



Mary Taylor, CPA
Auditor of State

**BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Brooklyn City School District
Cuyahoga County
9400 Biddulph Road
Brooklyn, Ohio 44144

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Brooklyn City School District, Cuyahoga County, Ohio (the District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Brooklyn City School District, Cuyahoga County, Ohio, as of June 30, 2009, and the respective changes in financial position thereof, and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 18, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Federal Awards Receipts and Expenditures is 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 basic financial statements. We subjected the Schedule of Federal Awards Receipts and Expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

February 18, 2010

Brooklyn City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

The discussion and analysis of the Brooklyn City School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2009 are as follows:

- ❑ Total assets for fiscal year 2009 increased due to an increase in property taxes due to the new emergency levy passed in the November 4, 2008 election.
- ❑ In total, net assets increased \$1,500,194 from fiscal year 2008. This increase was mainly in unrestricted net assets of governmental activities.
- ❑ General revenues accounted for 89.44 percent of all revenues, with tax revenues representing the largest share of those revenues. Specific program revenues in the form of charges for services and sales, operating and capital grants, contributions and interest, accounted for the remainder of all revenues.
- ❑ Overall expenses decreased during 2009 due to negotiated salary agreements as well as increased utility costs. Only \$1,784,533 of the School District's expenses was offset by program specific charges for services and sales, operating and capital grants, contributions and interest. Although general revenues were not adequate alone to provide for these programs during fiscal year 2009, the management is committed to continue to provide the best education to our students.
- ❑ The balance in the School District's governmental funds increased from the prior year.

Using this Annual Financial Report

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

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of the School District, the general fund is by far the most significant fund.

Brooklyn City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains all of the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question "How did we perform financially during 2009?" The *Statement of Net Assets* and the *Statement of Activities* answer this question. These statements include *all assets and liabilities* using the *accrual basis of accounting* similar to the accounting used by most private sector companies. Accrual accounting takes into account all of the current year's revenue and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the *financial position* of the District has improved or diminished. The causes of this change may be the result of many financial or non-financial factors. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the *Statement of Net Assets* and the *Statement of Activities*, all of the School District's activities are classified as governmental. The School District's programs and services reported here include instruction, support services, operation of non-instructional services and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 8. Fund financial statements provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus upon the School District's most significant funds. The School District's only major governmental fund is the general fund.

Governmental Funds Most of the School District's activities are reported in governmental funds, which focus on how cash flows into and out of those funds and the balances remaining at fiscal year end available for spending in future periods. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the School District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the *Statement of Net Assets* and the *Statement of Activities*) and governmental *funds* is reconciled in the financial statements.

Fiduciary Fund The School District has only one type of fiduciary fund, an agency fund. The agency fund is used to account for resources held for the benefit of parties outside the School District. The agency fund is not reflected on the government-wide statements because the resources from that fund are not available to support the School District's programs.

Brooklyn City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

The School District as a Whole

You may recall that the *Statement of Net Assets* provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2009 compared to the prior year:

Table 1
Net Assets

	Governmental Activities		
	2009	2008	Change
Assets			
Current and Other Assets	\$14,179,186	\$12,174,102	\$2,005,084
Capital Assets, Net	3,895,494	3,874,410	21,084
Total Assets	18,074,680	16,048,512	2,026,168
Liabilities			
Current Liabilities	9,431,544	8,950,979	480,565
Long-Term Liabilities:			
Due Within One Year	156,541	80,094	76,447
Due in More than One Year	935,364	966,402	(31,038)
Total Liabilities	10,523,449	9,997,475	525,974
Net Assets			
Invested in Capital Assets	3,895,494	3,874,410	21,084
Restricted For:			
Capital Projects	0	61,146	(61,146)
Other Purposes	251,136	314,359	(63,223)
Unrestricted	3,404,601	1,801,122	1,603,479
Total Net Assets	\$7,551,231	\$6,051,037	\$1,500,194

Total net assets increased by 24.79 percent which can be attributed mainly to taxes receivable. Taxes receivable increased due to the passage of a five-year emergency levy on November 4, 2008 that will generate \$2,254,000 annually. The increase offsets increases in accounts payable and deferred revenue.

Total liabilities increased due to an increase in deferred revenue which occurred because of an increase of more than \$2.3 million in real and personal property tax due to collection of levy money, which is part of the taxes receivable calculation.

Brooklyn City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

Table 2 shows the change in net assets for fiscal year 2009 for governmental activities compared to the prior year.

Table 2
 Changes in Net Assets
 Governmental Activities

	2009	2008	Change
Revenues			
Program Revenues:			
Charges for Services and Sales	\$811,591	\$829,311	(\$17,720)
Operating Grants, Contributions and Interest	970,384	1,259,418	(289,034)
Capital Grants and Contributions	2,558	12,236	(9,678)
<i>Total Program Revenues</i>	<u>1,784,533</u>	<u>2,100,965</u>	<u>(316,432)</u>
General Revenues:			
Property Taxes	10,881,834	11,644,700	(762,866)
Grant and Entitlements	4,076,393	3,335,311	741,082
Investment Earnings	17,640	100,176	(82,536)
Miscellaneous	145,454	140,860	4,594
<i>Total General Revenues</i>	<u>15,121,321</u>	<u>15,221,047</u>	<u>(99,726)</u>
Total Revenues	<u>16,905,854</u>	<u>17,322,012</u>	<u>(416,158)</u>
Program Expenses			
Instruction	8,838,389	9,355,923	517,534
Support Services:			
Pupil	1,291,121	1,454,931	163,810
Instructional Staff	82,267	258,846	176,579
Board of Education	27,572	23,584	(3,988)
Administration	1,407,142	1,819,285	412,143
Fiscal	521,367	535,781	14,414
Business	86,450	107,629	21,179
Operation and Maintenance of Plant	1,397,671	1,554,683	157,012
Pupil Transportation	395,243	462,498	67,255
Central	127,738	171,946	44,208
Operation of Non-Instructional Services:			
Food Service Operations	461,218	455,773	(5,445)
Other Non-Instructional Services	393,735	528,307	134,572
Extracurricular Activities	375,747	475,670	99,923
Total Program Expenses	<u>15,405,660</u>	<u>17,204,856</u>	<u>1,799,196</u>
Change in Net Assets	1,500,194	117,156	1,383,038
<i>Net Assets Beginning of Year</i>	<u>6,051,037</u>	<u>5,933,881</u>	<u>117,156</u>
<i>Net Assets End of Year</i>	<u>\$7,551,231</u>	<u>\$6,051,037</u>	<u>\$1,500,194</u>

