

**Brunswick City School District**  
(Medina County, Ohio)

*Financial Statements*

*June 30, 2008*





Mary Taylor, CPA  
Auditor of State

Board of Education  
Brunswick City School District  
3643 Center Road  
Brunswick, Ohio 44212

We have reviewed the *Independent Auditor's Report* of the Brunswick City School District, Medina County, prepared by Rea & Associates, Inc., for the audit period July 1, 2007 through June 30, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

February 27, 2009

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**BRUNSWICK CITY SCHOOL DISTRICT**

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# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

December 30, 2008

The Board of Education  
Brunswick City School District (Medina County, Ohio)  
Brunswick, Ohio 44212

## INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brunswick City School District, Medina County, (the School District), as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 School District, as of June 30, 2008, and the respective changes in financial position, and the respective 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 December 30, 2008 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Brunswick City School District (Medina County, Ohio)  
Independent Auditor's Report  
December 30, 2008  
Page 2

The Management's Discussion and Analysis on pages 3 through 12 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Hea & Associates, Inc.*

**Brunswick City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2008*

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The discussion and analysis of the Brunswick 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, 2008. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2008 are as follows:

- Total assets at the end of fiscal year 2008 increased \$4,512,608 over total assets at the end of fiscal year 2007. This is due to a 76.1 percent increase in current assets related to pooled cash and cash equivalents. Total liabilities at the end of fiscal year 2008 decreased by \$1,737,897 over fiscal year 2007. This decrease is related to long-term liabilities.
- In total, net assets increased \$6,250,505 from fiscal year 2007. This increase was mainly in unrestricted net assets of governmental activities of \$2,873,172 and in restricted net assets and invested in capital assets net of related debt of \$3,377,333.
- Total revenues were \$71,659,796 for fiscal year 2008. General revenues accounted for \$62,648,385, or 87.4 percent of all revenues, with tax revenue representing 53.1 percent of those revenues. Specific program revenues in the form of charges for services and sales, operating and capital grants and contributions accounted for \$9,011,411 or 12.6 percent of all revenues.
- The School District had \$65,409,291 in expenses related to governmental activities; only \$9,011,411 of these expenses were offset by program specific charges for services and sales, and operating and capital grants and contributions. General revenues (primarily taxes supplemented by grants and entitlements) of \$62,648,385 were adequate to provide for these programs.
- The general fund had \$58,014,552 in revenues and other financing sources and \$56,277,486 in expenditures and other financing uses for fiscal year 2008. The general fund's balance increased by \$1,737,066 from the prior fiscal year.
- Outstanding debt, excluding capital leases, decreased to \$20,705,651 in 2008 from \$23,788,081 in 2007 due to principal payments on tax anticipation notes and general obligation bonds.



**Brunswick City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2008*

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**Using this Annual Financial Report**

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Brunswick City School District as a whole 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 as well as 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 Brunswick City School District, the general fund is by far the most significant fund.

**Reporting the School District as a Whole**

*Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2008?" 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. This basis of accounting takes into account all of the current year's revenues 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 School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio which restrict revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Assets and the Statement of Activities, Governmental Activities include the School District's programs and services, including instruction, support services (i.e. operation and maintenance of plant and pupil transportation), extracurricular activities, and non-instructional services (i.e. food service operations and interest and fiscal charges).

**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 reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the bond retirement fund.

**Brunswick City School District**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2008

**Governmental Funds** - Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets 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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**The School District as a Whole**

Recall 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 2008 compared to 2007:

**(Table 1)**  
**Net Assets**  
**Governmental Activities**

	2008	2007
<b>Assets</b>		
Current and Other Assets	\$ 51,819,188	\$ 47,428,481
Capital Assets, net	18,690,237	18,568,336
<i>Total Assets</i>	70,509,425	65,996,817
<b>Liabilities</b>		
Current and Other Liabilities	44,568,593	42,951,891
Long-Term Liabilities:		
Due Within One Year	3,413,455	4,106,600
Due in More Than One Year	23,840,465	26,501,919
<i>Total Liabilities</i>	71,822,513	73,560,410
<b>Net Assets</b>		
Invested in Capital Assets, Net of Debt	964,324	(216,260)
Restricted:		
Capital Outlay	2,940,056	938,763
Debt Service	310,267	358,812
Other Purposes	1,758,303	814,233
Set Asides	1,131,915	1,831,984
Unrestricted (Deficit)	(8,417,953)	(11,291,125)
<i>Total Net Assets (Deficit)</i>	\$ (1,313,088)	\$ (7,563,593)

Total assets increased by \$4,512,608, with the majority of this increase in pooled cash and cash equivalents. In FY2008, the School District had additional sources of revenue and a small decrease in expenditures. In May 2006, the School District passed an emergency operating tax which was levied to generate approximately \$4.6 million per calendar year. Collections began in January 2007, making FY2008 the first full fiscal year of collections.

**Brunswick City School District**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2008

Additionally, the voters of Medina County passed a one-half percent sales tax to be used for capital improvements at all school districts within Medina County. Collection began in October 2007. In FY2008, this sales tax generated nearly \$2.3 in revenue for the Brunswick City School District. In FY2008, the total liabilities decreased by \$1,737,897. This decrease is due mainly to a decrease in long-term liabilities from debt retirement payments.

Table 2 shows the changes in net assets for fiscal year 2008. Revenue and expense comparisons to fiscal year 2007 show an increase in total revenues of \$1,049,450. Program expenses decreased \$586,079.

**(Table 2)**  
**Governmental Activities**

	2008	2007
<b>Revenues</b>		
<b><i>Program Revenues</i></b>		
Charges for Services and Sales	\$ 3,054,678	\$ 2,857,608
Operating Grants and Contributions	5,636,310	5,432,982
Capital Grants and Contributions	320,423	343,027
<b><i>General Revenues</i></b>		
Property Taxes	33,289,011	35,867,510
Grants and Entitlements not Restricted to Specific Programs	28,418,945	25,199,916
Investment Earnings	439,528	483,523
Miscellaneous	500,901	425,780
<b><i>Total Revenues</i></b>	<b>71,659,796</b>	<b>70,610,346</b>
<b><i>Program Expenses</i></b>		
Instruction:		
Regular	28,074,701	27,892,584
Special	7,057,513	7,375,922
Vocational	140,014	127,017
Other	1,041,936	1,021,693
Support Services		
Pupils	4,882,417	4,905,911
Instructional Staff	2,466,118	2,515,774
Board of Education	754,170	828,976
Administration	4,106,522	4,148,129
Fiscal	1,272,861	1,097,539
Business	509,353	659,819
Operation and Maintenance of Plant	5,596,926	5,653,033
Pupil Transportation	3,952,133	3,865,063
Central	327,936	251,654
Operation of Non-Instructional Services		
Food Service Operations	2,015,639	2,083,008
Community Services	361,792	503,492
Extracurricular Activities	1,670,218	1,438,156
Interest and Fiscal Charges	1,179,042	1,627,600
<b><i>Total Expenses</i></b>	<b>65,409,291</b>	<b>65,995,370</b>
Increase in Net Assets	<b>\$ 6,250,505</b>	<b>\$ 4,614,976</b>

**Brunswick City School District**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2008

**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 \$33,289,011 in fiscal year 2008. Program and general revenues from operating and capital grants and entitlements, such as the school foundation program, are also a large source of revenue having generated \$34,375,678 in fiscal year 2008. With the combination of taxes and intergovernmental funding providing coverage for over 100 percent of all expenses in governmental activities, the School District monitors both of these revenue sources closely for fluctuations that would impact its activities.

Instruction comprises 55.5 percent of governmental program expenses. Additional support services such as pupils, instructional staff, central and business operations comprise 21.9 percent of governmental program expenses. Operation of non-instructional services and extracurricular activities comprise 6.2 percent of total program expenses. Pupil transportation is 6.0 percent of the total and operation and maintenance is 8.6 percent. Interest and fiscal charges, largely attributable to the servicing of outstanding bonds and capital leases account for the remaining 1.8 percent.

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 2008	Total Cost of Services 2007	Net Cost of Services 2008	Net Cost of Services 2007
Instruction	\$ 36,314,164	\$ 36,417,216	\$ (31,704,608)	\$ (32,032,185)
Support Services:				
Pupils and Instructional Staff	7,348,535	7,421,685	(5,856,854)	(6,142,552)
Board of Education, Administration, Fiscal, Business and Central	6,970,842	6,986,117	(6,726,393)	(6,747,719)
Operation and Maintenance of Plant	5,596,926	5,653,033	(5,596,926)	(5,653,033)
Pupil Transportation	3,952,133	3,865,063	(3,855,791)	(3,748,045)
Operation and Non-Instructional Services	2,377,431	2,586,500	(120,598)	(278,616)
Extracurricular Activities	1,670,218	1,438,156	(1,357,668)	(1,132,003)
Interest and Fiscal Charges	1,179,042	1,627,600	(1,179,042)	(1,627,600)
<b>Total</b>	<b>\$ 65,409,291</b>	<b>\$ 65,995,370</b>	<b>\$ (56,397,880)</b>	<b>\$ (57,361,753)</b>

The dependence upon tax revenues for governmental activities is apparent. Over 50.9 percent of total expenses are supported through taxes. Grants and entitlements not restricted to specific programs support 42.9 percent, while program revenues support an additional 13.6 percent. The remaining costs are also supported by investment and other miscellaneous type revenues.

