744,016	\$ 1,777,355	\$ 33,339

The accompanying notes are an integral part of this statement.

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPES

For the Fiscal Year Ended June 30, 2000

	Enterprise Funds	Internal Service Fund	Totals (Memorandum Only)
Operating Revenues			
Sales	\$ 247,126	\$ -	\$ 247,126
Tuition and fees	31,162	-	31,162
Other	93,755	5,019	98,774
<i>Total Operating Revenues</i>	372,043	5,019	377,062
Operating Expenses			
Salaries and wages	223,157	-	223,157
Fringe benefits	52,721	4,843	57,564
Purchased services	6,792	-	6,792
Materials and supplies	203,032	-	203,032
Depreciation	5,790	-	5,790
<i>Total Operating Expenses</i>	491,492	4,843	496,335
Operating Income (Loss)	(119,449)	176	(119,273)
Non-Operating Revenues:			
Grants	88,472	-	88,472
Donated commodities	12,651	-	12,651
Operating transfer in	50,769	-	50,769
<i>Total Non-Operating Revenues</i>	151,892	-	151,892
Operating transfers out	-	-	-
NET INCOME	32,443	176	32,619
Depreciation on fixed assets acquired by contributed capital	2,383	-	2,383
Retained earnings - beginning of year	148,682	-	148,682
Retained earnings - end of year	183,508	176	183,684
Contributed capital - beginning of year	20,036	-	20,036
Depreciation on contributed fixed assets	(2,383)	-	(2,383)
Contributed capital - end of year	17,653	-	17,653
Total Retained Earnings and Contributed Capital - End of Year	\$ 201,161	\$ 176	\$ 201,337

The accompanying notes are an integral part of this statement.

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PROPRIETARY FUND TYPES

For the Fiscal Year Ended June 30, 2000

	Enterprise Funds			Internal Service Fund			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues	\$ 244,922	\$ 244,922	\$ -	\$ -	\$ -	\$ -	\$ 244,922	\$ 244,922	\$ -
Sales	31,162	31,162	-	-	-	-	31,162	31,162	-
Classroom materials and fees	118,202	118,202	-	-	-	-	118,202	118,202	-
Operating grants	60,886	93,573	32,687	-	5,019	5,019	60,886	98,592	37,706
Other	455,172	487,859	32,687	-	5,019	5,019	455,172	492,878	37,706
Total Revenues	160,310	220,639	(60,329)	-	-	-	160,310	220,639	(60,329)
Operating expenses	47,000	58,325	(11,325)	-	4,843	(4,843)	47,000	63,168	(16,168)
Salaries and wages	6,124	7,238	(1,114)	-	-	-	6,124	7,238	(1,114)
Fringe benefits	156,701	184,447	(27,746)	-	-	-	156,701	184,447	(27,746)
Purchased services	7,400	10,232	(2,832)	-	-	-	7,400	10,232	(2,832)
Materials and supplies	377,535	480,881	(103,346)	-	4,843	(4,843)	377,535	485,724	(108,189)
Equipment	77,637	6,978	(70,659)	-	176	176	77,637	7,154	(70,483)
Total Expense	50,769	50,769	-	-	-	-	50,769	50,769	-
Excess of Revenues Over (Under) Expenses	(45,000)	(45,000)	-	-	-	-	(45,000)	(45,000)	-
Other Financing Sources (Uses)	5,769	5,769	-	-	-	-	5,769	5,769	-
Operating transfers in	83,406	12,747	(70,659)	-	176	176	83,406	12,923	(70,483)
Operating transfers out	154,250	154,250	-	-	-	-	154,250	154,250	-
Advances out	1,005	1,005	-	-	-	-	1,005	1,005	-
Total Other Financing Sources (Uses)	Excess of Revenues Over (Under) Expenses								
	Advances, and Operating Transfers								
	Unencumbered Fund Equity - Beginning of Year								
	Prior Year Encumbrances Appropriated								
	Unencumbered Fund Equity - End of Year								
		\$ 238,661	\$ (70,659)	\$ -	\$ 176	\$ 176	\$ 238,661	\$ 168,178	\$ (70,483)

The accompanying notes are an integral part of this statement.

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPES

For the Year Ended June 30, 2000

	Enterprise Funds	Internal Service Fund	Totals (Memorandum Only)
Cash Flows from Operating Activities			
Cash received from tuition	\$ 31,162	\$ -	\$ 31,162
Cash received from sales	244,922		244,922
Cash received from other operations	93,573	5,019	98,592
Cash paid for personal service	(278,964)	(4,843)	(283,807)
Cash paid for purchased services	(6,792)	-	(6,792)
Cash paid to suppliers for goods and services	(187,485)	-	(187,485)
Net Cash Provided by (Used in) Operating Activities	(103,584)	176	(103,408)
Cash Flows from Non-Capital Financing Activities			
Cash from grants	118,201	-	118,201
Transfers out	-	-	-
Transfers in	50,769	-	50,769
Interfund loan from general	(45,000)	-	(45,000)
Net Cash Provided by Non-Capital Financing Activities	123,970	-	123,970
NET INCREASE IN CASH AND CASH EQUIVALENTS	20,386	176	20,562
Cash and Cash Equivalents - Beginning of Year	155,255	-	155,255
Cash and Cash Equivalents - End of Year	\$ 175,641	\$ 176	\$ 175,817
Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities			
Operating income (loss)	\$ (119,449)	\$ 176	\$ (119,273)
Adjustments to Reconcile Operating Income (Loss) to Net Cash from Operating Activities			
Depreciation expense	5,790	-	5,790
Donated commodities used	12,651	-	12,651
Increase in accounts receivable	(2,037)	-	(2,037)
Decrease in inventory	3,596	-	3,596
Decrease in accounts payable	(701)	-	(701)
Increase in accrued wages and benefits	704	-	704
Decrease in deferred revenue	(348)	-	(348)
Decrease in compensated absences	(3,790)	-	(3,790)
<i>Total adjustments</i>	15,865	-	15,865
Net Cash (Used in) Provided by Operating Activities	\$ (103,584)	\$ 176	\$ (103,408)

The accompanying notes are an integral part of this statement.

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BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Brooklyn City School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles, which are primarily set forth in the GASB's *Codification of Governmental Accounting and Financial Reporting Standards* (the "GASB Codification"). The District's significant accounting policies are described below.

1. *Description of the District*

Brooklyn City School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Brooklyn City School District is a city school district created under provisions of Section 3311.02 of the Ohio Revised Code. The District operates under an elected Board of Education (five members) and is responsible for the provision of public education to residents of the District.

The District operates two elementary schools, a middle school, and a high school. The average daily membership as of October 31, 1999 was 1,401. The District employed 104 certified and 72 non-certified employees.

2. *The Reporting Entity*

In evaluating how to define the governmental reporting entity, the District follows the provisions of GASB Statement No. 14, *The Financial Reporting Entity*, under which the financial statements include all the organizations, activities, functions, and component units for which the District is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the District's ability to impose its will over the component unit, or (2) the possibility that the component will provide a financial benefit to or impose a financial burden on the District. On this basis, the District's financial reporting entity has no component units but includes all funds and account groups that are part of the District.

There is one non-public school located within the boundaries of the District. This non-public school is operated independently of the District. The District receives auxiliary services money from the State for the support of this non-public school and serves as the primary recipient having administrative responsibilities with respect to this grant. The accounting for these receipts and disbursements is reflected in a special revenue fund in accordance with GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*, but the non-public school's operations are not reflected in the accompanying financial statements.

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

2. *The Reporting Entity (continued)*

The following entities which perform activities within the District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the District is not financially accountable for these entities nor are they fiscally dependent on the District.

City of Brooklyn – the city government of Brooklyn is a separate body politic and corporate. A mayor and council are elected independent of any District relationships and administer the provision of traditional city services. Council acts as the taxing and budgeting authority for these city services.