Brooklyn City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

Governmental Activities

Several revenue sources primarily fund the School District's governmental activities. Property taxes account for the largest portion of general revenues having generated \$10,881,834 in fiscal year 2009. The School District placed an emergency levy of \$2,254,000 on the ballot for the November 4, 2008 election to avoid an operating deficit. In addition, the School District placed a renewal of the 2004 emergency levy on the ballot May 5, 2009. The existing levy generates \$2,275,000 annually. Both levies were passed by the voters of the School District. Property tax revenues decreased in fiscal year 2009 compared to fiscal year 2008 due to the timing of the levies, the beginning of the levy collections and the decrease in assessed valuation. Program and general revenues from operating and capital grants and entitlements, such as the school foundation program, is the next largest source of revenue, having generated \$5,049,335 in fiscal year 2009. Through additional State support, the School District received \$497,671 as a direct result of Senate Bill 3, \$1,888,658 as a direct result of House Bill 66 and \$849,246 in homestead and rollback. The combination of taxes and intergovernmental funding along with substantial beginning net assets have provided for coverage of all expenses in governmental activities in past years.

The Board implemented a wage freeze and reorganized the administrative staff resulting in a reduction of administration expenses. In addition, the Board adopted both personnel and program reductions that went in effect in fiscal year 2009 and therefore, instruction decreased by \$517,534 over fiscal year 2008. Total cost of services was reduced by \$1,799,196 over fiscal year 2008.

The *Statement of Activities* shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2009	2008	2009	2008
Instruction	\$8,838,389	\$9,355,923	(\$8,401,009)	(\$8,875,769)
Support Services:				
Pupil	1,291,121	1,454,931	(957,259)	(1,022,688)
Instructional Staff	82,267	258,846	(55,687)	(232,625)
Board of Education	27,572	23,584	(27,572)	(23,584)
Administration	1,407,142	1,819,285	(1,404,667)	(1,815,188)
Fiscal	521,367	535,781	(521,367)	(535,781)
Business	86,450	107,629	(86,450)	(107,629)
Operation and Maintenance of Plant	1,397,671	1,554,683	(1,378,617)	(1,511,976)
Pupil Transportation	395,243	462,498	(385,782)	(452,433)
Central	127,738	171,946	(122,738)	(166,754)
Operation of Non-Instructional Services				
Food Service Operations	461,218	455,773	10,056	25,910
Other Non-Instructional Services	393,735	528,307	(34,419)	(69,880)
Extracurricular Activities	375,747	475,670	(255,616)	(315,494)
Total Expenses	<u>\$15,405,660</u>	<u>\$17,204,856</u>	<u>(\$13,621,127)</u>	<u>(\$15,103,891)</u>

Brooklyn City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

The dependence upon general revenues for governmental activities is apparent. 70.64 percent of total expenses are supported through taxes. Program revenues support 11.58 percent of expenses. Grants and entitlements not restricted to specific programs, investments, and other miscellaneous type revenues support the remaining expenses.

The School District's Funds

Information regarding the School District's major fund starts on page 13. This fund is accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$17,435,297 and expenditures of \$15,381,335. The increase in general fund was due to the passage of the five-year emergency levy. Other governmental funds had a decrease in fund balance as the School District continues to maximize grant money to provide students with a dynamic education.

General Fund Budgeting Highlights

Information about the School District's budget is prepared in accordance with Ohio Law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the main operating fund of the School District, the general fund.

During the course of fiscal year 2009, the School District amended its general fund budget three times by the end of the fiscal year. Requests for budget changes are made by the Treasurer to reflect changes in projected revenues. With regard to the general fund, the final budgeted revenue was \$154 under actual revenues. The \$1,241,263 difference between the original and final budgeted amounts is due to conservative tax and intergovernmental revenue estimates at the beginning of the fiscal year. Actual expenditures had no dollar variance with the final budgeted expenditures. Final budget expenditures were \$345,348 more than the original budgeted expenditures. The School District monitors the budget on a monthly basis to keep it in line with current expenditures. The School District's non-obligated portion of its fund balance at the end of the year was \$992,031.

Capital Assets and Debt Administration

Capital Assets

Table 4 details fiscal year 2009 balances compared to prior years. More detailed information is presented in Note 8 of the notes to the basic financial statements.

Brooklyn City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

Table 4
 Capital Assets at June 30
 (Net of Depreciation)

	Governmental Activities	
	2009	2008
Land	\$33,000	\$33,000
Buildings and Improvements	3,208,070	3,150,317
Furniture and Equipment	604,828	642,493
Vehicles	49,596	48,600
Total	\$3,895,494	\$3,874,410

All capital assets, except land, are reported net of depreciation. The net increase of \$21,084 in capital assets was due to additions in buildings and improvements which included a middle school boiler and roof improvement. A hot food station for the cafeteria was added to furniture and equipment. The School District had no deletions in fiscal year 2009.

For fiscal year 2009, Ohio law required school districts to expend or otherwise reserve three percent of qualifying revenues for the purpose of capital improvements and an additional three percent for textbooks and instructional materials. For fiscal year 2009, this amounted to \$233,329 for each purpose. The School District had qualifying disbursements exceeding these requirements. See Note 19 for additional set-aside information.

Debt

At June 30, 2009, the School District had no outstanding debt.

Current Financial Related Activities

Brooklyn City School District, like many school districts, is faced with some financial uncertainty due to economic times. The School District collected half of the \$2,254,000 Emergency Levy proceeds in fiscal year 2009. Furthermore, the Board of Education has implemented reduction in personnel and programs that shows significant reduction in expenditures for fiscal year 2009. The Board approved other cost savings, such as: closing Rodoan elementary school, combining the high school and middle school schedules that took place in July and August 2009. This consolidation of schools will decrease overall expenditures in fiscal year 2010.

House Bill 66 eliminates tangible personal property tax, i.e. shared municipal income tax. Tangible personal property tax assessments decreased 25 percent for fiscal year 2008 and will decrease 50 percent in fiscal year 2010. Total assessed value in fiscal year 2009 decreased from the prior year, due to decreasing personal property tax assessments. The School District is currently educating the community and staff on the negative impact of House Bill 66 and future funding issues.

In conclusion, Brooklyn City School District has committed itself to providing the best available education for the community of Brooklyn by providing sound financial information and forecasting, exploring alternative methods of doing business and controlling costs.