**Brunswick City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2008*

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**The School District's Funds**

Information regarding the School District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$73,952,527 and expenditures and other financing uses of \$71,806,491. The net change in fund balance for the year was an increase of \$2,146,036. The general fund balance increased overall by \$1,737,066 and other governmental funds balances increased overall by \$435,535. The bond retirement fund balance decreased by \$26,565. The School District understands the need for additional tax revenues as well as the need to monitor and control expenditures to ensure that it will be able to meet its obligations as they become due.

**General Fund Budgeting Highlights**

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

During the course of the year 2008, the School District amended its general fund budget almost monthly prior to the end of the fiscal year. Requests for budget changes are made by building and central office administrators and where appropriate are approved by the treasurer and superintendent. Any increase in total fund appropriations is then recommended to the Board of Education for their adoption prior to submission to the Medina County Auditor as required by the Ohio Revised Code.

With regard to the general fund, the final budgeted revenue (exclusive of other financing sources) of \$56,897,735 was \$785,424 under original budget estimates of \$57,683,159. Of this \$785,424 difference, most was due to final estimates for property taxes revenue being less than original estimates. Actual revenues were greater than original amounts by \$1,124,784.

Original appropriations, exclusive of other financing uses, of \$58,343,507 were \$439 under the final appropriations of \$58,343,946. Actual expenditures, exclusive of other financing uses, were \$56,934,061.

**Brunswick City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2008*

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**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2008, the School District had \$18,690,237 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. See Note 8 for additional details. Table 4 shows fiscal year 2008 balances compared with 2007.

**(Table 4)**  
**Capital Assets**  
**(Net of Accumulated Depreciation)**  
**Governmental Activities**

	<u>2008</u>	<u>2007</u>
Land	\$ 1,405,645	\$ 1,405,645
Land Improvements	878,926	786,632
Buildings and Improvements	12,436,167	12,853,530
Furniture and Equipment	1,043,430	903,956
Vehicles	<u>2,926,069</u>	<u>2,618,573</u>
Totals	<u>\$ 18,690,237</u>	<u>\$ 18,568,336</u>

All capital assets, except land, are reported net of depreciation. The primary source of the increase in capital assets is current year purchases exceeding annual depreciation.

Senate Bill 345 requires the School District to set aside \$158.49 per pupil of certain general fund revenues in each of two areas, one for the purchase of textbooks and instructional materials and the other for capital improvements. For fiscal year 2008, this amounted to \$1,110,333 for each set aside. The School District had qualifying disbursements or offsets exceeding the requirement for capital improvements. See Note 19 for additional set-aside information.

**Debt**

At June 30, 2008, the School District had \$20,705,651 in bonds and notes outstanding with \$2,789,031 due within one year. Table 5 summarizes bonds and notes outstanding. A more detailed presentation is included in Note 15.

**Brunswick City School District**  
*Management's Discussion and Analysis*  
For the Fiscal Year Ended June 30, 2008

**(Table 5)**  
**Outstanding Debt at Fiscal Year End**  
**Governmental Activities**

	2008	2007
<b>General Obligation Bonds</b>		
School Improvement - 1999		
Series and Term Bonds	\$ 7,230,000	\$ 7,540,000
Capital Appreciation Bonds	904,056	834,785
School Improvement Refunding - 2000	2,330,000	2,695,000
School Improvement - 2000	400,000	585,000
School Improvement - 2003	599,914	645,724
School Improvement Refunding - 2005	6,254,681	6,264,572
<i>Total General Obligation Bonds</i>	17,718,651	18,565,081
<b>Notes</b>		
Tax Anticipation Notes - 2002	0	405,000
Tax Anticipation Notes - 2003	675,000	1,350,000
Tax Anticipation Notes - 2004	2,312,000	3,468,000
<i>Total Notes</i>	2,987,000	5,223,000
<i>Total Outstanding Debt</i>	\$ 20,705,651	\$ 23,788,081

**Current Financial Related Activities**

Brunswick City School District will face financial stability in the upcoming fiscal year. As the preceding information indicates, the School District heavily depends on its property taxpayers as well as state sources for its revenue sources.

The School District has received increases in voter-approved taxes two times since 1992. In that period of time the School District passed two new five-year emergency levies, seven five-year renewal issues, and one 28-year bond issue. In May 2005 and August 2005 the electors defeated two tax initiatives that could have raised approximately \$3.7 million per year. In November of 2007, there was a 1.45 mill (\$682,000) five year permanent improvement renewal levy passed.

In May 2007, Medina County residents passed the first-ever Sales Tax Initiative for Permanent Improvements for School Districts. The one-half of one percent (0.5%) sales tax will generate approximately \$9.5 million dollars per year for the school districts in Medina County. Based upon our district's pro-rata share of the student population, Brunswick City Schools will receive approximately \$2.3 million per year. This levy became effective October 1, 2007 and will last until 2037.

In order to keep the promise to our voters, the Board of Education passed a resolution to suspend collections on the Permanent Improvement Levy that was renewed in November 2006. The result of the sales tax levy and the suspension of the PI levy will net the School District approximately \$1.6 million. This sales tax levy may only be used for capital type expenditures. The Board of Education has made a serious commitment to use these funds to upgrade technology district-wide. This includes, computer labs in the high school and middle schools, and presentation stations in the elementary buildings. The *Technology Committee* presented a five-year plan to the Board of Education that received unanimous support and approval.

**Brunswick City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2008*

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The School District also has two Emergency Tax Levies expiring in December 2009; together they generate almost \$9 million in operating revenue. The electorate approved the renewal one of the emergency levies this past November (12,028 – 8,928). This five year emergency levy generates approximately \$5.8 million and has been reduced from the initial 6.7 mills to 5.5 mills. The Board of Education will also have three opportunities to renew the second half of the tandem in 2009. Due to a change in the law, the district may have the foresight to renew this emergency for a term that exceeds the initial five-year period, up to a maximum ten-year term. This levy was originally passed in November 1994 for 7.82 mills and is now collecting \$3.2 million at 3.8 mills.

State law fixes the amount of tax revenue, forcing it to remain constant except for increases in valuation due to new construction in the School District. In addition, legislation passed in recent years has had the effect of further eroding tax revenues by the decrease in assessment rate upon both the inventory component of personal property tax valuation and public utility tangible property. House Bill (HB) 66 has also further eradicated personal (tangible) property tax revenue.

Externally, over fifteen years ago the *DeRolph* (school funding) Case was filed in Perry County, Ohio. The first case was heard in October 1993 and Judge Linton Lewis, Jr. ruled, in July 1994, the Ohio's school-funding system unconstitutional. Following his ruling, the 5<sup>th</sup> District Court of Appeals overturned Judge Lewis's decision after the State appealed the decision ruling that the state legislature should determine the level of funding. Following that ruling over 82% of the state's public school districts appealed to the Ohio Supreme Court reliance on local property taxes.

In September 2001, the court again said that the system remains unconstitutional but ordered a fix to bring it up to Ohio's "thorough and efficient" standard.

In October 2003, the United States Supreme Court declined to hear the case as submitted by the *Ohio Coalition for Equity and Adequacy of School Funding*, and thus effectively ended the *DeRolph* litigation.

In 2004 Governor Bob Taft formed a 35-member "blue ribbon" commission to recommend changes to the school funding system. Taft's commission has found that Ohio's state share of school funding is below the national average, overall per pupil spending is above the national average, and the overall business tax burden is somewhere in the middle of surrounding states when you include Illinois.

Governor Ted Strickland has vowed to enhance the availability of funds for primary and secondary education but the legislature has yet to cooperate with his mandate. There is also a grassroots effort to change the funding for education but it has yet had the required signatures for placement on the ballot. Governor Strickland has been in office two years and we have yet to see a fix.

A majority of the educators, lawmakers and business leaders supports asking the General Assembly to put a constitutional amendment on the ballot to alter a provision enacted in 1976 and added to the constitution in 1980. This provision is commonly known as House Bill (HB) 920 and it prohibits increases in real property tax revenue without a local vote. Ohio has had a provision similar to HB 920 in state law since 1925. The commission proposal would give all school districts 22 mills, from the current 20 mills, on real property in which the revenue would grow with inflation or increases in property values.

Currently the School District is at the 20-mill floor, like approximately 57% other Ohio school districts. The two additional mills on Residential, Agricultural, and other real property could generate an additional \$2.0 million per year for the School District. However, this action would be contrary to the ten-year old (March 1997) *DeRolph* decision by placing the burden back on the property owner.