Cuyahoga County Public Library – The Library is a distinct political subdivision of the State of Ohio governed by a board of trustees. The board of trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the District for operational subsidies.

Parent Teacher Association – The District is not involved in budgeting or managing the association, is not responsible for any debt of the association and has no influence over the association.

The District is associated with three jointly governed organizations (see Note P) and one public entity risk pool (see Note M). These organizations are:

Jointly Governed Organizations:

Polaris Career Center

Ohio School's Council

Lakeshore Northeast Ohio Computer Association

Public Entity Risk Pool:

Ohio School Boards Association Workers'
Compensation Group Rating Program

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

3. *Basis of Presentation – Fund Accounting*

The District uses funds and account groups to report its financial position and the results of its operations. The various funds and account groups are reported by type in the general purpose financial statements. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to District activities or functions.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulation, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the District are grouped into the following generic fund types under the broad fund categories, governmental, proprietary and fiduciary.

Governmental Fund Types

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

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds

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

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

3. *Basis of Presentation – Fund Accounting (continued)*

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. According to governmental accounting principles, the Debt Service Fund accounts for the payment of long-term debt for governmental funds only. Under Ohio law, the Debt Service Fund might also be used to account for the payment of the long-term debt of proprietary funds and the short-term debt of both governmental and proprietary funds. For purposes of this report, the accumulation of resources for the payment of short-term debt of the General Fund has been recorded in that fund.

Capital Projects Funds

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

Proprietary Fund Types

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

Enterprise Funds

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

Internal Service Fund

Internal Service Funds account for the financing of services provided by one department or fund to other departments or funds of the District on a cost reimbursement basis.

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

3. *Basis of Presentation – Fund Accounting (continued)*

Fiduciary Fund Types

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The following are the District's Fiduciary Fund Types:

Expendable Trust Funds

Expendable Trust Funds are used to account for assets held by the District in a trustee capacity for individuals, private organizations, or other governmental units with specific trust agreements as to how the funds will be disbursed. Expendable trust funds are those whose principal and income may be expended in the course of their designated operations.

Agency Funds

Agency Funds are used to account for assets held by the District as an agent for individuals, private organizations, other governments, or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups

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

General Fixed Assets Account Group

This group of accounts is established to account for capital assets used in the general government operations with a useful life of greater than one year (other than those accounted for in proprietary funds).

General Long-Term Obligations Account Group

This group of accounts is established to account for all long-term obligations of the District, except those accounted for in proprietary funds. These obligations are secured by the credit of the District as a whole and are payable from general government resources or assessments against property owners.

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

4. *Measurement Focus and Basis of Accounting*

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Government Fund Types and Expendable Trust Funds are accounted for on a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet.

Proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operations of these funds are included on the balance sheet.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for Governmental, Expendable Trust, and Agency Funds. Under this basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures for the current period. Revenues accrued at the end of the fiscal year include property taxes, tuition, and state and federal grants. Expenditures are recognized in the period in which the related fund liability is incurred with certain exceptions, including the portion of compensated absences which is not payable from current expendable financial resources and general long-term obligation interest which is reported when due. The available period for the District is 30 days after year-end.

The District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, which are intended to finance fiscal year 2001 operations, and delinquent property taxes, whose availability is indeterminable, have been recorded as deferred 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. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

4. Measurement Focus and Basis of Accounting (continued)

Proprietary funds are accounted for on the accrual basis of accounting. Their revenues are recognized in the period earned, and expenses are recognized in the period incurred. Under the guidelines of GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting* the District has elected not to apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989 to its proprietary activities.

5. Budgetary Process

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

Tax Budget

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed tax 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 announced and conducted to obtain taxpayers' comments. The express purpose of this tax budget document is to reflect the need for existing (or increased) tax rates and to provide a basis for the development of the first permanent appropriations for the coming fiscal year.

By no later than January 20, the Board-adopted budget is filed with the Cuyahoga County Budget Commission (the "Budget Commission") for determination of tax rates. The Budget Commission will determine the appropriate tax rates and will prepare a certificate of estimated resources for the District. A hearing may be held by the Budget Commission where the Budget Commission members discuss the proposed budget with District officials.

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

5. *Budgetary Process (continued)*

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the District by April 1. As part of this certification, the District receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The budget figures which appear in the statement of budgetary comparison reflect the amounts in the final amended official certificate of estimated resources issued during the year.

Appropriations

A temporary appropriation resolution to control expenditures may be passed on or about July 1 of each year for the period of July 1 to September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the function object level within the General Fund and at the object level for all other funds. The appropriation resolution may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among functions within a fund may be modified during the year by a resolution of the Board of Education. Several supplemental appropriation resolutions were legally enacted by the Board of Education during the year. The budget figures which appear in the statements of budgetary comparison represent the final appropriation amounts including all amendments and modifications.

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

5. *Budgetary Process (continued)*

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at year-end are reported as a reservation of fund balance for subsequent year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

Budgetary Accounting

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

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

5. *Budgetary Process (continued)*

Budgetary Accounting (continued)

The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types and Similar Trust Funds and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Non-GAAP Budgetary Basis) - Proprietary Fund Type are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budgetary basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (non-GAAP budgetary basis) as opposed to when susceptible to accrual (GAAP basis).
- (b) Expenditures are recorded when paid in cash (non-GAAP budgetary basis) as opposed to when the liability is incurred (GAAP basis).
- (c) Outstanding year-end encumbrances are treated as expenditures/expenses for all funds (non-GAAP budgetary basis) rather than as a reservation of fund balance for governmental funds and as note disclosures for proprietary funds (GAAP basis).
- (d) For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (non-GAAP budgetary basis) rather than as balance sheet transactions (GAAP basis).

BROOKLYN CITY SCHOOL DISTRICT

CUYAHOGA COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

5. *Budgetary Process (continued)*

Budgetary Accounting (continued)

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

Excess (Deficiency) of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types and Similar Trust Funds

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Expendable Trust Fund
GAAP basis	\$1,367,769	\$(120,926)	\$ -	\$102,513	\$ (1,077)
Net adjustments for revenue accruals	1,080,157	23,587	-	(3,991)	(2,325)
Net adjustments for expenditure accruals	(1,886,692)	(11,141)	-	43	(53)
Adjustments for encumbrances	(82,406)	(54,017)	-	(16,450)	-
Advances in	45,000	34,677	-	-	-
Advances out	(34,677)	-	-	-	-
Budget Basis	\$ 489,151	\$(127,820)	\$ -	\$82,115	\$ (3,455)

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

5. *Budgetary Process (continued)*

Budgetary Accounting (continued)

Net Loss/Excess of Revenues Over (Under) Expenses
and Operating Transfers - Proprietary Fund Type

	Enterprise Funds	Internal Service Fund
GAAP basis	\$ 32,443	\$176
Net adjustment for revenue accruals	14,693	-
Net adjustment for expenditure accruals	24,040	-
Depreciation expense	(5,790)	-
Advances out	(45,000)	-
Adjustment for encumbrances	(7,639)	-
Budget Basis	\$ 12,747	\$176

6. *Cash and Cash Equivalents*

To improve cash management, all cash received by the District is pooled. Amounts for all funds, including proprietary funds, are maintained in a central bank account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through District records. Each fund's interest in the pooled account is presented as "equity in pooled cash and cash equivalents" on the Combined Balance Sheet. During fiscal year 2000, investments were limited to money market funds. All investments of the District had a maturity of less than ninety days. Investments are stated at cost or amortized cost which approximates fair value due to the short-term nature of these investments. Under existing Ohio statutes, the Board of Education may, by resolution, identify the funds to receive an allocation of interest earnings. During 2000, the District elected to distribute interest to the general fund and auxiliary services special revenue fund. Interest income earned for the year ended June 30, 2000 totaled \$153,696.