Brooklyn City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
Unaudited

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the funds it receives. If you have any questions about this report or need additional financial information, please contact Marti A. Ferian, Treasurer, at the Brooklyn City School District, 9200 Biddulph Road, Brooklyn, Ohio 44144, or marti.ferian@brooklyn.k12.oh.us.

Brooklyn City School District*Statement of Net Assets**June 30, 2009*

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,450,523
Accounts Receivable	2,845
Intergovernmental Receivable	154,742
Prepaid Items	3,274
Materials and Supplies Inventory	17,514
Inventory Held for Resale	2,719
Property Taxes Receivable	12,547,569
Non-depreciable Capital Assets	33,000
Depreciable Capital Assets, Net	<u>3,862,494</u>
<i>Total Assets</i>	<u>18,074,680</u>
Liabilities	
Accounts Payable	64,936
Accrued Wages and Benefits	943,981
Intergovernmental Payable	187,929
Matured Compensated Absences Payable	102,275
Deferred Revenue	8,132,423
Long-Term Liabilities:	
Due Within One Year	156,541
Due In More Than One Year	<u>935,364</u>
<i>Total Liabilities</i>	<u>10,523,449</u>
Net Assets	
Invested in Capital Assets	3,895,494
Restricted for:	
Special Trust	93,285
Uniform School Supplies	56,898
Public School Support	22,546
Latchkey "Kats"	19,384
Athletics and Music	40,565
Other Purposes	18,458
Unrestricted	<u>3,404,601</u>
<i>Total Net Assets</i>	<u><u>\$7,551,231</u></u>

See accompanying notes to the basic financial statements

Brooklyn City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2009

	Program Revenues				Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$6,822,701	\$211,465	\$63,779	\$0	(\$6,547,457)
Special	1,901,157	48,511	112,099	0	(1,740,547)
Vocational	114,531	1,526	0	0	(113,005)
Support Services:					
Pupil	1,291,121	56,507	277,355	0	(957,259)
Instructional Staff	82,267	11,191	15,389	0	(55,687)
Board of Education	27,572	0	0	0	(27,572)
Administration	1,407,142	0	2,475	0	(1,404,667)
Fiscal	521,367	0	0	0	(521,367)
Business	86,450	0	0	0	(86,450)
Operation and Maintenance of Plant	1,397,671	2,485	16,569	0	(1,378,617)
Pupil Transportation	395,243	6,903	0	2,558	(385,782)
Central	127,738	0	5,000	0	(122,738)
Operation of Non-Instructional Services:					
Food Service Operations	461,218	224,377	246,897	0	10,056
Other Non-Instructional Services	393,735	129,883	229,433	0	(34,419)
Extracurricular Activities	375,747	118,743	1,388	0	(255,616)
Totals	\$15,405,660	\$811,591	\$970,384	\$2,558	(13,621,127)
General Revenues					
Property Taxes Levied for:					
General Purposes					10,737,134
Capital Projects					144,700
Grants and Entitlements not Restricted to Specific Programs					4,076,393
Investment Earnings					17,640
Miscellaneous					145,454
Total General Revenues					15,121,321
Change in Net Assets					1,500,194
<i>Net Assets Beginning of Year</i>					6,051,037
<i>Net Assets End of Year</i>					\$7,551,231

See accompanying notes to the basic financial statements

Brooklyn City School District*Balance Sheet**Governmental Funds**June 30, 2009*

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$977,735	\$459,447	\$1,437,182
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	13,341	0	13,341
Accounts Receivable	1,977	868	2,845
Intergovernmental Receivable	67,802	86,940	154,742
Prepaid Items	2,315	959	3,274
Materials and Supplies Inventory	14,898	2,616	17,514
Inventory Held for Resale	0	2,719	2,719
Interfund Receivable	251,111	0	251,111
Property Taxes Receivable	12,412,488	135,081	12,547,569
<i>Total Assets</i>	<u>\$13,741,667</u>	<u>\$688,630</u>	<u>\$14,430,297</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$36,586	\$28,350	\$64,936
Accrued Wages and Benefits	914,570	29,411	943,981
Intergovernmental Payable	168,316	19,613	187,929
Matured Compensated Absences Payable	102,275	0	102,275
Interfund Payable	0	251,111	251,111
Deferred Revenue	9,544,521	178,053	9,722,574
<i>Total Liabilities</i>	<u>10,766,268</u>	<u>506,538</u>	<u>11,272,806</u>
Fund Balances			
Reserved for Encumbrances	0	63,920	63,920
Reserved for Property Taxes	2,189,510	22,116	2,211,626
Reserved for Bus Purchases	13,341	0	13,341
Unreserved, Undesignated			
Reported in:			
General Fund	772,548	0	772,548
Special Revenue Funds	0	215,104	215,104
Capital Projects Fund (Deficit)	0	(119,048)	(119,048)
<i>Total Fund Balances</i>	<u>2,975,399</u>	<u>182,092</u>	<u>3,157,491</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$13,741,667</u>	<u>\$688,630</u>	<u>\$14,430,297</u>

See accompanying notes to the basic financial statements

Brooklyn City School District
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2009

Total Governmental Fund Balances	\$3,157,491
 <i>Amounts reported for governmental activities in the</i> <i>statement of net assets are different because</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	3,895,494
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds: These revenues were attributed to property taxes.	1,590,151
Long-term liabilities such as compensated absences are not due and payable in the current period and therefore are not reported in the funds.	<u>(1,091,905)</u>
<i>Net Assets of Governmental Activities</i>	<u><u>\$7,551,231</u></u>