**Brunswick City School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2008*

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Brunswick City School District has experienced miniscule increase in State revenue and is not anticipating significant future growth in State revenue (Basic Aid) based upon the most recent two-year state budget.

Challenges such as those noted above require management to carefully and prudently plan to provide the resources to meet student needs over the next five years and to increase its dependence upon local tax revenue.

In conclusion, Brunswick City School District has committed itself to providing the best available financial information. In addition, the School District's systems of budgeting and internal controls are well regarded. This commitment and attention to control mechanisms will serve to meet the challenges of the future.

**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 money it receives. If you have any questions about this report or need additional financial information, please contact Patrick K. East, Treasurer, at the Brunswick City School District, 3643 Center Road, Brunswick, Ohio 44212-0310, or by e-mail at [peast@bcsoh.org](mailto:peast@bcsoh.org).

**Brunswick City School District**

*Statement of Net Assets*

*June 30, 2008*

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 9,517,956
Cash and Cash Equivalents with Fiscal Agent	1,656
Restricted Cash and Cash Equivalents with Trustee	100,000
Receivables:	
Taxes	38,404,571
Accounts	2,667
Intergovernmental	3,408,859
Inventory Held For Resale	43,287
Materials and Supplies Inventory	160,510
Deferred Charges	179,682
Nondepreciable Capital Assets	1,405,645
Depreciable Capital Assets (Net)	<u>17,284,592</u>
<i>Total Assets</i>	<u>70,509,425</u>
<b>Liabilities</b>	
Accounts Payable	274,536
Accrued Wages and Benefits	5,923,560
Matured Interest Payable	1,656
Accrued Interest Payable	117,765
Intergovernmental Payable	1,703,179
Accrued Vacation Leave Payable	142,476
Deferred Revenue	36,405,421
Long Term Liabilities:	
Due Within One Year	3,413,455
Due In More Than One Year	<u>23,840,465</u>
<i>Total Liabilities</i>	<u>71,822,513</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	964,324
Restricted for:	
Capital Outlay	2,940,056
Debt Service	310,267
Set Asides	1,131,915
Other Purposes	1,758,303
Unrestricted	<u>(8,417,953)</u>
<i>Total Net Assets (Deficit)</i>	<u>\$ (1,313,088)</u>

See accompanying notes to the basic financial statements.

**Brunswick City School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2008

	Program Revenues			Net (Expense)
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Asset
			Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Instruction:				
Regular	\$ 28,074,701	\$ 1,446,011	\$ 262,381	\$ 245,840
Special	7,057,513	46,492	2,608,832	0
Vocational	140,014	0	0	0
Other	1,041,936	0	0	0
Support Services:				
Pupils	4,882,417	0	1,104,174	0
Instructional Staff	2,466,118	0	387,507	0
Board of Education	754,170	0	0	0
Administration	4,106,522	0	182,869	0
Fiscal	1,272,861	0	0	0
Business	509,353	0	3,595	0
Operation and Maintenance of Plant	5,596,926	0	0	0
Pupil Transportation	3,952,133	54,759	0	41,583
Central	327,936	0	24,985	33,000
Operation of Non-Instructional Services:				
Food Service Operations	2,015,639	1,163,666	611,464	0
Community Services	361,792	32,801	448,902	0
Extracurricular Activities	1,670,218	310,949	1,601	0
Interest and Fiscal Charges	1,179,042	0	0	0
<b>Total Governmental Activities</b>	<b>\$ 65,409,291</b>	<b>\$ 3,054,678</b>	<b>\$ 5,636,310</b>	<b>\$ 320,423</b>
<b>General Revenues</b>				
Property Taxes Levied for:				
General Purposes				26,033,899
Debt Service				1,285,307
Capital Outlay				5,969,805
Grants and Entitlements not Restricted to Specific Programs				28,418,945
Investment Earnings				439,528
Miscellaneous				500,901
<b>Total General Revenues</b>				<b>62,648,385</b>
<b>Change in Net Assets</b>				<b>6,250,505</b>
<b>Net Assets (Deficit) Beginning of Year</b>				<b>(7,563,593)</b>
<b>Net Assets (Deficit) End of Year</b>				<b>\$ (1,313,088)</b>

See accompanying notes to the basic financial statements.

**Brunswick City School District**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2008*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 5,963,228	\$ 232,732	\$ 2,190,081	\$ 8,386,041
Cash and Cash Equivalents with Fiscal Agent	0	1,656	0	1,656
Restricted Assets:				
Cash and Cash Equivalents with Trustee	0	100,000	0	100,000
Cash and Cash Equivalents	1,131,915	0	0	1,131,915
Receivables:				
Taxes	35,273,248	1,909,337	1,221,986	38,404,571
Accounts	2,476	0	191	2,667
Interfund	9,603	0	0	9,603
Intergovernmental	133,838	0	3,275,021	3,408,859
Inventory Held For Resale	0	0	43,287	43,287
Materials and Supplies Inventory	160,510	0	0	160,510
Advances to Other Funds	4,637	0	0	4,637
<i>Total Assets</i>	<u>\$ 42,679,455</u>	<u>\$ 2,243,725</u>	<u>\$ 6,730,566</u>	<u>\$ 51,653,746</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts Payable	\$ 222,008	\$ 0	\$ 52,528	\$ 274,536
Accrued Wages and Benefits	5,489,969	0	433,591	5,923,560
Interfund Payable	0	0	9,603	9,603
Intergovernmental Payable	1,608,987	0	94,192	1,703,179
Advances From Other Funds	0	0	4,637	4,637
Deferred Revenue	34,633,816	1,870,897	3,578,139	40,082,852
Matured Interest Payable	0	1,656	0	1,656
<i>Total Liabilities</i>	<u>41,954,780</u>	<u>1,872,553</u>	<u>4,172,690</u>	<u>48,000,023</u>
<b>Fund Balances</b>				
Reserved for Encumbrances	786,957	0	1,090,546	1,877,503
Reserved for Advances	4,637	0	0	4,637
Reserved for Property Taxes	773,270	38,440	26,700	838,410
Reserved to Textbook/Instructional Materials	1,131,915	0	0	1,131,915
Unreserved, Undesignated, Reported in:				
General Fund	(1,972,104)	0	0	(1,972,104)
Special Revenue Funds	0	0	935,105	935,105
Debt Service Fund	0	332,732	0	332,732
Capital Projects Funds	0	0	505,525	505,525
<i>Total Fund Balances</i>	<u>724,675</u>	<u>371,172</u>	<u>2,557,876</u>	<u>3,653,723</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 42,679,455</u>	<u>\$ 2,243,725</u>	<u>\$ 6,730,566</u>	<u>\$ 51,653,746</u>

See accompanying notes to the basic financial statements.

**Brunswick City School District**  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Assets of Governmental Activities*  
*June 30, 2008*

<b>Total Governmental Fund Balances</b>		\$ 3,653,723
 <i>Amounts reported for governmental activities in the 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		18,690,237
Delinquent property taxes are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes	\$ 1,160,740	
Local Grant From Sales Tax Levy	1,236,672	
Intergovernmental	<u>1,280,019</u>	
Total		3,677,431
In the statement of activities, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds a bond issuance expenditure is reported when bonds are issued.		179,682
In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is not reported.		(117,765)
In the statement of activities, bond refunding costs are amortized over the term of the bonds, whereas in governmental funds a bond refunding expenditure is reported when bonds are issued.		563,972
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds	(16,634,914)	
Capital Appreciation Bonds	(904,056)	
Tax Anticipation Notes	(2,987,000)	
Bond Premium	(743,653)	
Capital Leases Payable	(636,000)	
Compensated Absences	(5,912,269)	
Accrued Vacation Payable	<u>(142,476)</u>	
Total		<u>(27,960,368)</u>
<i>Net Assets of Governmental Activities</i>		<u><u>\$ (1,313,088)</u></u>

See accompanying notes to the basic financial statements.