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

6. *Cash and Cash Equivalents (continued)*

For purposes of the Statement of Cash Flows - Proprietary Fund Type, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents.

7. *Materials and Supplies Inventory*

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

8. *Fixed Assets and Depreciation*

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the General Fixed Assets Account Group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where historical records are not available. Donated fixed assets are valued at their estimated fair market value on the date received. The District maintains a capitalization threshold of five hundred dollars. The District does not possess any infrastructure.

Assets in the General Fixed Assets Account Group are not depreciated. Depreciation of furniture and equipment in the Proprietary Fund Type is computed using the straight-line method over an estimated useful life of ten years.

9. *Compensated Absences*

In conformity with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, the District accrues vacation and sick pay related severance benefits as earned by its employees. For Governmental Fund Types, the liability not currently due and payable at June 30, 2000 is recorded in the General Long-Term Obligations Account Group. For Proprietary Fund Types, the entire liability for compensated absences is reported as a fund liability.

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

9. *Compensated Absences (continued)*

Vacation Pay

Only administrative and school support personnel accumulate annual vacation leave. Administrative personnel, the Superintendent, and the Treasurer accumulate 25 days vacation leave. School support personnel accumulate annual vacation leave as follows:

<u>Completed Service</u>	<u>Vacation Leave</u>
After 1 year	10 days
9 or more years	15 days
14 or more years	20 days
23 or more years	25 days

Included in the accrual for compensated absences at June 30, 2000 is a vacation leave liability of \$31,762 in the General Fund.

Sick Leave

Each professional staff member is entitled to fifteen (15) days sick leave with pay for each year under contract. The sick leave accrues at the rate of one and one-fourth (1-1/4) days for each calendar month under contract. Sick leave is cumulative to 310 days. Upon retirement, as described below, an employee is paid a severance benefit equal to 32% of the value of their accumulated sick leave, calculated at current wage rates, with the balance being forfeited.

Employees meet the eligibility requirements for retirement with either (a) twenty-five years of service and age 55 or over, (b) five years of service and age 60 or over, or (c) any age with thirty years of service. Included in the accrual for compensated absences at June 30, 2000 is a \$68,738 fund liability of the General Fund, a \$9,038 fund liability of the Enterprise Fund and a \$1,284,811 liability in the General Long-Term Obligations Account Group for sick pay-related severance benefits.

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

9. *Compensated Absences (continued)*

Early Retirement Incentive

The District provides early retirement incentive plans for its certified and non-certified employees. These plans became available for the year ending June 30, 1997 and shall continue in effect until June 30, 2000. Participation is open to all employees who are at least fifty years of age, qualify for retirement with the years of service credit purchased by the District, and submit an irrevocable letter of resignation to the Superintendent specifying the employee's effective date of retirement. The credit purchased shall not exceed the lesser of three years or one-fifth of each employee's total service credit. Employees electing to participate in these plans receive any accrued vacation or sick pay related severance benefits over a three-year period. On an annual basis, the District has the option of limiting or not implementing the early retirement incentive plans if, in its judgment, it is not deemed financially feasible. For the year ended June 30, 2000, the District exercised its option of not implementing the early retirement incentive plan.

As of June 30, 2000, five non-certified and eleven certified employees have elected to participate in their respective plans. Included in the accrual for compensated absences at June 30, 2000 is a \$4,935 fund liability of the Enterprise Fund and a \$499,617 liability in the General Long-Term Obligations Account Group related to the early retirement incentive option.

10. *Long-Term Obligations*

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the General Long-Term Obligations Account Group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

11. *Fund Balance Reserves*

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific future use. Fund equity reserves are established for textbooks, encumbrances, materials and supplies inventories, prepaid items and other assets, advances and nonpublic schools. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds.

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

12. *Contributed Capital*

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated.

13. *Intergovernmental Revenues*

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and became measurable.

The District currently participates in several State and federal programs, categorized as follows:

Entitlements

General Fund

State Foundation Program

Special Revenue Funds

Disadvantaged Pupil Impact Aid

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

13. *Intergovernmental Revenues (continued)*

Non-Reimbursable Grants

Special Revenue Funds

Title VI-B: Special Education:

Assistance to States for Education of Handicapped Children Fund

Disadvantaged Pupils Program

Eisenhower

Title I: Special Education:

Assistance to States for Education of Handicapped Children Fund

Drug Free

Pre School Grant

Educational Management Information System

Venture Capital

Auxiliary Services (NPSS) Fund

Excellence in Education Fund

NBA Team-Up Community Service Grant

School Security Equipment Grant

Chapter II – Consolidation of Federal Programs for

Elementary and Secondary Education Fund

Learn and Serve

Capital Projects Funds

Schoolnet Plus (N-S)

Reimbursable Grants

Proprietary Funds

National School Lunch Program

School Breakfast Program

Government Donated Commodities

Grants and entitlements received in governmental funds amounted to approximately 14% of governmental fund revenue during the 2000 fiscal year.

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

14. *Interfund Transactions*

During the course of normal operations, the District has numerous transactions between funds, including expenditures and transfers of resources to provide services, construct assets, and service debt. Operating subsidies are recorded as operating transfers. The classification of amounts recorded as subsidies, advances, or equity contributions is based on the intent of the District at the time of the transaction.

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

15. *Estimates*

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

16. *Memorandum Only - Total Columns*

Total columns on the general purpose financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2000

NOTE B - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The District maintains a cash and investment pool used by all funds. Individual fund integrity is maintained through the District's records. Each fund type's portion of this pool is displayed on the Combined Balance Sheet as "Equity in Pooled Cash and Cash Equivalents".

Legal Requirements

Statutes require the classification of monies held by the District into three categories.

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

Inactive deposits are public deposits the District has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts, including, but not limited to passbook accounts.

Interim deposits are those deposits which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts, including passbook accounts.

Interim monies may be 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;

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2000

NOTE B - EQUITY IN POOLED CASH AND CASH EQUIVALENTS -- CONTINUED

Legal Requirements (continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.
8. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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.

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2000

NOTE B - EQUITY IN POOLED CASH AND CASH EQUIVALENTS -- CONTINUED

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

Deposits

At June 30, 2000, the carrying amount of the District's deposits was \$(318,767) and the bank balance was \$55,880, all of which was covered by federal depository insurance.

Investments

The District's investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured and registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department, but not in the District's name.

Investments at June 30, 2000 consisted of a Money Market Mutual Fund Account investing solely in government securities with a carrying value of \$2,435,943 which approximates its market value. Money Market Mutual Funds are not securities and, therefore, are not classified in categories of risk. This investment has been classified on the Combined Balance Sheet as equity in pooled cash and cash equivalents in accordance with the provisions of GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

At June 30, 2000, the carrying value of the District's deposits and investments, classified in accordance with GASB Statement No. 3, are as follows:

Demand Deposits	\$ (318,767)
Cash on Hand	500
Investments	<u>2,435,943</u>
	<u>\$2,117,676</u>

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2000

NOTE B - EQUITY IN POOLED CASH AND CASH EQUIVALENTS -- CONTINUED

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*. Using that criteria, the above amounts are included on the Combined Balance Sheet under the following captions:

Equity in Pooled Cash and Cash Equivalents	\$1,980,180
Restricted Assets – Equity in Pooled Cash and Cash Equivalents	137,466
	\$2,117,676

NOTE C - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35% of appraised market value. All property is required to be revalued every six years. The last update was completed for tax year 1996. Public utility property taxes are assessed on tangible personal property at 88% of true value (with certain exceptions) and on real property at thirty-five percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are twenty-five percent of true value.