See accompanying notes to the basic financial statements

Brooklyn City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2009

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$11,262,380	\$148,897	\$11,411,277
Intergovernmental	4,073,002	967,893	5,040,895
Interest	17,640	1,353	18,993
Tuition and Fees	261,187	96,450	357,637
Extracurricular Activities	0	118,743	118,743
Contributions and Donations	0	7,087	7,087
Charges for Services	0	332,726	332,726
Rentals	2,485	0	2,485
Miscellaneous	102,287	43,167	145,454
<i>Total Revenues</i>	<u>15,718,981</u>	<u>1,716,316</u>	<u>17,435,297</u>
Expenditures			
Current:			
Instruction:			
Regular	6,536,134	136,875	6,673,009
Special	1,690,215	189,607	1,879,822
Vocational	106,026	7,304	113,330
Support Services:			
Pupil	992,387	276,942	1,269,329
Instructional Staff	71,007	18,232	89,239
Board of Education	27,572	0	27,572
Administration	1,440,955	2,805	1,443,760
Fiscal	519,985	0	519,985
Business	86,450	0	86,450
Operation and Maintenance of Plant	1,296,137	60,140	1,356,277
Pupil Transportation	387,328	0	387,328
Central	104,361	8,714	113,075
Operation of Non-Instructional Services:			
Food Service Operations	0	453,103	453,103
Other Non-Instructional Services	0	390,857	390,857
Extracurricular Activities	230,980	133,594	364,574
Capital Outlay	0	213,625	213,625
<i>Total Expenditures</i>	<u>13,489,537</u>	<u>1,891,798</u>	<u>15,381,335</u>
<i>Net Change in Fund Balances</i>	2,229,444	(175,482)	2,053,962
<i>Fund Balances Beginning of Year</i>	<u>745,955</u>	<u>357,574</u>	<u>1,103,529</u>
<i>Fund Balances End of Year</i>	<u>\$2,975,399</u>	<u>\$182,092</u>	<u>\$3,157,491</u>

See accompanying notes to the basic financial statements

Brooklyn City School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2009*

Net Change in Fund Balances - Total Governmental Funds \$2,053,962

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital Asset Additions			
Capital Outlay		213,625	
Current Year Depreciation		<u>(192,541)</u>	
Total			21,084

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

Delinquent Property Taxes			(529,443)
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Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences			<u>(45,409)</u>
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Change in Net Assets of Governmental Activities \$1,500,194

See accompanying notes to the basic financial statements

Brooklyn City School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2009

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property Taxes	\$9,051,842	\$9,909,218	\$9,909,324	\$106
Intergovernmental	3,720,553	4,072,958	4,073,002	44
Interest	16,114	17,640	17,640	0
Tuition and Fees	238,250	260,817	260,820	3
Rentals	2,270	2,485	2,485	0
Miscellaneous	75,744	82,918	82,919	1
<i>Total Revenues</i>	<u>13,104,773</u>	<u>14,346,036</u>	<u>14,346,190</u>	<u>154</u>
Expenditures				
Current:				
Instruction:				
Regular	6,592,932	6,761,668	6,761,668	0
Special	1,662,216	1,704,760	1,704,760	0
Vocational	104,489	107,165	107,165	0
Support Services:				
Pupil	970,263	995,096	995,096	0
Instructional Staff	87,328	89,563	89,563	0
Board of Education	24,090	24,707	24,707	0
Administration	1,439,236	1,476,072	1,476,072	0
Fiscal	524,877	538,311	538,311	0
Business	84,102	86,255	86,255	0
Operation and Maintenance of Plant	1,293,139	1,326,236	1,326,236	0
Pupil Transportation	382,976	392,778	392,778	0
Central	97,033	99,516	99,516	0
Extracurricular Activities	230,697	236,599	236,599	0
<i>Total Expenditures</i>	<u>13,493,378</u>	<u>13,838,726</u>	<u>13,838,726</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(388,605)</u>	<u>507,310</u>	<u>507,464</u>	<u>154</u>
Other Financing Sources (Uses)				
Advances In	163	163	163	0
Advances Out	(231,111)	(231,111)	(231,111)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(230,948)</u>	<u>(230,948)</u>	<u>(230,948)</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	<u>(619,553)</u>	<u>276,362</u>	<u>276,516</u>	<u>154</u>
<i>Fund Balance Beginning of Year</i>	<u>715,515</u>	<u>715,515</u>	<u>715,515</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u><u>\$95,962</u></u>	<u><u>\$991,877</u></u>	<u><u>\$992,031</u></u>	<u><u>\$154</u></u>

See accompanying notes to the basic financial statements

Brooklyn City School District
Statement of Fiduciary Assets and Liabilities
Agency Fund
June 30, 2009

Assets

Equity in Pooled Cash and Cash Equivalents	<u>\$16,144</u>
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Liabilities

Due to Students	<u>\$16,144</u>
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See accompanying notes to the basic financial statements

Brooklyn City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 1 - Description of the School District and Reporting Entity

The Brooklyn City School District (School District) was formed on March 18, 1911 under provisions of Section 3311.02 of the Ohio Revised Code.

The Brooklyn City School District operates under a locally-elected five member board form of government and provides educational services as authorized and mandated by State and federal agencies. The Board controls the School District's two elementary schools, a middle school and a high school, staffed by 61 non-certified personnel, 95 certified teaching personnel, 11 administrators and 3 exempted employees who provide services to community members and 1,506 students.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, agencies, departments and offices that are not legally separate from the School District. For the School District, the agencies and departments provide the following services: general operations, food service, preschool and student related activities.

Non-public Schools - Within the School District boundaries, there are various non-public schools. Current State legislation provides funding to these non-public schools. These monies are received and disbursed on behalf of the non-public school by the Treasurer of the School District, as directed by the non-public school. These transactions are reported in a special revenue fund and as a governmental activity of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. The School District does not have any component units.

The School District participates in one insurance purchasing pool and three jointly governed organizations. These organizations are the Ohio School Boards Association Workers' Compensation Group Rating Program, Polaris Career Center, Ohio Schools Council Association and Lakeshore Northeast Ohio Computer Association. These organizations are presented in Notes 15 and 16 of the basic financial statements.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental

Brooklyn City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

activities unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District, however, does not have business-type activities.

The statement of net assets presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental activity is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary fund is reported by type.

B. Fund Accounting

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

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

Brooklyn City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

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

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

Fiduciary Fund Type Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only fiduciary fund is an agency fund which reports resources that belong to the student activities of the various schools.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net assets. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets.

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Differences between the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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

Brooklyn City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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.

E. Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund, function and object level for the general fund and at the fund level for all other funds. The Treasurer has been given the authority to allocate appropriations to the function and object level within all funds, except the general fund, without resolution by the Board of Education.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. Prior to year end, the School District requested and received an amended certificate of estimated resources that closely reflects actual revenue for the fiscal year. The amounts reported as the original and final budgeted amounts in the budgetary

Brooklyn City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

statements reflect the amounts in the amended certificate that was in effect at the time the original and final appropriations were passed by the Board of Education.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated resources by fund. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year. Prior to fiscal year-end, the School District passed an amended appropriation measure which matched appropriations to expenditures plus encumbrances in the majority of categories.

F. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During fiscal year 2009, investments were limited to Key Bank Victory Federal Money Market Mutual fund, which is reported at fair value based on the current share price.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2009 amounted to \$17,640, which includes \$4,806 assigned from other School District funds.