**Brunswick City School District**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
For the Fiscal Year Ended June 30, 2008

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property Taxes	\$ 26,881,073	\$ 6,005,424	\$ 1,327,403	\$ 34,213,900
Intergovernmental	27,618,447	230,438	5,013,447	32,862,332
Investment Income	380,159	0	59,369	439,528
Tuition and Fees	638,830	0	0	638,830
Extracurricular Activities	150,715	0	967,794	1,118,509
Rentals	32,801	0	0	32,801
Charges for Services	0	0	1,163,666	1,163,666
Contributions and Donations	5,500	0	31,763	37,263
Miscellaneous	307,027	0	193,874	500,901
<i>Total Revenues</i>	<u>56,014,552</u>	<u>6,235,862</u>	<u>8,757,316</u>	<u>71,007,730</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	25,928,062	0	1,888,411	27,816,473
Special	6,162,294	0	857,377	7,019,671
Vocational	136,158	0	0	136,158
Other	1,041,936	0	0	1,041,936
Support Services:				
Pupils	3,727,345	0	1,128,448	4,855,793
Instructional Staff	1,760,571	0	682,516	2,443,087
Board of Education	746,908	0	7,262	754,170
Administration	3,764,620	0	243,075	4,007,695
Fiscal	1,204,674	27,734	24,347	1,256,755
Business	355,914	0	140,028	495,942
Operation and Maintenance of Plant	5,386,532	0	427,931	5,814,463
Pupil Transportation	3,596,241	0	647,362	4,243,603
Central	263,126	0	60,373	323,499
Operation of Non-Instructional Services:				
Food Service Operations	2,794	0	1,971,021	1,973,815
Community Services	748	0	359,797	360,545
Extracurricular Activities	1,233,849	0	436,369	1,670,218
Capital Outlay	0	0	229,778	229,778
Debt Service:				
Principal Retirement	39,873	3,141,810	113,000	3,294,683
Interest and Fiscal Charges	761	1,092,883	29,766	1,123,410
<i>Total Expenditures</i>	<u>55,352,406</u>	<u>4,262,427</u>	<u>9,246,861</u>	<u>68,861,694</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>662,146</u>	<u>1,973,435</u>	<u>(489,545)</u>	<u>2,146,036</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	2,000,000	0	944,797	2,944,797
Transfers Out	(925,080)	(2,000,000)	(19,717)	(2,944,797)
<i>Total Other Financing Sources</i>	<u>1,074,920</u>	<u>(2,000,000)</u>	<u>925,080</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	1,737,066	(26,565)	435,535	2,146,036
<i>Fund Balances (Deficit) Beginning of Year</i>	<u>(1,012,391)</u>	<u>397,737</u>	<u>2,122,341</u>	<u>1,507,687</u>
<i>Fund Balances End of Year</i>	<u>\$ 724,675</u>	<u>\$ 371,172</u>	<u>\$ 2,557,876</u>	<u>\$ 3,653,723</u>

See accompanying notes to the basic financial statements.

**Brunswick 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, 2008*

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**Net Change in Fund Balances - Total Governmental Funds** \$ 2,146,036

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

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

Capital Asset Additions	\$ 1,180,013	
Current Year Depreciation	<u>(1,058,112)</u>	121,901

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

Delinquent Property Taxes	(924,889)	
Grants	<u>1,576,955</u>	652,066

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Bond Principal	905,810	
Tax Anticipation Note Principal	4,236,000	
Capital Leases	<u>152,873</u>	5,294,683

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.

13,639

Tax anticipation notes issued in the governmental funds that increase long-term liabilities in the statement of net assets are not reported as revenues.

(2,000,000)

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued Vacation	(27,845)	
Compensated Absences	119,296	
Loss on Refunding Amortization	31,044	
Capital Appreciation Bond Accretion	(69,271)	
Bond Issuance Costs Amortization	9,891	
Bond Premium Amortization	<u>(40,935)</u>	<u>22,180</u>

*Change in Net Assets of Governmental Activities*

\$ 6,250,505

See accompanying notes to the basic financial statements.

**Brunswick 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, 2008

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
<b>Revenues</b>				
Property Taxes	\$ 37,479,109	\$ 32,979,293	\$ 29,675,811	\$ (3,303,482)
Intergovernmental	19,158,076	22,675,657	27,618,447	4,942,790
Investment Income	264,561	313,199	381,469	68,270
Tuition and Fees	444,491	526,207	640,909	114,702
Extracurricular Activities	104,328	123,508	150,430	26,922
Rentals	23,889	28,281	34,446	6,165
Contributions and Donations	0	4,516	5,500	984
Miscellaneous	208,705	247,074	300,931	53,857
<i>Total Revenues</i>	<u>57,683,159</u>	<u>56,897,735</u>	<u>58,807,943</u>	<u>1,910,208</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	27,147,494	26,481,423	26,273,392	208,031
Special	6,778,780	7,296,100	6,691,167	604,933
Vocational	108,828	112,128	134,167	(22,039)
Other	1,306,000	946,403	1,302,631	(356,228)
Support Services				
Pupils	4,016,982	4,112,356	3,864,215	248,141
Instructional Staff	2,071,839	2,045,800	1,872,852	172,948
Board of Education	844,848	865,512	830,780	34,732
Administration	3,881,332	3,830,320	3,775,254	55,066
Fiscal	1,172,738	1,595,818	1,207,317	388,501
Business	522,491	488,927	357,108	131,819
Operation and Maintenance of Plant	5,488,370	4,834,566	5,504,095	(669,529)
Pupil Transportation	3,542,340	4,404,834	3,623,721	781,113
Central	278,293	296,030	267,055	28,975
Operation of Non-Instructional Services				
Food Service	2,959	2,959	2,794	165
Extracurricular Activities	1,180,213	1,030,770	1,227,513	(196,743)
<i>Total Expenditures</i>	<u>58,343,507</u>	<u>58,343,946</u>	<u>56,934,061</u>	<u>1,409,885</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(660,348)</u>	<u>(1,446,211)</u>	<u>1,873,882</u>	<u>3,320,093</u>
<b>Other Financing Sources (Uses)</b>				
Tax Anticipation Notes Issued	2,000,000	2,000,000	2,000,000	0
Refund of Prior Year Receipts	(390)	(390)	0	390
Transfers Out	(869,395)	(869,395)	(869,395)	0
<i>Total Other Financing Sources (Uses)</i>	<u>1,130,215</u>	<u>1,130,215</u>	<u>1,130,605</u>	<u>390</u>
<i>Net Change in Fund Balance</i>	469,867	(315,996)	3,004,487	3,320,483
<i>Fund Balance Beginning of Year</i>	1,964,444	1,964,444	1,964,444	0
Prior Year Encumbrances Appropriated	979,338	979,338	979,338	0
<i>Fund Balance End of Year</i>	<u>\$ 3,413,649</u>	<u>\$ 2,627,786</u>	<u>\$ 5,948,269</u>	<u>\$ 3,320,483</u>

See accompanying notes to the basic financial statements.



**Brunswick City School District**  
*Statement of Fiduciary Assets and Liabilities*  
*Agency Funds*  
*June 30, 2008*

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	<u>Agency</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 215,106
	<u>215,106</u>
<b>Liabilities</b>	
Due to Students	\$ 215,106
	<u>215,106</u>

See accompanying notes to the basic financial statements.

**Brunswick City School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2008*

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**NOTE 1: DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Brunswick City School District (the “School District”) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five-members elected at-large for staggered four year terms. The School District provides educational services as authorized by State statute and federal guidelines.

The School District is located in Medina County and encompasses the entire City of Brunswick. The Board of Education controls the School District’s 11 instructional/support facilities staffed by 322 classified employees and 538 certificated full-time teaching personnel who provide services to 7,514 students and other community members.

***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, departments, boards and agencies that are not legally separate from the School District. For Brunswick City School District, this includes the following services: general operations, food service, preschool and student related activities of the School District. The following activities are also included within the reporting entity:

*Non-public Schools* – Within the School District boundaries, St. Ambrose and St. Mark’s are operated as non-public schools. Current State legislation provides funding to these schools. These monies are received and disbursed on behalf of the schools by the Treasurer of the School District, as directed by the schools. This activity is reflected in a special revenue fund for financial reporting purposes.

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 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 has no component units.

The School District participates in two jointly governed organizations and two public entity risk pools. These organizations are the Medina County Career Center, the Ohio Schools Council Association, the Ohio School Boards Association Workers’ Compensation Group Rating Program and the Suburban Health Consortium. These organizations are presented in Notes 17 and 18 to the basic financial statements.

**Brunswick City School District**  
*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2008*

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

The financial statements of Brunswick City School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local 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 applied Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities unless those pronouncements conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are shown 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.

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, 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 function is self-financing or draws from the general revenues of the School District.

***Fund Financial Statements*** - During the 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. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

***B. Fund Accounting***

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

**Brunswick City School District**  
*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2008*

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

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

**General Fund** - The general fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

**Bond Retirement Fund** - The bond retirement debt service fund accounts for the accumulation of resources for and the payment of general obligation principal and interest.

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. The School District's agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's two agency funds account for student activities and employee medical savings accounts.

**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 a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**Brunswick City School District**  
*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2008*

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

***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. Differences in 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 the fiscal year-end.

Non-exchange 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 6). 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 non-exchange transactions must also be available before it can be recognized.

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

***Deferred 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, 2008, but which were levied to finance fiscal year 2009 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.

**Brunswick City School District**  
*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2008*

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

***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 level. The Treasurer has been given the authority to allocate appropriations to the function and object level within each fund. Budgetary statements are presented beyond that legal level of control for information purposes only.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate that was in effect at the time the final appropriations were passed by the Board of Education.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues 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.

***F. Cash and Cash Equivalents***

To improve cash management, all 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 basic financial statements.