Since property taxes are assessed and levied on a calendar year basis, the District receives property taxes from two taxing years during the District's fiscal year. The assessed values upon which the fiscal year 2000 taxes were collected are as follows:

	2000	1999
Real Property		
Residential/Agricultural	\$124,540,400	\$124,180,240
Commercial/Industrial	125,617,720	115,633,850
Tangible Personal Property		
General	72,851,158	78,470,390
Public Utilities	30,822,470	32,734,320
Total Valuation	\$353,831,748	\$351,018,800

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2000

NOTE C - PROPERTY TAXES -- CONTINUED

The full tax rate applied to real property for the 2000 collection year was \$40.00 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$26.57 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$28.70 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the District by the State of Ohio.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The Cuyahoga County Treasurer collects property tax on behalf of all taxing districts within the county. The Cuyahoga County Auditor periodically remits to the taxing districts their portions of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2000 are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding, the late settlement of personal property taxes, and real property, tangible personal property, and public utility tangible taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for the portion not intended to finance current year operations. The amount available as an advance at June 30, 2000 was \$684,973 for the General Fund and \$6,960 for the Capital Projects Fund.

An emergency tax levy in the aggregate amount of \$1,415,000 was passed by the electorate of the District on November 7, 2000 and becomes effective on January 2001.

NOTE D - RECEIVABLES

Receivables at June 30, 2000, consisted of taxes, accounts (billings for user charged services), and intergovernmental receivables arising from grants, entitlements, and shared revenues. 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.

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2000

NOTE E - FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year:

	Balance 6/30/99	Additions	Reductions	Balance 6/30/00
Land	\$ 728,644	\$ -	\$ -	\$ 728,644
Buildings	5,610,536	24,730	-	5,635,266
Furniture	3,602,308	118,078	-	3,720,386
Vehicles	578,198	-	-	578,198
	\$10,519,686	\$142,808	\$ -	\$10,662,494

The following is a summary of the Enterprise Funds' fixed assets at June 30, 2000:

Furniture and equipment	\$153,776
Less accumulated depreciation	<u>114,729</u>
 Net fixed assets	 \$ <u>39,047</u>

NOTE F - STATE SOLVENCY ASSISTANCE ADVANCE

The District borrowed \$924,000 on May 1, 2000 and \$2,493,000 on May 7, 1999 from the Ohio School Districts 1998 B Cash Flow Borrowing Program to assist in alleviating negative cash balances in the General Fund. The loans are non-interest bearing. The repayment of these advances is completed by the Ohio Department of Education making substantially equal deductions from the District's school foundation settlements each month for twenty-four months. The District reports the state solvency assistance advances as liabilities of the general fund. The following is a summary of the advances outstanding at June 30, 2000:

Due	Amount
2001	\$1,708,500
2002	<u>462,000</u>
	\$2,170,500

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS – CONTINUED

For the Fiscal Year Ended June 30, 2000

NOTE G - NOTES PAYABLE

Notes payable aggregating \$4,249,000 were issued August 10, 1994. Proceeds from the notes were used for capital purchases of energy conservation improvements. The notes bear interest at 5.60 percent per annum. Interest is payable semi-annually on February 1 and August 1 of each year with principal payments due on August 1. The notes are obligations of the District's General Fund, however, the full faith and credit of the District is pledged for repayment. Outstanding notes payable are accounted for in the General Long-Term Obligations Account Group. The following is a summary of the notes payable outstanding at June 30, 2000:

Due August 1	<u>Amount</u>
2000.....	\$ 430,000
2001.....	455,000
2002.....	480,000
2003.....	510,000
2004.....	<u>540,000</u>
	 <u>\$2,415,000</u>

NOTE H - INTERFUND BALANCES

The composition of amounts due to and from other funds as of June 30, 2000 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Special Revenue – Title I	\$34,677
General	Special Revenue – Chapter II	<u>939</u>
		<u><u>\$35,616</u></u>

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS – CONTINUED

For the Fiscal Year Ended June 30, 2000

NOTE I - SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains four enterprise funds which are intended to be self-supporting through user fees charged for services. The table below reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the District:

	Food Services	Uniform School Supplies	Latch Key	Wellness Center	Total
Operating revenues	\$ 247,792	\$37,325	\$86,442	\$484	\$372,043
Operating expenses before depreciation	381,682	22,850	80,733	437	485,702
Depreciation expense	4,565	-	1,225	-	5,790
Operating income (loss)	(138,455)	14,475	4,484	47	(119,449)
Operating transfers in	50,769	-	-	-	50,769
Operating transfers out	-	-	-	-	-
Donated commodities	12,651	-	-	-	12,651
Grants	88,472	-	-	-	88,472
Net income (loss)	13,437	14,475	4,484	47	32,443
Working capital	(3,978)	56,204	108,961	927	162,114
Total assets	48,337	56,204	117,838	927	223,306
Total equity	(28,942)	(56,204)	(115,088)	(927)	(201,161)
Outstanding encumbrances	(6,812)	(380)	(447)	-	(7,639)

NOTE J – ACCOUNTABILITY AND COMPLIANCE

Deficit Fund Balances

Fund balances at June 30, 2000 included the following individual fund deficits:

<i>General Fund Class</i>	
General Fund	\$(909,876)
<i>Special Revenue Fund Class</i>	
Title I	\$ (42,831)
Disadvantaged Pupils	(21)
Economic Security Act	(21)
Consolidation Federal Program	(939)
Drug Free Schools	(8)

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS – CONTINUED

For the Fiscal Year Ended June 30, 2000

NOTE J – ACCOUNTABILITY AND COMPLIANCE -- CONTINUED

Deficit Fund Balances - continued

The deficits primarily resulted from expenditures made in excess of available revenues and adjustments for accounts payable and accrued liabilities.

Legal Compliance

Contrary to Ohio Revised Code Section 5705.41(B), expenditures exceeded appropriations at the legal level of control in the following individual funds at June 30, 2000:

Fund	<i>Appropriations</i>	<i>Expenditures</i>	<i>Difference</i>
<u>Special Revenue Funds</u>			
<i>Special School Support</i>			
Other uses	\$ 1,371	\$ 5,713	\$ (4,342)
<i>District Managed Student Activities</i>			
Other uses	\$ -	\$ 1,450	\$ (1,450)
<i>Auxiliary Service</i>			
Purchased services	\$ 723	\$126,023	\$(125,300)
Supplies and materials	\$54,701	\$ 59,661	\$ (4,960)
Other uses	\$ -	\$ 45,212	\$ (45,212)
<i>Studio Production Center</i>			
Other uses	\$ -	\$ 530	\$ (530)
<i>Title VI-B</i>			
Purchased services	\$80,587	\$ 91,676	\$ (11,089)
<u>Enterprise Fund Class</u>			
<i>Uniform School Supplies</i>			
Supplies and materials	\$ 14,237	\$ 23,225	\$ (8,988)
Other uses	\$ -	\$ 55,386	\$ (55,386)
<i>Latchkey</i>			
Supplies and materials	\$ 1,700	\$ 5,162	\$ (3,462)
<u>Capital Projects Fund</u>			
<i>School Net</i>			
Capital outlay	\$ -	\$ 800	\$ (800)

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS – CONTINUED

For the Fiscal Year Ended June 30, 2000

NOTE J – ACCOUNTABILITY AND COMPLIANCE -- CONTINUED

Contrary to Ohio Revised Section 5705.39, the following funds had appropriations in excess of estimated revenues and carryover balances at June 30, 2000:

Fund	Appropriations	Estimated Resources	Difference
Special Revenue Funds			
School Net Professional Development	\$ 2,771	-	\$ (2,771)
Ohio Reads	\$ 61,637	-	\$ (61,637)
Miscellaneous State Grant	\$ 6,851	\$ 880	\$ (5,971)
Title I	\$119,212	\$43,627	\$ (75,585)
Title II	\$ 7,327	\$ 5,288	\$ (2,039)
Miscellaneous Federal Grants	\$ 19,692	\$ 2,345	\$ (17,347)
Enterprise Fund			
Food Service	\$421,679	\$388,155	\$ (33,524)

NOTE K - PENSION AND RETIREMENT PLANS

The employees of the District are covered by either the School Employees Retirement System of Ohio (SERS) or the State Teachers Retirement System of Ohio (STRS). The State of Ohio accounts for the activities of these retirement systems and the amounts of the funds are not reflected in the accompanying financial statements. Under both SERS and STRS, a member is eligible for retirement when the member reaches age 60 and has five or more years of service credit; reaches age 55 and has 25 years or more of service credit; or has 30 or more years of service credit at any age.