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 School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

G. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature of normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or the laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets on the balance sheet represent unspent resources restricted for the purchase of buses.

H. Prepaids

Payments made to vendors for services that will benefit periods beyond June 30, 2009, are reported as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

I. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of donated food, purchased food and school supplies held for resale, and materials and supplies held for consumption.

Brooklyn City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

J. Capital Assets

All of the School District's capital assets are general capital assets. General capital assets are those assets related to activities reported in the governmental funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of one thousand five hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Estimated Lives</u>
Buildings and Improvements	25-80 years
Furniture and Equipment	5-20 years
Vehicles	5-10 years

K. Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "interfund receivables/payables". Interfund balances are eliminated in the governmental activities column of the statement of net assets.

L. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for employees after ten years of current service with the School District.

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

Brooklyn City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund(s) from which the employees who have resigned or retired will be paid.

M. Accrued Liabilities and Long-Term Obligations

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

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

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, consists of capital assets net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed by law on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Net assets restricted for other purposes include resources restricted for wellness center, local grant programs, data communications, school-net professional development, miscellaneous state grant programs, preschool grant programs and miscellaneous federal grant programs.

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

O. Internal Activity

Transfers between governmental activities are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for services provided and used are not eliminated.

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

Brooklyn City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

P. Fund Balance Reserves

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances, property taxes and bus purchases.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

R. 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.

Note 3 – Change in Accounting Principles

For fiscal year 2009, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 49, “Accounting and Financial Reporting for Pollution Remediation Obligations”, Statement No. 52, “Land and Other Real Estate Held as Investments by Endowments”, Statement No. 55, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”, and Statement No. 56, “Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards”.

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effect of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The implementation of this statement did not result in any change to the School District’s financial statements.

GASB Statement No. 52 establishes standards for accounting and financial reporting for land and other real estate held as investments by endowments. Endowments include permanent and term endowments, and permanent funds. This Statement does not apply to lands granted by the Federal government in connection with a state being admitted to the United States. It also does not apply to quasi-endowments. The implementation of this statement did not result in any change to the School District’s financial statements.

Brooklyn City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB authoritative literature. The GAAP hierarchy consists of the sources of accounting principles used in the preparation of financial statements of state and local governmental entities that are presented in conformity with GAAP, and the framework for selecting those principles. The implementation of this statement did not result in any change to the School District's financial statements.

GASB Statement No. 56 incorporates accounting and financial reporting guidance previously only contained in the American Institute of Certified Public Accountants' and auditing literature into the GASB's accounting and financial reporting literature for state and local governments. The statement's guidance addresses related party transactions, going concern considerations, and subsequent events from the AICPA literature. The implementation of this statement did not result in any change to the School District's financial statements.

Note 4 – Fund Deficits

At June 30, 2009, the following funds had deficit fund balances:

	<u>Amounts</u>
<i>Special Revenue Funds:</i>	
Title IV-B	\$637
Title I	60,031
 <i>Capital Projects Fund:</i>	
Permanent Improvement	37,589 *

The Permanent Improvement capital projects fund deficit was offset by a reserve for encumbrances of \$59,343 and a reserve for property taxes of \$22,116. The deficit balances resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in a fund and provides transfers when cash is required, rather than when accruals occur.

Note 5 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

Brooklyn City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

3. Unrecorded cash, which consists of unrecorded interest, is not reported by the School District on the budget basis operating statements, but is reported on the GAAP basis operating statements.
4. Advances-In and Advances-Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis for the general fund.

Net Change in Fund Balance	
GAAP Basis	\$2,229,444
Net Adjustment for Revenue Accruals	(1,372,840)
Beginning Unrecorded Cash	(906)
Ending Unrecorded Cash	955
Advances In	163
Net Adjustment for Expenditure Accruals	(349,189)
Advances Out	<u>(231,111)</u>
Budget Basis	<u><u>\$276,516</u></u>

Note 6 - Deposits and Investments

Monies held by the School District are classified by State statute into three categories.

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

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

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

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, 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;

Brooklyn City School District
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For the Fiscal Year Ended June 30, 2009

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above;
4. Bonds and other obligations of the State of Ohio;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);
7. The State Treasurer's investment pool (STAROhio); and,
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

Investments

As of June 30, 2009, the School District had invested in the KeyBank Victory Federal Money Market Mutual fund. The fair value of the investment at June 30, 2009 was \$1,494,932 with an average maturity of one month.

Interest Rate Risk The School District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk The Victory Federal Money Market Mutual fund carries a rating of AAAM by Standard & Poor's. The School District has no investment policy that addresses credit risk.

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2009 represents collections of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed value listed as of January 1, 2008, the lien date. Assessed

Brooklyn City School District
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values for real property taxes are established by State statute at thirty-five percent of appraised market value. 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.

Public utility property tax revenues received in calendar year 2009 represent the collections of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien December 31, 2007, were levied after April 1, 2008 and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts 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. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Cuyahoga County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents the late personal property tax settlement, real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2009, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 and the late personal property tax settlement were levied to finance current fiscal year operations and are reflected as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2009, was \$2,189,510 in the general fund and \$22,116 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2008, was \$1,515,612 in the general fund and \$15,309 in the permanent improvement capital projects fund. The difference was in the timing and collection by the County Auditor.

The late tax settlement made by the County for fiscal year 2009 was \$727,439 in the general fund, and \$16,023 in the permanent improvement capital projects fund. The late tax settlement made by the County for fiscal year 2008 was \$48,281 in the general fund, and \$1,254 in the permanent improvement capital projects fund.

Collectible delinquent property taxes have been recorded as a receivable and revenue on a full accrual basis. On a modified accrual basis, the revenue has been deferred.

Brooklyn City School District
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The assessed values upon which fiscal year 2009 taxes were collected are:

	2008 Second		2009 First	
	Half Collections		Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$329,987,180	90.24 %	\$330,470,180	92.63 %
Public Utility Personal	16,502,840	4.51	16,554,810	4.64
Tangible Personal Property	19,201,489	5.25	9,750,984	2.73
Total	<u><u>\$365,691,509</u></u>	<u><u>100.00 %</u></u>	<u><u>\$356,775,974</u></u>	<u><u>100.00 %</u></u>
 Tax rate per \$1,000 of assessed valuation	 \$39.50		 \$46.40	

The increase in the full voted tax rate is due to the School District passing a five-year emergency levy in November 2008. This is a fixed dollar amount levy that will generate \$2,254,000 a year for five years.