The School District utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented as "cash and cash equivalents with fiscal agent" and represents deposits.

During fiscal year 2008, investments were limited to a money market mutual fund, repurchase agreements and STAROhio.

**Brunswick City School District**  
*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2008*

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

Except for non participating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2008.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2008 amounted to \$380,159, which includes \$136,923 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.

***G. Restricted Assets***

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributor, grantors, or laws of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted assets include amounts required by State statute to be set aside for the purchase of textbooks and \$100,000 restricted for debt. See Note 19 for additional information regarding set-asides.

***H. 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.

***I. Deferred Charges***

On the governmental fund statements, bond issuance costs are recorded as an expenditure when incurred. Bond issuance costs are reported as deferred and amortized over the term of the bonds using the straight-line method on the government-wide statements since the results are not significantly different from the effective interest method.

***J. Capital Assets***

All capital assets of the School District are classified as general capital assets. They 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.

**Brunswick City School District**  
*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2008*

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

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 back-trending (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 \$5,000. 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 assets 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>
Land Improvements	10-30 Years
Buildings and Improvements	75 Years
Furniture and Equipment	6-12 Years
Vehicles	3-10 Years

***K. Interfund Balances***

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". Long-term interfund loans (advances) are classified as "advances from other funds" and "advances to other funds." These amounts 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 termination payment method. An accrual for sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

On the governmental fund statements, compensated absences are recognized as a liability and expenditure 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 funds from which the employee will be paid.



**Brunswick City School District**  
*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2008*

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

***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, claims and judgments and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds, notes and capital lease obligations are recognized as a liability on the governmental fund financial statements when due.

***N. Interfund Activity***

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.

***O. Net Assets***

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. At June 30, 2008, none of the School District's net assets were restricted by enabling legislation.

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

***P. Fund Balance Reserves***

The School District records reservations for portions of fund equity which are legally segregated for a specific future use or which do not represent available spendable resources and, therefore, are not available for appropriations for expenditures. Undesignated fund balance indicates that portion of fund equity, which is available for appropriation, in future periods. Fund balance reserves have been established for encumbrances, property taxes, textbooks and advances. The School District records designations for portions of fund equity which the School District Board of Education has segregated for specific future use.

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

**Brunswick City School District**  
*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2008*

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

***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. Neither type of transaction occurred during fiscal year 2008.

***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.

***S. Changes in Accounting Principles***

For the year ended 2008, the School District has implemented GASB Statement No. 45, “*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*”, GASB Statement No. 48, “*Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*”, GASB Statement No. 49, “*Accounting and Financial Reporting for Pollution Remediation Obligations*”, and GASB Statement No. 50, “*Pension Disclosures – An Amendment of GASB Statements No. 25 and No. 27.*”

GASB Statement No. 45 provides guidance on all aspects of OPEB reporting by employers. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers.

GASB Statement No. 48 provides guidance on accounting for sales and pledges of receivables and future revenues. The Statement also requires governments to disclose in the notes to the financial statements the amount of future revenues that have been pledged or sold.

GASB Statement No. 49 provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts.

**Brunswick City School District**  
*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2008*

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

GASB Statement No. 50 more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The reporting changes required by this Statement amend applicable note disclosure and RSI requirements of GASB Statement No. 25, “*Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*”, and GASB Statement No. 27, “*Accounting for Pensions by State and Local Governmental Employers*”, to conform with requirements of GASB Statement No. 43, “*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*”, and GASB Statement No. 45, “*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*”.

Implementation of these GASB Statements did not affect the presentation of the financial statements of the School District.

**NOTE 3: FUND DEFICITS**

The following funds had deficit fund balances at June 30, 2008:

	<u>Deficit</u>
<i>Non-Major Special Revenue Funds:</i>	
Termination Benefits	\$ 85,414
EMIS	155
Alternate School Grant	220

The deficits in nonmajor special revenue funds are due to adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides transfers when cash is required, rather than when accruals occur.

**NOTE 4: 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 Balance – Budget (Non-GAAP Basis) and Actual is presented for the general fund on the budgetary basis to provide meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

**Brunswick City School District**  
*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2008*

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**NOTE 4: BUDGETARY BASIS OF ACCOUNTING (Continued)**

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).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

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

**Net Change in Fund Balance**

GAAP Basis	\$ 1,737,066
Net Adjustment for Revenue Accruals	2,793,391
Net Adjustment for Expenditure Accruals	(518,212)
Adjustment for Encumbrances	<u>(1,007,758)</u>
Budget Basis	<u><u>\$ 3,004,487</u></u>

**NOTE 5: 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 withdraw on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Interim deposits are deposits of interim monies. Interim monies are those 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.

**Brunswick City School District**  
*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2008*

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**NOTE 5: DEPOSITS AND INVESTMENTS (Continued)**

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer, by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and that the term of the agreement must not exceed 30 days;
4. Bonds and any other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAROhio).
7. Certain bankers acceptances and commercial paper notes for a period not to exceed 180 days from the purchase date in any amount not to exceed 25 percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests noted in either of the two highest rating classifications by at least two nationally recognized rating agencies.

**Brunswick City School District**  
*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2008*

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**NOTE 5: DEPOSITS AND INVESTMENTS (Continued)**

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.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within 5 years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

According to State law, public depositories must give security for all uninsured public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of uninsured public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the School District's name. During 2008, the School District and public depositories complied with the provisions of these statutes.

***Deposits with Financial Institutions***

Custodial credit risk is the risk that, in the event of a bank failure, the School District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School District.

At fiscal year-end, the carrying amount of the School District's deposits (including change funds of \$200) was \$6,474,043. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures," as of June 30, 2008, \$6,711,079 of the School District's bank balance of \$7,119,885 was exposed to custodial risk as discussed above, while \$408,806 was covered by Federal Deposit Insurance Corporation. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District has no deposit policy for custodial risk beyond the requirements of State Statute.

**Brunswick City School District**  
*Notes to the Basic Financial Statements*  
For The Fiscal Year Ended June 30, 2008

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**NOTE 5: DEPOSITS AND INVESTMENTS (Continued)**

**Cash with Trustee** As a result of the advance refunding school improvement bonds, the School District has reported restricted assets, cash and cash equivalents with trustee, in the amount of \$100,000. As part of the mandatory sinking fund requirements, the School District placed this money in a segregated account and it will be used to repay the principal balance of the new debt issued.

**Investments** As of June 30, 2008, the School District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u> <u>6 Months or Less</u>
Repurchase Agreements	\$ 3,161,762	\$ 3,161,762
Money Market Mutual Fund	37,544	37,544
STAROhio	61,369	61,369
Total	<u>\$ 3,260,675</u>	<u>\$ 3,260,675</u>

**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. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

**Credit Risk.** STAROhio carries a rating of AAA by Standard and Poor's. The money market mutual fund carries a rating of AAAM by Standard and Poor's. The repurchase agreements are unrated.

**Concentration of Credit Risk.** The School District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage total of each investment type held by the School District as of June 30, 2008:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percent of Total</u>
Repurchase Agreements	\$ 3,161,762	97%
Money Market Mutual Fund	37,544	1%
STAROhio	61,369	2%
Total	<u>\$ 3,260,675</u>	<u>100.00%</u>

**Brunswick City School District**  
*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2008*

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**NOTE 6: PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State law 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 semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007 and are collected in 2008 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 revenue received during calendar 2008 (other than public utility property) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value as of December 31, 2007. For 2007, tangible personal property is assessed at 12.5 percent property including inventory. This percentage will be reduced to 6.25 percent for 2008 and zero for 2009. Payments 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.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaced the revenue lost by the School District due to the phasing out of the tax. In calendar years 2006-2010, the School District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The School District receives property taxes from Medina 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, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date the tax bills are sent.



**Brunswick City School District**  
*Notes to the Basic Financial Statements*  
For The Fiscal Year Ended June 30, 2008

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**NOTE 6: PROPERTY TAXES (Continued)**

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2008 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2008 was \$773,270 in the general fund, \$38,440 in the bond retirement debt service fund, and \$26,700 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2007, was \$3,568,008 in the general fund, \$172,357 in the bond retirement debt service fund, and \$146,751 in the permanent improvement capital projects fund.

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

The assessed values upon which the fiscal year 2008 taxes were collected are:

	2007 Second Half Collections		2008 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 934,423,670	96.2%	\$ 1,038,425,180	97.6%
Public Utility Personal	14,635,040	1.5%	10,407,500	1.0%
Tangible Personal Property	22,384,002	2.3%	15,539,368	1.4%
Total	\$ 971,442,712	100.0%	\$ 1,064,372,048	100.0%
Tax rate per \$1,000 of assessed value	\$ 65.47		\$ 68.92	

**NOTE 7: RECEIVABLES**

Receivables at June 30, 2008 consisted of taxes, accounts (rent, student fees and tuition), interfund 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 guarantee of federal funds. All current fiscal year receivables are expected to be collected within one year.