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2000

NOTE K - PENSION AND RETIREMENT PLANS -- CONTINUED

School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio, a cost-sharing multiple-employer defined benefit pension plan administered by the School Employees Retirement Board. All employees of the District performing duties that do not require a certificate issued by the Ohio Department of Education are required to contribute to SERS. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State Statute per 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, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14% 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 years 2000, 5.5% and 1999, 7.7% of annual covered salary was the portion used to fund pension obligations. For certain employees, the District pays the 9% member contribution as an employee benefit. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's contributions to SERS for the years ended June 30, 2000, 1999 and 1998 were \$335,664, \$322,780 and \$300,894, respectively, equal to the required contributions for each year. The School District pays obligations when incurred.

State Teachers Retirement System

All full-time certified District employees participate in STRS, a cost-sharing multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a stand-alone report. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2000

NOTE K - PENSION AND RETIREMENT PLANS – CONTINUED

State Teachers Retirement System - continued

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%, an actuarially determined rate. Of the 14% District portion, 6% was the portion used to fund pension obligations. For certain employees, the District pays the 9.3% member contribution as an employee benefit. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's contributions to STRS for the years ended June 30, 2000, 1999 and 1998 were \$785,401, \$795,351 and \$816,665, respectively. The School District pays obligations when incurred.

NOTE L – POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through STRS, and to retired non-certificated employees and their dependents through SERS. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

School Employees Retirement System

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium. For fiscal year 2000, employer contributions to fund health care benefits were 8.5% of covered payroll, an increase of 2.2% from 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for the partial service credit. For fiscal year 2000, the minimum was established at \$12,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. For the District, the amount to fund health care benefits, including the surcharge, equaled \$219,350 during the 2000 fiscal year.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2000 were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2000

NOTE L - POSTEMPLOYMENT BENEFITS - CONTINUED

State Teachers Retirement System

The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care costs in the form of a monthly premium. By Ohio Law, the cost of coverage paid from STRS funds shall be included in the overall employer contribution rate, currently 14% of covered payroll. The Board currently allocates employer contributions equal to 8% of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$448,800 for fiscal year 2000. The balance in the Health Care Reserve Fund was \$3.419 billion at June 30, 2000. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

NOTE M - RISK MANAGEMENT

Insurance

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 has a comprehensive property (including boiler and machinery) and auto fleet policy with Harcum Nationwide. The deductible is \$1,000 per incident on property and \$500 per incident on vehicles. All board members, administrators and employees are covered under a school district liability policy with Harcum Nationwide with a \$1,000,000 limit per occurrence and \$5,000,000 per aggregate limit. The District also has an employee benefits liability endorsement with a \$300,000 limit. Settlement claims have not exceeded this commercial coverage in any of the past four years. There has not been a significant reduction in coverage from the prior year.

Bonding

The Treasurer is covered by a surety bond in the amount of \$50,000. Remaining employees who handle money are covered with a public employees' blanket bond in amounts ranging from \$10,000 to \$20,000. These bonds are provided by the Nationwide Agribusiness Insurance Company.

Workers' Compensation

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP'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 Ohio School Boards Association (OSBA). The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2000

NOTE M - RISK MANAGEMENT - CONTINUED

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. 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 GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP 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 GRP. 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 GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

NOTE N - CONTINGENCIES

Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2000.

Litigation

In July 1997, a District employee was involved in a fatal accident while using maintenance equipment at the District. On July 17, 1998, an intentional tort wrongful death action was filed by the decedent's estate seeking unspecified damages in excess of \$25,000. On October 1, 1998, the District filed a motion to dismiss and is awaiting order by the court. On November 27, 2000, this matter was settled out of court with the District's insurance company and with no expense to the District.

As of June 30, 2000, the District was party to various other legal proceedings, seeking damages or injunctive relief, arising in the ordinary course of business. The ultimate disposition of these proceedings is not presently determinable. The District carries adequate insurance coverage for most risks including property damage and personal liability and the District's management does not believe that any potential claims not covered by such insurance would materially affect the financial condition of the District.

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2000

NOTE N – CONTINGENCIES - CONTINUED

School Finance

As of June 30, 2000, there was pending several challenges to real estate market valuation filed by property owners within the District. If successful, these challenges will result in a decrease of real property market valuation and therefore real estate property tax revenue received by the District. However, in the opinion of management, the disposition of all valuation challenges is not expected in the aggregate to have a material adverse effect on the financial position of the District.

NOTE O – STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$819,157 of school foundation support in total (all funds).

The Court also declared the emergency school loan assistance program unconstitutional. The emergency school loan program allowed the School District to borrow money from a commercial financial institution with repayment going directly to the lender from the State through withholding a portion of the School District's future school foundation payments. As of June 30, 2000, the School District has an outstanding balance due of \$2,170,500 borrowed under this program; the final payment of this note will be made in fiscal year 2001/2002. The terms of the debt are further described in Note F to these financial statements.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997 decision, however, it found seven "...major areas warranting further attention, study, and development by the General Assembly..." including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2000

NOTE O – STATE SCHOOL FUNDING DECISION - CONTINUED

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

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

NOTE P – JOINTLY GOVERNED ORGANIZATIONS

Polaris Career Center

The Polaris Career Center (a joint vocational school district) is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each participating school district's elected board, which possesses its own budgeting and taxing authority. Accordingly, Polaris Career Center is not part of the District and its operations are not included as part of the reporting entity. Financial information can be obtained by contacting the Treasurer at the Polaris Career Center, 7285 Old Oak Boulevard, Middleburg Heights, Ohio.

Ohio Schools Council

The Ohio Schools Council (the "Council") is a jointly governed organization among eighty-three school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose terms rotate every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2000, the District paid \$1,669 to the Council. Financial information can be obtained by contacting the Executive Secretary of the Ohio Schools Council at 6133 Rockside Road, Independence, Ohio 44131.

The District participates in the Council's electric purchase program which was implemented during fiscal year 1998. This program allows school districts to purchase electricity at reduced rates, if the school district will commit to participating for an eight-year period. The participants make monthly payments based on estimated usage. Each June, these estimated payments are compared to their actual usage for the year and any necessary adjustments are made.

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2000

NOTE P – JOINTLY GOVERNED ORGANIZATIONS -- CONTINUED

Ohio Schools Council (continued)

In 1997, Energy Acquisition Corporation, a non-profit corporation with a self-appointing board, issued \$119,140,000 in debt to prepurchase eight years of electricity from Cleveland Electric Illuminating (CEI) for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates its agreement, that district is required to repay savings to CEI and CEI will refund the remaining prepayment related to that participant to Energy Acquisition Corporation.

The District also participates in the Council's prepaid natural gas program which was implemented during fiscal year 2000. This program allows school districts to purchase natural gas at reduced rates, if the school districts will commit to participating for a twelve-year period. The participants make monthly payments based on estimated usage. Each month these estimated payments are compared to their actual usage and any necessary adjustments are made.

The City of Hamilton, a municipal corporation and political subdivision duly organized and existing under the laws of the State of Ohio, issued \$89,450,000 in debt to purchase twelve years of natural gas from CMS Energy Corporation for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates its agreement, the district is entitled to recover that amount, if any, of its contributions to the operating fund which are not encumbered for its share of program administrative costs.