Note 8 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
<i>Governmental Activities:</i>				
Land	\$33,000	\$0	\$0	\$33,000
<i>Capital Assets being Depreciated:</i>				
Buildings and Improvements	7,442,064	176,425	0	7,618,489
Furniture and Equipment	3,174,892	21,634	0	3,196,526
Vehicles	686,915	15,566	0	702,481
<i>Total Capital Assets being Depreciated</i>	<u>11,303,871</u>	<u>213,625</u>	<u>0</u>	<u>11,517,496</u>
<i>Less: Accumulated Depreciation:</i>				
Buildings and Improvements	(4,291,747)	(118,672)	0	(4,410,419)
Furniture and Equipment	(2,532,399)	(59,299)	0	(2,591,698)
Vehicles	(638,315)	(14,570)	0	(652,885)
<i>Total Accumulated Depreciation</i>	<u>(7,462,461)</u>	<u>(192,541)*</u>	<u>0</u>	<u>(7,655,002)</u>
Total Assets being Depreciated, Net	<u>3,841,410</u>	<u>21,084</u>	<u>0</u>	<u>3,862,494</u>
Governmental Activities, Net	<u><u>\$3,874,410</u></u>	<u><u>\$21,084</u></u>	<u><u>\$0</u></u>	<u><u>\$3,895,494</u></u>

Brooklyn City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

* Depreciation expense was charged to governmental activities as follows:

Instruction:	
Regular	\$118,560
Support Services:	
Administration	4,267
Operation and Maintenance of Plant	38,581
Pupil Transportation	17,082
Food Service Operations	1,747
Non-Instructional Services	1,131
Extracurricular Activities	11,173
Total Depreciation Expense	\$192,541

Note 9 - Receivables

Receivables at June 30, 2009, consisted of taxes, accounts (extracurricular, tuition and other), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables are expected to be collected within one year, except delinquent property taxes. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amount
Title I Grant	\$81,111
State Teachers Retirement System Reimbursement	48,982
Ohio School Council Reimbursement	17,779
Federal Lunch Reimbursement	4,910
Ohio Bureau of Workers' Compensation Reimbursement	909
Federal Breakfast Reimbursement	791
Motor Fuel Tax Reimbursement	132
State Breakfast Reimbursement	128
<i>Total Intergovernmental Receivables</i>	\$154,742

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Note 10 - Risk Management

A. Insurance

The School 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 School District contracted with Ohio Casualty Insurance Company for comprehensive property, inland marine coverage, crime coverage, general liability and automobile liability. The property insurance coverage was \$70,327,222 with a \$1,000 deductible for fiscal year 2009. The inland marine coverage was \$20,000 with a \$250 deductible for computer hardware and software, \$5,000 with a \$250 deductible for extra computer expenses, \$100,000 aggregate or \$10,000 per occurrence for computer property in transit, \$100,000 with a \$1,000 deductible for musical instruments and \$53,249 with a \$1,000 deductible for miscellaneous school property which included band uniforms, athletic equipment, cameras and audio-visual equipment, fine arts, signs and wellings under construction in vocational classes. Crime coverage was \$25,000 with a \$1,000 deductible for public employee dishonesty blanket bonds, forgery, theft, safe burglary, disappearance, destruction and computer fraud. General liability coverage was \$2,000,000 aggregate with no deductible and included violent event response coverage. Automobile liability coverage had a \$1,000,000 combined single limit of liability.

Settled claims have not exceeded this commercial coverage in any of the past three years and there have been no significant reductions in insurance coverage from the prior year.

B. Bonding

The Treasurer is covered by Travelers Casualty in the amount of \$50,000.

C. Workers' Compensation

For fiscal year 2009, the School District participated in the Ohio School Boards' Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (see Note 15). The intent of the GRP is to achieve the benefit of a reduced premium for the School 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. 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 11 - Pension Plans

A. School Employee Retirement System

Plan Description - The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Brooklyn City School District
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Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$135,746, \$174,970 and \$193,920 respectively; 46.46 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System

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

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

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

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2008, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

Brooklyn City School District
Notes to the Basic Financial Statements
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The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$921,008, \$1,007,492, and \$952,505 respectively; 100 percent has been contributed for fiscal years 2009, 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$14,664 made by the School District and \$28,297 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2009, three members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

Note 12 - Post Employment Benefits

A. School Employee Retirement System

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, this amount was \$35,800. During fiscal year 2009, the School District paid \$29,867 in surcharge.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$91,991, \$79,844, and \$64,382 respectively; 46.46 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$11,200, \$12,607, and \$13,187 respectively; 46.46 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

Brooklyn City School District
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B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. The School District’s contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$70,847, \$77,499, and \$73,270 respectively; 100 percent has been contributed for fiscal years 2009, 2008 and 2007.

Note 13 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation, personal and sick leave benefits are derived from negotiated agreements and State laws. Only administrative and school support personnel earn annual vacation leave which is paid upon separation with the School District. All unused vacation leave can be carried over into the next fiscal year. The Superintendent and the Treasurer earn 25 days vacation leave per fiscal year.

The four exempt employees earn three weeks vacation leave per fiscal year. School support personnel earn annual vacation leave as follows:

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

Each staff member is entitled to fifteen days sick leave with pay each year. The sick leave accrues at the rate of one and one fourth days for each calendar month. Upon retirement, an employee is paid a severance benefit, calculated at current wage rates, for the value of thirty-two percent of their accumulative sick leave up to a maximum of 310 accumulated days for certified employees with the balance being forfeited and an unlimited number of accumulated days for classified employees. The severance benefit for classified employees who retire the first year they become eligible and who have at least five years of service with the School District may elect to receive a cash payment equal to fifty percent of their accumulated, unused sick leave up to the maximum number of days. The severance benefit for employees who retire after June 30th of the first year they become eligible and who have at least five years of service with the School District shall receive a cash payment equal to thirty-two percent of their accumulated, unused sick leave up to the maximum number of days. Employees receiving such payments must meet the retirement provisions set by STRS Ohio or SERS.

Brooklyn City School District
Notes to the Basic Financial Statements
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B. Life Insurance Benefits

Life insurance is offered to all full-time employees in the amount of \$50,000 through Assurant Life Insurance Company with payment of \$8.00 per month. The administration is covered for \$100,000 with payments of \$13.00 per month.