**Brunswick City School District**  
*Notes to the Basic Financial Statements*  
For The Fiscal Year Ended June 30, 2008

**NOTE 7: RECEIVABLES (Continued)**

During 2007, the voters of Medina County passed a one-half percent sales tax to be used for capital improvements at all school districts within Medina County. Collection began in October 2007 for a period of 30 years. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. Sales tax is distributed to the school districts of Medina County based on what is essentially a per pupil distribution formula. A receivable is recognized at year end for an estimated amount to be received based on calendar year 2008 sales transactions yet to be received as of June 30, 2008.

**NOTE 8: CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

<b>Governmental Activities</b>	Balance 06/30/2007	Additions	Reductions	Balance 06/30/2008
<i>Capital Assets, not being depreciated</i>				
Land	\$ 1,405,645	\$ 0	\$ 0	\$ 1,405,645
<i>Capital Assets, being depreciated</i>				
Land Improvements	1,920,692	140,867	0	2,061,559
Buildings and Improvements	33,660,809	0	0	33,660,809
Furniture and Equipment	4,575,833	326,153	0	4,901,986
Vehicles	4,966,126	712,993	0	5,679,119
<i>Total Capital Assets, being depreciated</i>	45,123,460	1,180,013	0	46,303,473
<i>Less: Accumulated Depreciation</i>				
Land Improvements	(1,134,060)	(48,573)	0	(1,182,633)
Buildings and Improvements	(20,807,279)	(417,363)	0	(21,224,642)
Furniture and Equipment	(3,671,877)	(186,679)	0	(3,858,556)
Vehicles	(2,347,553)	(405,497)	0	(2,753,050)
<i>Total Accumulated Depreciation</i>	(27,960,769)	(1,058,112) *	0	(29,018,881)
<i>Total Capital Assets being depreciated, net</i>	17,162,691	121,901	0	17,284,592
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 18,568,336</b>	<b>\$ 121,901</b>	<b>\$ 0</b>	<b>\$ 18,690,237</b>

**Brunswick City School District**  
*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2008*

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**NOTE 8: CAPITAL ASSETS (Continued)**

\* Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular	\$	414,569
Special		88,750
Support Services:		
Pupils		36,622
Instructional Staff		43,684
Administration		50,380
Fiscal		9,909
Business		5,945
Operation and Maintenance of Plant		50,959
Pupil Transportation		310,065
Operation of Non-Instructional Services:		
Food Service Operations		46,645
Community Services		584
		812,512
Total Depreciation Expense	\$	1,058,112

**NOTE 9: RISK MANAGEMENT**

***A. Property and Liability***

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. During fiscal year 2008, the School District contracted with several companies for various types of insurance as follows:

Company	Type of Coverage	Coverage
Indiana Insurance Company	Liability	\$ 1,000,000
	Aggregate	2,000,000
Indiana Insurance Company	Fleet Insurance	1,000,000
Indiana Insurance Company	Property/Inland Marine Insurance	105,122,220
Indiana Insurance Company	Crime - Theft	15,000
	Crime - Employee Dishonesty	50,000
Travelers Insurance Company	Boiler and Machinery	30,000,000
Petroleum Underground Storage Tank Tank Release Compensation Board	Underground Storage Tanks	11,000

Settlements have not exceeded coverage in any of the last three fiscal years and there have been no significant reductions in insurance coverage from the last year.

**Brunswick City School District**  
*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2008*

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**NOTE 9: RISK MANAGEMENT (Continued)**

For fiscal year 2008, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). 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. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Company provides administrative, cost control and actuarial services to the GRP.

***B. Employee Health Benefits***

The School District participates in the Suburban Health Consortium, a shared risk pool (Note 18) to provide employee medical/surgical benefits. Rates are set through an annual calculation process. The School District pays a monthly contribution which is placed in a common fund from which the claim payments are made for all participating districts. The employees share the cost of the monthly premium with the Board.

Claims are paid for all participants regardless of claims flow. Upon termination, all School District claims would be paid without regard to the School District's account balance or the Directors have the right to hold monies for an exiting school district subsequent to the settlement of all expenses and claims.

**NOTE 10: DEFINED BENEFIT PENSION PLANS**

***A. School Employees Retirement System***

The School District contributes to the School Employees Retirement System of Ohio ("SERS"), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website, [www.ohsers.org](http://www.ohsers.org) under Forms and Publications.

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The District's contributions to SERS for the fiscal years ended June 30, 2008, 2007, and 2006 were \$1,172,628, \$1,139,328 and \$1,100,724, respectively; 49 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**Brunswick City School District**  
*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2008*

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**NOTE 10: DEFINED BENEFIT PENSION PLANS (Continued)**

**B. State Teachers Retirement System**

The District participates in the State Teachers Retirement System of Ohio (“STRS Ohio”), a cost-sharing multiple-employer defined benefit pension plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a publicly-available, stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, or by calling (888) 227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://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 member 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 among various investment accounts. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. 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. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. 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 dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

For the fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007 (the latest information available) the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

The District’s required contributions for pension obligations for the fiscal years ended June 30, 2008, 2007 and 2006 were \$4,072,848, \$4,166,772 and \$3,676,931, respectively; 84 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

**Brunswick City School District**  
*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2008*

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**NOTE 10: DEFINED BENEFIT PENSION PLANS (Continued)**

***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 have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2008, one member of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages paid.

**NOTE 11: POSTEMPLOYMENT BENEFITS**

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

All STRS Ohio retirees who participated in the DB and Combined Plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for years ended June 30, 2008, 2007 and 2006. The District's contributions for fiscal years ended June 30, 2008, 2007 and 2006 were \$290,918, \$297,627 and \$282,841, respectively.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2007 (the latest information available), the balance in the fund was \$4.1 billion. For the year ended June 30, 2007, net health care costs paid by STRS Ohio were \$265,558,000 and STRS Ohio had 122,934 eligible benefit recipients.

In addition to a cost-sharing multiple-employer defined benefit pension plan, SERS administers two postemployment benefit plans, the Medicare Part B Plan and the Health Care Plan. The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2007 was \$93.50; SERS' reimbursement to retirees was \$45.50. The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2007 (the latest information available), the actuarially required allocation was .68 percent. The School District's contributions for the year ended June 30, 2008 were \$56,956, which equaled the required contributions for the year.

**Brunswick City School District**  
*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2008*

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**NOTE 11: POSTEMPLOYMENT BENEFITS (Continued)**

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. At June 30, 2008, the health care allocation was 3.32 percent. The actuarially required contribution (ARC), as of the December 31, 2006 annual valuation (the latest information available), was 11.50 percent of covered payroll. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities of the plan over a period not to exceed thirty years. The School District's contributions for the years ended June 30, 2008, 2007 and 2006 were \$402,749, \$443,665 and \$428,074, respectively.

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statute provides that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2008, the minimum compensation level was established at \$35,800.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its Comprehensive Annual Financial Report. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Forms and Publications.

**Brunswick City School District**  
*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2008*

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**NOTE 12: OTHER EMPLOYEE BENEFITS**

**A. *Compensated Absences***

The criteria for determining vacation, personal and sick leave benefits are derived from negotiated agreements and State laws. Employees earn three days of personal leave per year. Classified employees may accumulate up to ten days of personal leave. Classified employees and twelve month administrators earn ten to twenty-five days of vacation per year, depending upon length of service. Administrators and exempt secretaries are able to carryover any unused vacation time at year-end, however, support staff (those employees in the bargaining unit) are unable to carryover unused vacation time. Accumulated unused vacation time is paid to administrators and exempt secretaries upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated with no maximum. Upon retirement, payment is made for one-fourth of the first 160 days of total sick leave accumulation, 100 percent of the next twenty-five days and one-fourth of any remaining days. An employee receiving such payment must meet the retirement provisions set by STRS Ohio or SERS.

**B. *Life Insurance***

The School District provides life insurance and accidental death and dismemberment insurance to most employees through various life insurance companies. The employees share the cost of the monthly premium with the Board. The premium varies with employee depending on the terms of the union contract. Dental and prescription insurance is provided by the School District to all employees through Medical Mutual of Ohio.

**NOTE 13: CAPITAL LEASES – LESSEE DISCLOSURE**

In prior years the School District entered into capital leases for copiers and a lease agreement for the installation of artificial turf at the football stadium, a new press box and a phone system. The School District's lease obligations meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No.13, "Accounting for Leases." Capital lease payments have been reclassified and are reflected as debt service expenditures in the general fund and capital projects fund on the basic financial statements. These expenditures are reflected as programs/function expenditures on a budgetary basis.