Lakeshore Northeast Ohio Computer Association

The Lakeshore Northeast Ohio Computer Association (LNOCA) is a jointly governed computer service bureau among eighteen public school districts. The primary function of LNOCA is to provide data services to the eighteen member districts. Major areas of service provided by LNOCA include accounting, payroll, inventory, career guidance services, handicapped student tracking, pupil scheduling, attendance reporting and grade reporting. Each school is represented on the LNOCA Board of Directors by its superintendent or designated representative. Each year, the Board of Directors elects a Chairman, a Vice Chairman and a Recording Secretary. The Treasurer of the fiscal agent is a nonvoting, ex-officio member of the Board of Directors. The Cuyahoga County Educational Service Center serves as the fiscal agent of LNOCA. Each school district supports LNOCA based upon a per pupil charge dependent upon the software packages used. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting the Treasurer of the fiscal agent at 7800 Wall Street, Valley View, Ohio 44125.

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2000

NOTE Q – FISCAL EMERGENCY

In accordance with Section 3316.03 of the Ohio Revised Code, a fiscal watch was declared at the District by the Auditor of State on March 24, 1999. Since the District was unable to submit an acceptable financial plan to the State Superintendent of Public Instruction, the Auditor of State declared the District to be in a state of fiscal emergency as defined by Section 3316.03(B) of the Ohio Revised Code on April 27, 1999.

NOTE R – STATUTORY RESERVES

Substitute House Bill 412, as amended, required the District to “set-aside” certain percentages of defined revenues for (1) textbooks and instructional material purchases, (2) capital and maintenance expenditures, and (3) to establish a budget reserve. It also required five-year budget projections, amended the Fiscal Watch and Fiscal Emergency Statutes, created a State School District Solvency Fund, and amended “spending reserve” provisions. During the fiscal year ended June 30, 2000, the reserve activity (cash basis) was as follows:

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve	Total
Set-Aside Cash Balance				
July 1, 1999	\$ 59,825	\$ -	\$ -	\$ 59,825
Required Set-Aside	301,909	301,909	-	603,818
Offset Credits	-	-	-	-
Qualifying Disbursements	(224,268)	(305,129)	-	(529,397)
Total	<u>\$ 137,466</u>	<u>\$ (3,220)</u>	<u>\$ -</u>	<u>\$ 134,246</u>
Cash Balance Carried				
Forward to FY 2001	<u>\$ 137,466</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 137,466</u>

Although the District had offsets and qualifying expenditures during the fiscal year that reduced the set-aside below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

Under Ohio law, a reserve for budget stabilization must be established and cannot be expended without the permission of the State Superintendent of Public Instruction. During fiscal year 1998, the District received a \$67,109 refund from the Bureau of Workers’ Compensation which state statute required to be included in this reserve. During fiscal year 1998, the District expended the refund amount on current operating expenditures without prior approval from the State Superintendent of Public Instruction.

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS - CONTINUED

For the Fiscal Year Ended June 30, 2000

NOTE S – RECEIVABLES

Receivables at June 30, 2000 consisted of taxes, accounts, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

Intergovernmental receivables consisted of \$1,019,749 in the General Fund and \$16,577 in the Capital Projects Fund.

NOTE T – SUBSEQUENT EVENTS

In November of 2000, a 3.8 mill emergency operating levy for 3 years was passed.

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BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2000 (A)

Federal Grantor Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. Department of Agriculture</u>						
<i>Passed Through the Ohio Department of Education</i>						
Child Nutrition Cluster						
Food Distribution (B)	N/A	10.550	\$0	\$19,801	\$0	\$22,041
School Breakfast Program (C)	043653-05-PU-00	10.553	5,625	0	5,625	0
National School Lunch Program (C)	043653-03/04-PU-00	10.555	106,546	0	106,546	0
Total U.S. Department of Agriculture - Child Nutrition Cluster			112,171	19,801	112,171	22,041
<u>U.S. Department of Education</u>						
<i>Passed Through the Ohio Department of Education</i>						
Special Education Cluster						
Special Education - Title VIB	043653-6B-SF-99	84.027	0	0	7,703	0
Special Education - Title VIB	043653-6B-SF-00	84.027	85,912	0	87,116	0
Subtotal			85,912	0	94,819	0
Special Education - Preschool	043653-PG-S1-94	84.173	0	0	10	0
Special Education - Preschool	043653-PG-S1-00	84.173	9,432	0	9,432	0
Subtotal			9,432	0	9,442	0
Total Special Education Cluster			95,344	0	104,261	0
Grants to Local Educational Agencies						
Title I	043653-C1-S1-92	84.010	0	0	581	0
Title I	043653-C1-S1-94	84.010	0	0	7,880	0
Title I	043653-C1-S1-95	84.010	(643)	0	0	0
Title I	043653-C1-S1-96	84.010	(1,572)	0	835	0
Title I	043653-C1-S1-97	84.010	(9,633)	0	0	0
Title I	043653-C1-S1-98	84.010	0	0	(4,175)	0
Title I	043653-C1-S1-98C	84.010	0	0	6,585	0
Title I	043653-C1-S1-99	84.010	20,646	0	20,073	0
Title I	043653-C1-S1-00	84.010	0	0	34,677	0
Subtotal			8,798	0	66,456	0
Drug Free Schools						
Drug Free	043653-DR-S1-96	84.186	0	0	717	0
Drug Free	043653-DR-S1-99	84.186	0	0	197	0
Drug Free	043653-DR-S1-00	84.186	5,659	0	5,646	0
Subtotal			5,659	0	6,560	0
Goals 2000						
Continuous Improvement Grant / School-to-Work	043653-G2-S4-99P	84.276	0	0	816	0
Continuous Improvement Grant / School-to-Work	043653-G2-S2-00P	84.276	0	0	5,000	0
Goals 2000	043653-G2-S8-00	84.276	3,000	0	2,500	0
Subtotal			3,000	0	8,316	0
Eisenhower Professional Development State Grant						
Eisenhower Grant	043653-MS-S1-92	84.281	0	0	284	0
Eisenhower Grant	043653-MS-S1-95	84.281	0	0	2,101	0
Eisenhower Grant	043653-MS-S1-99	84.281	0	0	3,387	0
Subtotal			0	0	5,772	0
Innovative Education Program Strategy						
Title VI	043653-C2-S1-92	84.298	0	0	939	0
Title VI	043653-C2-S1-93	84.298	0	0	252	0
Title VI	043653-C2-S1-99	84.298	0	0	4,098	0
Subtotal			0	0	5,289	0
Learn and Serve America						
Learn and Serve America	043653-SV-S1-96	94.004	(1,528)	0	0	0
Subtotal			(1,528)	0	0	0
Total U.S. Department of Education			111,273	0	196,654	0
<i>Passed Through Cleveland Municipal School District</i>						
Grants to Local Educational Agencies						
Title I	N/A	84.010	23,760	0	23,760	0
Subtotal			23,760	0	23,760	0
Total Federal Assistance			\$247,204	\$19,801	\$332,585	\$22,041

Note A - SIGNIFICANT ACCOUNTING POLICIES

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

Note B - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the District had no significant food commodities in inventory.

NOTE C - NATIONAL SCHOOL LUNCH, SPECIAL MILK PROGRAMS

Federal monies received by the District for these programs are commingled with State grants and local revenues. It is assumed that federal monies are expended first.

N/A - Not applicable.

CFDA - Catalog of Federal Domestic Assistance

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STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

Members of the Board of Education
Brooklyn City School District
Cuyahoga County
9200 Biddulph Road
Brooklyn, Ohio 44144

To the Board of Education:

We have audited the financial statements of the Brooklyn City School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated May 29, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-10818-001 and 2000-10818-002. We also noted certain immaterial instances of noncompliance that we have reported to the management of the District in a separate letter dated May 29, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2000-10818-003 through 2000-10818-006.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However we believe none of the reportable conditions described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the District in a separate letter dated May 29, 2001.