C. Health Insurance Benefits

The School District provides medical and hospitalization, prescription drug, dental and vision insurance to all full-time employees through Medical Mutual of Ohio. For medical and hospitalization insurance provided by network providers, the deductible is \$100 for single and \$200 for family with a twenty percent co-payment and an out-of-pocket maximum of \$400 for single and \$800 for family. For non-network providers, the deductible is \$200 for single and \$400 for family with a thirty-six percent co-payment and an out-of-pocket maximum of \$2,500 for single and \$5,000 for family.

For prescription drug insurance, employees pay \$5 for generic and \$10 for brand name drugs purchased from retail establishments. They pay \$20 for generic and \$10 for brand name drugs purchased from mail order drug companies.

Dental insurance is provided on a calendar year basis with a \$1,000 maximum and \$50 deductible for single and \$150 deductible for family. Preventative service is reimbursed one hundred percent with no deductible, essential service is reimbursed eighty percent, complex services are reimbursed sixty percent and orthodontics is reimbursed sixty percent with a lifetime maximum of \$1,200.

D. Special Termination Benefits

The School District offers employees participation in a Lump Sum Retirement Buyout. Participation is open to full-time employees who qualify for retirement under contract and have 25 years of service (15 years of service must be with the School District) and are 55 years of age or older on or before June 30 in the school year of retirement, or have 30 years of service and can be any age in the school year of retirement. The plan offers 28 percent of base pay to certified employees and 8 percent of base pay to classified employees as determined by employee actual placement on the negotiated salary schedule. Those employees who seek to participate in this Plan must submit a letter of resignation to the Board to retire by 4:00 p.m. March 15 of the school year of retirement. Employees participating in the Plan are usually paid the last pay of the fiscal year; however, for fiscal year 2009, this liability was deferred to be paid in July 2009.

Note 14 - Contingencies

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The disbursements of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2009.

Brooklyn City School District
Notes to the Basic Financial Statements
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B. Litigation

The School District is not a party to any legal proceedings.

Note 15 - Insurance Purchasing Pool

The School 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 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.

Note 16 - Jointly Governed Organizations

A. Polaris Career Center

The Polaris Career Center is a separate body politic and corporate, established by the Ohio Revised Code to provide for the vocational and special education needs of the students. The Board of Education is comprised of representatives from the board of each participating school district. The Board is responsible for approving its own budgets, appointing personnel and accounting and finance related activities. Brooklyn City School District students may attend the vocational school. Each school district's control is limited to its representation on the board. The School District did not contribute to Polaris Career Center during fiscal year 2009. Financial information can be obtained by contacting the Treasurer at the Polaris Career Center, 7285 Old Oak Boulevard, Middleburg Heights, Ohio 44130.

B. Ohio Schools Council Association

The Ohio Schools Council Association (Council) is a jointly governed organization among 126 school districts. The jointly governed organization was created by school districts for the purpose of saving money through volume purchases. Each district supports the Council by paying an annual participation fee. Each school district member's superintendent serves as a representative of the Assembly. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board is the policy making authority of the Council. The Board meets monthly September to June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. In fiscal year 2009, the School District paid \$3,403 to the Council. Financial information can be obtained by contacting Dr. David A. Cottrell, the Executive Director at the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

The School District participates in the natural gas purchase program. This program allows the School District to purchase natural gas at reduced rates. Energy USA was selected as the new natural gas supplier and program manager. The new program runs from October 1, 2008 to September 30, 2010. There are currently 144 participants in the Program. The participants make monthly payments based on estimated usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued

Brooklyn City School District
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credits on future billings in September until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

The School District also participates in the Council's electric purchase program. The Council provided 238 school districts and 11 MR/DD boards in the First Energy territory (Cleveland Electric Illuminating, Ohio Edison, Toledo Edison) the ability to purchase electricity at reduced rates. Each month, the Council invoiced participants based on estimated payments which are compared to their actual usage for the year (July to June). Refund checks were issued to districts that consumed less than their projected usage of electrical energy and districts that over-consumed are invoiced. With the end of the program on December 31, 2008, the School District purchased its electricity from the local area utility, (i.e. First Energy). In late October 2009, the School District joined a new Ohio Schools Council consortium electricity purchasing program which provides for additional discounts above what the School District would receive otherwise.

C. Lakeshore Northeast Ohio Computer Association (LNOCA)

The Lakeshore Northeast Ohio Computer Association (LNOCA) is a jointly governed computer service bureau owned and operated by eleven public school districts. The primary function of LNOCA is to provide data services to the eleven 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. 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. Brooklyn City School District paid \$43,977 to LNOCA during fiscal year 2009. Financial information can be obtained by contacting the Treasurer of the fiscal agent at 5700 West Canal Road, Valley View, Ohio 44125.

Note 17 - Interfund Balances

Interfund balances for the fiscal year ended June 30, 2009 consisted of the following:

Interfund Payable	Interfund Receivable
	General Fund
Nonmajor Funds:	
Food Service	\$20,000
Title I	81,111
Permanent Improvement	150,000
Total	\$251,111

The School District advanced money from the general fund to the food service special revenue and permanent improvements capital project funds to provide additional resources for current operations. The advance to the Title I special revenue fund was made to support the fund programs pending the receipt of grant money. All are payable to the general fund and are expected to be repaid in fiscal year 2010.

Brooklyn City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 18 - Long-Term Obligations

The changes in the School District's long-term obligation during fiscal year 2009 were as follows:

	Balance 6/30/2008	Additions	Deletions	Balance 6/30/2009	Due In One Year
Governmental-Type Activities:					
Compensated Absences	\$1,046,496	\$182,450	\$137,041	\$1,091,905	\$156,541

Compensated absences will be paid from the general fund, the food service and title I special revenue funds.

The School District's overall legal debt margin was \$32,053,472 with an unvoted debt margin of \$356,150 at June 30, 2009.

Note 19 - Set-Aside Calculations

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

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

	Textbooks	Capital Improvements
Set-aside Reserve Balance as of June 30, 2008	(\$1,244,330)	\$0
Current Year Set-aside Requirement	233,329	233,329
Permanent Improvement Levy Offset During the Fiscal Year	0	(127,321)
Qualifying Disbursements	(122,172)	(227,847)
Total	<u>(\$1,133,173)</u>	<u>(\$121,839)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$1,133,173)</u>	<u>\$0</u>
Set-aside Reserve Balance as of June 30, 2009	<u>\$0</u>	<u>\$0</u>

The School District had qualifying disbursements and offsets during the fiscal year that reduced the textbook set-aside amount below zero. This extra amount may be used to reduce the set-aside requirements of future fiscal years. Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future fiscal years. This negative balance is therefore not presented as being carried forward to future fiscal years.