**Brunswick City School District**  
*Notes to the Basic Financial Statements*  
For The Fiscal Year Ended June 30, 2008

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**NOTE 13: CAPITAL LEASES – LESSEE DISCLOSURE (Continued)**

Capital assets acquired by lease have been capitalized and depreciated as follows:

**Governmental Activities**

**Capital Assets, Acquired through Capital Lease**

Land Improvements	\$ 745,368
Buildings	96,500
Furniture and Equipment	1,808,215
<i>Total Capital Assets, being depreciated</i>	2,650,083

**Less Accumulated Depreciation:**

Land Improvements	(285,724)
Buildings	(96,500)
Furniture and Equipment	(1,631,619)
<i>Total Accumulated Depreciation</i>	(2,013,843)

<i>Capital Assets Acquired through Capital Lease, Net</i>	\$ 636,240
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Capital lease payments will be reclassified and reflected as debt service expenditures on the fund financial statements for the governmental funds. These expenditures are reflected as support service expenditures in the general fund and as capital outlay in the permanent improvement capital projects fund on the budgetary basis.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2008.

		Capital Leases
For Fiscal Year Ending June 30,	2009	\$ 142,958
	2010	143,652
	2011	143,858
	2012	143,615
	2013	144,004
Total		718,087
Less: Amount Representing Interest		82,087
Present Value of Net Minimum Lease Payments		\$ 636,000

**Brunswick City School District**  
*Notes to the Basic Financial Statements*  
For The Fiscal Year Ended June 30, 2008

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**NOTE 14: NOTES PAYABLE**

Note activity for the year ended June 30, 2008, consisted of the following:

	Outstanding 7/1/2007	Issued	Retired	Outstanding 6/30/2008
<b>Tax Anticipation Note:</b>				
2.64% Maturity - 5/16/08	\$ 0	\$ 2,000,000	\$ (2,000,000)	\$ 0

**NOTE 15: LONG-TERM OBLIGATIONS**

The original issue date, interest rate, original issue amount and date of maturity of each of the School District's outstanding long-term obligations follows:

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
<b>General Obligation Bonds:</b>			
School Improvement - 1999	4.39%	\$ 9,950,000	December 1, 2023
School Improvement Refunding - 2000	5.00-7.25%	4,500,000	December 1, 2013
School Improvement - 2000	5.28%	7,729,100	December 1, 2026
School Improvement - 2003	4.85%	800,000	December 1, 2017
School Improvement Refunding - 2005	3.35-5.5%	6,075,000	December 1, 2026
<b>Notes:</b>			
Tax Anticipation Note - 2002	3.65%	2,021,000	December 1, 2007
Tax Anticipation Note - 2003	3.65%	3,200,000	December 1, 2008
Tax Anticipation Note - 2004	2.29-4.05%	5,780,000	December 1, 2009

**Brunswick City School District**  
*Notes to the Basic Financial Statements*  
For The Fiscal Year Ended June 30, 2008

**NOTE 15: LONG-TERM OBLIGATIONS (Continued)**

Changes in the School District's long-term debt obligations during the year consist of the following:

	<b>Amount Outstanding 06/30/2007</b>	<b>Additions</b>	<b>Deductions</b>	<b>Amount Outstanding 06/30/2008</b>	<b>Due Within One Year</b>
<b>Governmental Activities</b>					
<b>General Obligation Bonds</b>					
School Improvement - 1999					
Series and Term Bonds	\$ 7,540,000	\$ 0	\$ 310,000	\$ 7,230,000	\$ 335,000
Capital Appreciation Bonds	455,000	0	0	455,000	0
Accretion on Capital Appreciation Bonds	379,785	69,271	0	449,056	0
School Improvement Refunding - 2000	2,695,000	0	365,000	2,330,000	380,000
School Improvement - 2000	585,000	0	185,000	400,000	195,000
School Improvement - 2003	645,724	0	45,810	599,914	48,031
School Improvement Refunding - 2005	6,075,000	0	0	6,075,000	0
Unamortized Premium	784,588	0	40,935	743,653	0
Refunding Loss	(595,016)	0	(31,044)	(563,972)	0
<i>Total General Obligation Bonds</i>	<u>18,565,081</u>	<u>69,271</u>	<u>915,701</u>	<u>17,718,651</u>	<u>958,031</u>
<b>Notes</b>					
Tax Anticipation - 2002	405,000	0	405,000	0	0
Tax Anticipation - 2003	1,350,000	0	675,000	675,000	675,000
Tax Anticipation - 2004	3,468,000	0	1,156,000	2,312,000	1,156,000
<i>Total Notes</i>	<u>5,223,000</u>	<u>0</u>	<u>2,236,000</u>	<u>2,987,000</u>	<u>1,831,000</u>
Compensated Absences	6,031,565	0	119,296	5,912,269	507,424
Capital Leases Payable	788,873	0	152,873	636,000	117,000
<i>Total Governmental Activities</i>	<u>\$ 30,608,519</u>	<u>\$ 69,271</u>	<u>\$ 3,423,870</u>	<u>\$ 27,253,920</u>	<u>\$ 3,413,455</u>

General obligation bonds will be paid from property taxes. The notes and copier capital leases will be paid from the general fund. The artificial turf capital lease will be paid from the permanent improvement capital projects fund. Compensated absences will be paid from the general fund and the food service fund.

During fiscal year 1999, the School District issued \$9,950,000 in series and capital appreciation bonds. The series bonds were issued with an interest rate of 4.39 percent and have a final maturity of December 1, 2023. The capital appreciation bonds will mature December 1, 2010 through 2012. These bonds were purchased at a discount at the time of issuance and, at maturity all compounded interest is paid and the bond holder collects the face value. However, since interest is technically earned and compounded semiannually, the value of the bond increases. Therefore, as the value increases, the accretion is booked as principal. The maturity amount of the bonds is \$1,185,005.

**Brunswick City School District**  
*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2008*

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**NOTE 15: LONG-TERM OBLIGATIONS (Continued)**

On September 16, 2000, the School District issued \$4,500,000 in general obligation bonds with interest rates varying from 5.00 percent to 7.25 percent. Proceeds were used to refund \$4,500,000 of the outstanding 1991 and 1993 school improvement bonds.

In May 2002, the School District passed an emergency levy which will generate a total of \$2,021,000 over the next five years to meet necessary emergency operational expenses. The School District then issued tax anticipation notes in advance of the tax revenues to be received by the School District. The tax anticipation notes were recorded in the general fund for operational purposes. The final payment on the notes was made on December 1, 2007.

In May 2003, the School District passed an emergency levy which will generate a total of \$3,200,000 over five years to meet necessary emergency operational expenses. The School District then issued tax anticipation notes in advance of the tax revenues to be received by the School District. The tax anticipation notes were recorded in the general fund for operational purposes. The final payment on the notes will be made on December 1, 2008.

In May 2004, the School District passed an emergency levy which will generate a total of \$5,780,000 over five years to meet necessary emergency operational expenses. The School District then issued tax anticipation notes in advance of the tax revenues to be received by the School District. The tax anticipation notes were recorded in the general fund for operational purposes. The final payment on the notes will be made on December 1, 2009.

All of the notes are backed by the full faith and credit of the Brunswick City School District.

***2005 School Improvement Advance Refunding General Obligation Bonds***

On September 22, 2005, the School District issued \$6,075,000 of general obligation bonds, which included serial and term bonds in the amount of \$1,550,000 and \$4,525,000, respectively. The bonds refunded \$6,075,000 of outstanding 2000 School Improvement General Obligation Bonds. The bonds were issued for a twenty-one year period with final maturity at December 1, 2026. At the date of refunding, \$6,726,930 (including premium and after underwriting fees, and other issuance costs) was received to pay off old debt. As a result, \$6,240,000 of the 2000 School Improvement Bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. The balance of the defeased debt at June 30, 2008 was \$6,240,000.

These refunding bonds were issued with a premium of \$859,636, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The amortization of the premium for fiscal year 2008 was \$40,935. The issuance costs of \$207,706 are reported as deferred charges and are being amortized over the life of the bonds using the straight-line method. The amortization of the issuance costs for fiscal year 2008 was \$9,891. The refunding resulted in a difference between net carrying amount of the debt and the acquisition price of \$651,930. This difference, reported in the accompanying financial statements as a decrease to bonds payable, is being amortized to interest expense over the life of the bonds using the straight-line method. The amortization of this difference for fiscal year 2008 was \$31,044.

The School District refunded the 2000 General Obligation Bonds to reduce its total debt service payments over the next twenty-one years by \$826,031.

**Brunswick City School District**  
*Notes to the Basic Financial Statements*  
For The Fiscal Year Ended June 30, 2008

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**NOTE 15: LONG-TERM OBLIGATIONS (Continued)**

The \$6,075,000 bond issue consists of serial and term bonds. The serial bonds were issued with a varying interest rate of 3.45-3.95 percent.

The bonds maturing December 1, 2009 are subject to mandatory sinking fund redemption at a price of 100 percent of the principal amount to be redeemed plus accrued interest to the date of redemption on December 1 in the years and in the respective principal amounts:

Redemption Date	Principal Amount Subject to Mandatory
<u>December 1</u>	<u>Redemption</u>
2005	\$ 90,000
2006	5,000
2007	5,000
2008	5,000

Unless previously redeemed, the remaining principal amount of \$5,000 will mature at stated maturity (December 1, 2009).