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

Jim Petro
Auditor of State

May 29, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Members of the Board of Education
Brooklyn City School District
Cuyahoga County
9200 Biddulph Road
Brooklyn, Ohio 44144

To the Board of Education:

Compliance

We have audited the compliance of the Brooklyn City School District, Cuyahoga County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2000. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000. However, we noted certain instances of noncompliance that do not require inclusion in this report that we have reported to the management of the District in a separate letter dated May 29, 2001.

Internal Control Over Compliance

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

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the District's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings as items 2000-10818-003, 2000-10818-005 and 2000-10818-007.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. We also noted other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to the management of the District in a separate letter dated May 29, 2001.

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

Jim Petro
Auditor of State

May 29, 2001

**BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
June 30, 2000**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	Special Education Cluster: Special Education to States, CFDA #84.027; Special Education Preschool Grant CFDA #84.173; and Nutrition Cluster: Food Distribution, CFDA #10.550; School Breakfast Program, CFDA #10.553; National School Lunch Program, CFDA #10.555.
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
June 30, 2000
(Continued)**

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

Finding Number	2000 - 10818 - 001
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APPROPRIATIONS EXCEEDING ESTIMATED RESOURCES

Ohio Revised Code Section 5705.39 requires that the total appropriation from each fund shall not exceed the total estimated revenue. No appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total Certificate of Estimated Resources or the Amended Certificate of Estimated Resources.

We compared the Board approved final appropriation measure with the final amended Certificate of Estimated Resources from each fund and determined that appropriations exceeded the final estimate of resources by the amount presented in the following table:

FUND	APPROPRIATIONS	ESTIMATED RESOURCES	DIFFERENCE
Special Revenue Funds			
School Net Professional Development	\$2,771	\$0	(\$2,771)
Ohio Reads	\$61,637	\$0	(\$61,637)
Miscellaneous State Grant	\$6,851	\$880	(\$5,971)
Title I	\$119,212	\$43,627	(\$75,585)
Title II	\$7,327	\$5,288	(\$2,039)
Miscellaneous Federal Grants	\$19,692	\$2,345	(\$17,347)
Enterprise Fund			
Food Service	\$421,679	\$388,155	(\$33,524)

We recommend the District monitor budgetary reports to ensure that appropriation measures do not exceed estimated resources. Also, the District should make timely amendments to the Certificate of Estimated Resources with the County Auditor to increase or decrease other sources of revenue as necessary so that the amount budgeted is consistent with the actual revenue transaction activity.

**BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
June 30, 2000
(Continued)**

Finding Number	2000 - 10818 - 002
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EXPENDITURES EXCEEDING APPROPRIATIONS

Ohio Revised Code Section 5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. The District's legal level of budget adoption is at the fund, function, object level for the General fund and fund, object level for all other funds. The following table specifies the fund and object within that fund where expenditures materially exceeded appropriations for the fiscal year end:

FUND	APPROPRIATIONS	EXPENDITURES	DIFFERENCE
Special Revenue Funds			
<i>Special School Support</i>			
Other Uses	\$1,371	\$5,713	(\$4,342)
<i>District Managed Student Activities</i>			
Other Uses	\$0	\$1,450	(\$1,450)
<i>Auxiliary Service</i>			
Purchased Services	\$723	\$126,023	(\$125,300)
Supplies & Materials	\$54,701	\$59,661	(\$4,960)
Other Uses	\$0	\$45,212	(\$45,212)
<i>Studio Production Center</i>			
Other Uses	\$0	\$530	(\$530)
<i>Title VI-B</i>			
Purchased Services	\$80,587	\$91,676	(\$11,089)
Enterprise Funds			
<i>Uniform School Supplies</i>			
Supplies & Materials	\$14,237	\$23,225	(\$8,988)
Other Uses	\$0	\$55,386	(\$55,386)
<i>Latchkey</i>			
Supplies & Materials	\$1,700	\$5,162	(\$3,462)
Capital Projects Fund			
<i>School Net</i> Capital Outlay	\$0	\$800	(\$800)

Our testing of the expenditure and budget reports maintained by the District for fiscal year end also indicated five smaller violations where expenditures exceeded appropriations at the object level within funds.

**BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
June 30, 2000
(Continued)**

Finding Number	2000 - 10818 - 002 - (Continued)
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We recommend the Treasurer and Board of Education review budget to actual financial data on a monthly basis and make amendments to appropriations as needed to ensure expenditures do not exceed appropriations at the Board adopted legal level of control. All District employees should be made aware that no purchases may be made until a purchase order has been properly executed and the availability of funds has been certified by the Treasurer.

Finding Number	2000 - 10818 - 003
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CASH RECONCILIATIONS

Reconciliation of the District's cash accounts with its cash ledgers, including fund balance, is a necessary control procedure to adequately safeguard cash and to provide an accurate financial picture of the District. Although reconciliations were performed for the audit period, the District had been unable to accurately reconcile its books for several years preceding the audit period. As a result, the District did not have an accurate fund balance to reconcile to for the audit period. In addition, none of the reconciliations prepared during the audit period contained a signature by the person who prepared them, nor did they contain the initials of anyone reviewing them for accuracy. Failure to timely reconcile bank accounts and resolve discrepancies can result in errors in budgeting and financial reporting.

Bank and investment balances should be reconciled with the District's cash fund balances monthly. Bank reconciliations should include the date prepared and signature of the preparer. Following preparation, the reconciliation should be reviewed for accuracy and initialed by someone other than the preparer. This review should include requesting to see support for large or unusual items appearing on the reconciliation. Reconciling items, which are needed to agree the monthly bank balances to the month end fund balances, should be explained and supported by proper documentation. Unreconciled differences should be investigated and if unresolved should be presented to the Board of Education for proper disposition. Unreconciled differences should not be carried on the reconciliations any longer than is necessary to properly investigate for resolution.

Finding Number	2000 - 10818 - 004
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STUDENT ACTIVITIES and OTHER FUND-RAISING ACTIVITY

The Brooklyn City School District policy manual includes several policies that address Co-Curricular and Extracurricular activities, Student Fund-Raising activities, and Student Activities Fund Management. These policies address the need to raise funds to conduct school activities and procedures required to conduct a fund raising activity. The Board policies state in part that:

**BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
June 30, 2000
(Continued)**

Finding Number	2000 - 10818 - 004 (Continued)
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- All student activities in the District shall be approved annually by the Superintendent and the Board of Education. The advisor must file a *Policy and Purpose Statement* at the beginning of each school year that states the purpose of the activity or club.
- The *Budget Form* is to outline anticipated receipts by source and expenditures by need for each school year.
- Activity advisors must obtain permission to hold a fund-raising activity via a *Fund-Raising Application*.
- All contracts signed with a supplier must be approved by the Board of Education before they are considered in effect, and requests for purchases from student activity funds must be approved in writing by the school principal.
- Funds derived from approved student fund-raising activities will be handled by the Treasurer's office.
- An accounting of all student funds will be made monthly, and a report of all accounts will be made by the Treasurer to the Superintendent and the Board.
- Upon completion of the fund-raising activity, the *Fund-Raising Profit and Loss Statement* must be filed with the Treasurer through the principal's office.

Our review of student fund-raising activities noted that student activities were not being consistently managed and/or supervised, by the building principals and District administrators, in accordance with established Board policy. The following violations and internal control failures were noted:

- *Policy and Purpose Statements* were not prepared by the advisors at the beginning of the school year. They were also not presented to the Superintendent and the Board for approval as required.
- *Budget Forms* for the various student activities were not prepared and presented to the Superintendent and the Board as required.
- Permission to hold fund-raising activities was not obtained by the activity advisors from the District's principals as evidenced by the lack of *Fund-Raising Application Forms*.
- Various student activity purchases were not supported by a purchase order documenting purchasing authorization and the certification of availability of funds.
- Student activity advisors circumvented the District's established procedures and accounted for fund-raisers in accounts at the Brooklyn City School Employee's Credit Union.
- Determination of the type of fund raising activity, the number of activities during the year and the profit/loss on those activities was not possible because student activity advisors did not maintain sufficient documentation.
- Fund-raisers conducted by non-school organizations (i.e. Booster Club activity) were not clearly distinguished from the District's allowable student activities.

**BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
June 30, 2000
(Continued)**

Finding Number	2000 - 10818 - 004 (Continued)
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- Accurate monthly reporting of all student activity accounts was not made by the Treasurer to the Superintendent and the Board.
- Activity reports to be prepared at the conclusion of the school year were not prepared and presented to the Superintendent and Board.
- *Fund-Raising Profit and Loss Statements* were not complete and filed with the Treasurer by the activity advisor upon completion of the fund-raising activity.
- Donations to the District that were made by non-school organizations were not accepted by Board resolution.

Circumvention of the established Board policies and procedures may result in untimely or lack of reconciliations, undocumented student activity transactions, unauthorized purchases, and inadequate accounting for these funds.

We recommend the District administrators take immediate action to enforce the policies and procedures established by the Board in order to ensure a proper accounting of the student activities and the integrity of the financial reporting by the District. All student activity advisors should be required to review the Board policies concerning the management of student activities and formally acknowledge their understanding of their financial and reporting responsibilities.

The District should clearly identify activities that are appropriate student fund-raisers and those that should be conducted by non-school organizations (i.e. booster clubs, parent/teacher organizations, alumni groups). Immediate action should be taken to ensure the cash and cash activity of non-school organizations are not recorded on the books of the District. Donations made by non-school organizations should be recognized by Board resolution.

In addition to enforcing the established board policies, a routine review of the documents supporting each fund-raiser should be performed by an individual other than the advisor to ensure that proper documentation exists for both the collection of revenues and the purchase of items to be sold. Purchases exceeding \$1,000 that are initiated by activity advisors without obtaining a properly approved purchase order are required to be submitted to the Board of Education for their review and approval.

Finding Number	2000 - 10818 - 005
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BUDGETARY MONITORING PROCESS

The District's legal level of budget adoption is at the function object level for the General fund and at the object level within all other funds. We noted numerous instances where expenditures exceeded appropriations and where appropriations exceeded estimated resources throughout the year. See related findings 2000-10818-001 and 2000-10818-002. These budgetary violations resulted from the improper updating of the revenue and expenditure ledgers by District personnel. Consequently, reports compiled and derived from the data did not represent the actual budgetary position of the District.

The District should review its procedures for posting amendments to appropriations and estimated resources to its accounting records. The Board of Education should also enhance its monitoring procedures over budgetary activity by anticipating the District's needs and amending the appropriations and estimated resources to prevent any budgetary violations from occurring that would significantly impact the District's financial statements.

**BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
June 30, 2000
(Continued)**

Finding Number	2000 - 10818 - 006
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FIXED ASSETS

The District does not have a written policy that clearly defines the accounting procedures for the addition/deletion of fixed assets nor has it officially established a threshold for capitalization of assets for financial statement purposes. An independent appraisal company provided the District with reports dated September 4, 1997 and September 10, 1998 which listed all of the District's fixed assets, these listings were not reconciled with the amounts previously reported in the financial statements by the District. However, the appraisal reports were deemed to be the most accurate listing of fixed assets, and as such adjustments were made to fixed assets in fiscal year 1999 financial statements. For fiscal year 2000, the District failed to update it's fixed asset listing and did not prepare any listings for acquisitions, transfers, or disposals of assets. Activity relating to the acquisition and disposal of assets was compiled by the independent accounting firm preparing the District's general purpose financial statements.

Additional fixed asset weaknesses:

- Original documents are not always available for assets that were previously acquired.
- Items listed on the appraisal were not able to be identified or found. Appraisal listing includes items that were either broken or obsolete.
- The District does not have the originals or copies of land deeds which are needed to support the historical fixed asset values of the land.
- No one employee has been given the responsibility to maintain and update the fixed asset listing for additions and deletions.
- The District has not tagged all fixed assets and in some cases where they have tagged computer items those tag numbers do not agree with the Technology Coordinator's records.

The District should compile a complete listing of fixed assets that can be traced to the actual fixed assets via a tag or serial number. In order to complete this task the District must first establish a policy which should define a threshold for the capitalization of assets. It should also establish procedures for the recording of recently acquired or disposed items, tagging assets, performing annual physical inventories, maintaining original purchase documentation, and reconciling any differences between fixed asset listings. Procedures should also identify a District employee responsible for fixed asset management. Ohio Revised Code Section 3319.04 identifies the business manager as being entrusted with the care and custody of all property of the school district whether real or personal.

**BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
June 30, 2000
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS

CASH RECONCILIATIONS

Finding Number	2000-10818-003
CFDA Title and Number	All Programs-Schedule of Federal Awards Expenditures
Federal Award Number / Year	Fiscal Year Ending June 30, 2000
Federal Agency	U.S. Dept. of Education and U.S. Dept. of Agriculture
Pass-Through Agency	Ohio Department of Education

See finding #2000-10818-003 above; this finding is also required to be reported in accordance with OMB Circular A-133.

BUDGETARY MONITORING PROCESS

Finding Number	2000-10818-005
CFDA Title and Number	All Programs- Schedule of Federal Awards Expenditures
Federal Award Number / Year	Fiscal Year Ending June 30, 2000
Federal Agency	U.S. Dept. of Education and U.S. Dept. of Agriculture
Pass-Through Agency	Ohio Department of Education

See finding #2000-10818-005 above; this finding is also required to be reported in accordance with OMB Circular A-133.

FEDERAL GRANT ADMINISTRATION

Finding Number	2000-10818-007
CFDA Title and Number	All Programs-Schedule of Federal Awards Expenditures
Federal Award Number / Year	Fiscal Year Ending June 30, 2000
Federal Agency	U.S. Dept. of Education and U.S. Dept. of Agriculture
Pass-Through Agency	Ohio Department of Education

The roles and responsibilities of the District's administrators with regards to the administration of federal programs is not clearly defined. The grant coordinators direct their attention toward activities directly related to implementation of the grant and generally do not focus on the administrative functions (i.e. grant applications, requests for reimbursements). As a result of the lack of administrative involvement, improper grant expenditures may be authorized, requests for reimbursements may be delayed, grant applications may not be submitted timely, and reliable final expenditure reports may not be filed.

**BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
June 30, 2000
(Continued)**

FEDERAL GRANT ADMINISTRATION (Continued)

The District should assign each Federal program to an administrator. That administrator should be responsible for the following:

- Maintaining the most recent versions of regulations applicable to the program.
- Understanding compliance requirements applicable to the program.
- Approving that payment requests are allowable within program guidelines.
- Preparing required financial reports for the program, and submitting them within the required deadlines. The administrator should retain information used to prepare the report.
- Monitoring cash balances in the program and requesting reimbursements when required, consistent with the Cash Management requirements applicable to the program.

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**BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significant Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-10818-001	Appropriations Exceeding Estimated Resources	No	Not Corrected.
1999-10818-002	Expenditures Exceeding Appropriations	No	Not Corrected.
1999-10818-003	Cash Reconciliations	No	Significant Corrective Action Taken: The District has implemented new and modified existing monthly reconciliation procedures.
1999-10818-004	Student Activities and other Fund Raising Activities	No	Not Corrected.
1999-10818-005	Budgetary Monitoring Process	No	Not Corrected.
1999-10818-006	Fixed Assets	No	Not Corrected.
1999-10818-007	Federal Grant Administration	No	Partially Corrected: The Assistant Treasurer has been assigned responsibility of grant funds management.



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OFFICE OF THE AUDITOR

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BROOKLYN CITY SCHOOL DISTRICT

CUYAHOGA 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
JUNE 12, 2001**