Brooklyn City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009

Note 20 – Subsequent Event

During July and August 2009, the School District closed Rodoan Elementary School and moved students and staff to Brookridge Elementary School. The consolidation is effective for fiscal year 2010 and is one of several cost-saving measures the Board of Education is implementing to reduce expenditures.

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**BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2009**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE <i>Passed through the Ohio Department of Education</i>					
Nutrition Cluster:					
School Breakfast Program	10.553	\$ 30,442		\$ 30,442	
National School Lunch Program	10.555	203,788		203,788	
National School Lunch Program - Commodities	10.555		\$ 16,284		\$ 16,284
Total U.S. Department of Agriculture - Nutrition Cluster		234,230	16,284	234,230	16,284
U.S. DEPARTMENT OF EDUCATION <i>Passed through the Ohio Department of Education</i>					
Special Education Cluster:					
Special Education Grants	84.027	305,060		308,297	
Preschool Special Education Grants	84.173	13,125		11,627	
Total Special Education Cluster		318,185		319,924	
Title I	84.010	124,269		198,293	
Safe and Drug-Free Schools and Communities State Grants	84.186	3,178		3,611	
Innovative Education Program Strategies	84.298	2,657		2,494	
Improving Teacher Quality State Grants	84.367	52,939		52,940	
Technology Literacy Challenge Fund Grants	84.318	2,264		2,364	
Total U.S. Department of Education		503,492	0	579,626	0
TOTAL FEDERAL AWARDS RECEIPTS AND EXPENDITURES		\$ 737,722	\$ 16,284	\$ 813,856	\$ 16,284

The accompanying notes are an integral part of this schedule.

**BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2009**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE C – NATIONAL SCHOOL LUNCH PROGRAM – COMMODITIES

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.

CFDA – Catalog of Federal Domestic Assistance



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Brooklyn City School District
Cuyahoga County
9400 Biddulph Road
Brooklyn, Ohio 44144

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Brooklyn City School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 18, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the District's management in a separate letter dated February 18, 2010.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-001 and 2009-002.

We also noted a certain noncompliance or other matter not requiring inclusion in this report that we reported to the District's management in a separate letter dated February 18, 2010.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of management, the Audit Committee, Board of Education, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

February 18, 2010



Mary Taylor, CPA

Auditor of State

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

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 (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 apply to its major federal program for the year ended June 30, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe 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 Brooklyn City School District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2009. In a separate letter to the District's management dated February 18, 2010, we reported a matter related to federal noncompliance not requiring inclusion in this report.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the 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 directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance.

Internal Control Over Compliance (Continued)

Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

We intend this report solely for the information and use of management, the Audit Committee, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

February 18, 2010

**BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster: National School Lunch Program – CFDA 10.555 National School Lunch Program–Commodities – CFDA 10.555 School Breakfast Program – CFDA 10.553
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

FINDING 2009-001

MATERIAL NONCOMPLIANCE – FISCAL OFFICER CERTIFICATION

Ohio Rev. Code Section 5705.41(D) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification shall be null and void.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in Sections 5705.41(D)(1), and 5705.41(D)(3), respectively, of the Ohio Revised Code.

**BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2009
CONTINUED**

**FINDING NUMBER 2009-001
Continued**

MATERIAL NONCOMPLIANCE – FISCAL OFFICER CERTIFICATION (Continued)

1. **“Then and Now” Certificate** – If the fiscal officer can certify that both at the time the contract or order was made (“then”), and at the time the fiscal officer is completing the certification (“now”), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Board of Education can authorize the drawing of a warrant for the payment of the amount due. The Board of Education has thirty days from the receipt of the “then and now” certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the “then and now” certificate, provided the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the Board of Education.

2. **Blanket Certificate** – Fiscal officers may prepare “blanket” certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super Blanket Certificate** – The Board of Education may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expenses. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

Of the 26 purchase order transactions reviewed, eight or (30.7%) of the invoices related to the purchase orders were dated prior to the Treasurer’s certification. Of the eight noted above, five did not have then and now certificates and the other three had the then and now certificates but the amounts were greater than \$3,000 and not approved by the Board of Education.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the District’s funds exceeding budgetary spending limitations, we recommend the Treasurer properly certify the availability of funds for any orders or contracts involving the expenditure of money to ensure compliance with this requirement. Where prior certification is not feasible, we encourage the District to utilize then and now certificates or blanket certificates.

Official’s Response:

The Board of Education adopted resolution 10-1-182 on 1/19/10, approving “Then and Now” statements for the period 7/1/09 through 12/31/09. Statements will be approved monthly by the Board of Education. The Treasurer’s Office will improve monitoring of purchasing procedures.

**BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2009
CONTINUED**

FINDING NUMBER 2009-002

MATERIAL NONCOMPLIANCE – TIMELY DEPOSITS

Ohio Rev. Code Section 9.38 indicates that monies should be deposited with the Treasurer or designated depository within 24 hours of collection and requires that monies be deposited on the next business day if the daily receipt amounts exceed \$1,000. If daily receipts do not exceed \$1,000 and the receipts can be safeguarded, the public office may adopt a policy permitting their officials who receive money to hold it past the next business day, but the deposit must be made no later than three business days after receiving it.

We noted 21 out of 21 (100%) receipts tested relating to latchkey were not deposited with the Treasurer or designated depository for a period ranging between four to 28 days after initial receipt of the money. Delays of this nature could cause daily receipts to be lost or misplaced without being detected in a timely manner. The District should properly safeguard receipts and implement Ohio Rev Code Section 9.38 relative to depositing requirements and procedures.

Official's Response:

The Treasurer will require the Latchkey program to deposit receipts with the Treasurer daily.

3. FINDINGS FOR FEDERAL AWARDS

None

**BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315(b)
JUNE 30, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	At March 31, 2008, the District had expenditures plus encumbrances exceeding authorized appropriations at the legal level of control in Uniform School Supplies fund contrary to ORC 5705.41(B).	Yes	N/A



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Brooklyn City School District
Cuyahoga County
9400 Biddulph Road
Brooklyn, Ohio 44144

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on December 18, 2007.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - (5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;

- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

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



Mary Taylor, CPA
Auditor of State

February 18, 2010



Mary Taylor, CPA
Auditor of State

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
MARCH 16, 2010