The bonds maturing December 1, 2019 are subject to mandatory sinking fund redemption at a price of 100 percent of the principal amount to be redeemed plus accrued interest to the date of redemption on December 1 in the years and in the respective principal amounts:

Redemption Date	Principal Amount Subject to Mandatory
<u>December 1</u>	<u>Redemption</u>
2016	\$ 305,000
2017	320,000
2018	335,000

Unless previously redeemed, the remaining principal amount of \$335,000 will mature at stated maturity (December 1, 2019).

The bonds maturing December 1, 2022 are subject to mandatory sinking fund redemption at a price of 100 percent of the principal amount to be redeemed plus accrued interest to the date of redemption on December 1 in the years and in the respective principal amounts:

Redemption Date	Principal Amount Subject to Mandatory
<u>December 1</u>	<u>Redemption</u>
2020	\$ 380,000
2021	400,000

Unless previously redeemed, the remaining principal amount of \$425,000 will mature at stated maturity (December 1, 2022).

**Brunswick City School District**  
*Notes to the Basic Financial Statements*  
For The Fiscal Year Ended June 30, 2008

**NOTE 15: LONG-TERM OBLIGATIONS (Continued)**

The bonds maturing December 1, 2026 are subject to mandatory sinking fund redemption at a price of 100 percent of the principal amount to be redeemed plus accrued interest to the date of redemption on December 1 in the years and in the respective principal amounts:

Redemption Date	Principal Amount Subject to Mandatory <u>Redemption</u>
<u>December 1</u>	
2023	\$ 445,000
2024	475,000
2025	500,000

Unless previously redeemed, the remaining principal amount of \$525,000 will mature at stated maturity (December 1, 2026).

The bonds are not subject to optional redemption prior to maturity.

Principal and interest requirements to retire long-term obligations outstanding at June 30, 2008, are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds		Capital Appreciation Bonds	
	Principal	Interest	Principal	Interest
2009	\$ 958,031	\$ 1,221,374	\$ 0	\$ 0
2010	1,125,361	1,173,760	0	0
2011	692,798	997,203	157,000	228,005
2012	745,364	966,067	151,633	243,367
2013	788,055	931,411	146,367	258,633
2014-2018	4,365,305	2,675,407	0	0
2019-2023	5,240,000	1,445,267	0	0
2024-2028	2,720,000	240,613	0	0
Total	\$ 16,634,914	\$ 9,651,102	\$ 455,000	\$ 730,005

  

Fiscal Year Ending June 30,	Tax Anticipation Notes		Total	
	Principal	Interest	Principal	Interest
2009	\$ 1,831,000	\$ 94,906	\$ 2,789,031	\$ 1,316,280
2010	1,156,000	23,409	2,281,361	1,197,169
2011	0	0	849,798	1,225,208
2012	0	0	896,997	1,209,434
2013	0	0	934,422	1,190,044
2014-2018	0	0	4,365,305	2,675,407
2019-2023	0	0	5,240,000	1,445,267
2024-2028	0	0	2,720,000	240,613
Total	\$ 2,987,000	\$ 118,315	\$ 20,076,914	\$ 10,499,422

**Brunswick City School District**  
*Notes to the Basic Financial Statements*  
For The Fiscal Year Ended June 30, 2008

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**NOTE 16: INTERFUND BALANCES AND TRANSFERS**

**A. Interfund Balances**

Interfund receivables and payables are due to the requirements that the general fund cover any negative cash balances at year-end. Prior year outstanding advances are classified as long-term because the School District plans to repay them.

	Interfund Receivable	Interfund Payable	Advances to Other Funds	Advances from Other Funds
<b>Major Fund:</b>				
General	\$ 9,603	\$ 0	\$ 4,637	\$ 0
<b>Non-Major Special Revenue Funds:</b>				
Uniform School Supplies	0	0	0	4,637
Title VI-R	0	9,603	0	0
Total	\$ 9,603	\$ 9,603	\$ 4,637	\$ 4,637

**B. Interfund Transfers**

Transfers in the amounts of \$13,203 and \$42,482 were made from the General fund to the Preschool Grant fund and the Miscellaneous Federal Grants fund, respectively, to remove outstanding advances that were repaid in prior years.

The General fund and the Food Service fund transferred \$869,395 and \$19,717, respectively, to the Termination Benefits fund to cover expenditures for severance and early retirement incentive payments as permitted by Ohio Rev. Code Section 5705.13.

During the compiling of the financial statements, a \$2,000,000 transfer was recorded from the Debt Service fund to the General fund in order to report the debt service principal payment on tax anticipation notes issued within the current fiscal year, by the General fund, and subsequently retired within the current fiscal year by the Debt Service fund.

**NOTE 17: JOINTLY GOVERNED ORGANIZATIONS**

**A. The Medina County Career Center**

The Medina County Career Center is a separate body politic and corporate, established by the Ohio Revised Code to provide for the vocational needs of the students. The Board of Education is comprised of representatives appointed by the board of each participating school district. The Board is responsible for approving its own budgets, appointing personnel, and accounting and finance related activities. Brunswick City School District students may attend the vocational school. Each school district's control is limited to its representation on the Board. During fiscal year 2008, no monies were paid by Brunswick City School District to the Career Center. To obtain financial information write to the Medina Career Center, John Street, who serves as Treasurer, at 1101 West Liberty, Medina, Ohio 44256.

**Brunswick City School District**  
*Notes to the Basic Financial Statements*  
*For The Fiscal Year Ended June 30, 2008*

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**NOTE 17: JOINTLY GOVERNED ORGANIZATIONS (Continued)**

***B. Ohio Schools Council Association***

The Ohio Schools Council Association (Council) is a jointly governed organization among ninety-one school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2008, the School District paid \$1,532 to the Council. Financial information can be obtained by contacting Dr. David A. Cottrell, the Executive Secretary/Treasurer of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

The School District participates in the Council's prepaid natural gas program which was implemented during fiscal year 1999. This program allows school districts to purchase natural gas at reduced rates, if the school districts will commit to participating for a twelve year period. The participants make monthly payments based on estimated usage. Each month these estimated payments are compared to their actual usage and any necessary adjustments are made.

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

**NOTE 18: PUBLIC ENTITY RISK POOLS**

***A. Insurance Purchasing Pool***

The School District participates in the Ohio School Boards Association Worker's 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 Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

***B. Risk Sharing Pool***

The Suburban Health Consortium is a shared health risk pool created pursuant to State statute for the purpose of administering health care benefits. The council is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve on the Board of Directors. The assembly exercises control over the participating school districts, based on the established premiums for the insurance plans. Each school district reserves the right to terminate the plan in whole or in part at any time for their School District. If it is terminated, no further contributions will be made, but the benefits under the insurance contract shall be paid in accordance with the terms of the contract.



**Brunswick City School District**  
*Notes to the Basic Financial Statements*  
For The Fiscal Year Ended June 30, 2008

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**NOTE 19: SET ASIDES**

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 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 changes in the fiscal year end set-aside amounts for textbooks and capital acquisitions. Disclosure of this information is required by the State statute.

	Textbooks and Instructional Materials Reserve	Capital Improvements Reserve
Set-Aside Reserve Balance as of June 30, 2007	\$ 814,233	\$ 0
Current Year Set-Aside Requirement	1,110,333	1,110,333
Qualifying Disbursements	(792,651)	(1,325,693)
Totals	\$ 1,131,915	\$ (215,360)
Set-Aside Balance Carried Forward to Future Fiscal Years	\$ 1,131,915	\$ 0
Set-Aside Reserve Balance as of June 30, 2008	\$ 1,131,915	\$ 0

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 of future years. This negative balance is therefore not presented as being carried forward to future years.

**NOTE 20: CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2008.

**B. Litigation**

The School District is not party to any claims or lawsuits that would, in the School District's opinion, have a material effect of the basic financial statements.



# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

December 30, 2008

To the Board of Education  
Brunswick City School District (Medina County)  
Brunswick, Ohio 44212

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brunswick City School District as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 30, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Brunswick City School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Brunswick City School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Brunswick City School 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 the normal course of 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 entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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 deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we noted certain internal control matters that we reported to the management of Brunswick City School District in a separate letter dated December 30, 2008.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Brunswick City School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances that we reported to the management of Brunswick City School District in a separate letter dated December 30, 2008.

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

*Rea & Associates, Inc.*



# Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

December 30, 2008

To the Board of Education  
Brunswick City School District (Medina County)  
Brunswick, Ohio 44212

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

Compliance

We have audited the compliance of Brunswick City School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Brunswick City School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of Brunswick City School District's management. Our responsibility is to express an opinion on Brunswick City School District's compliance based on our audit.

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

In our opinion, Brunswick City School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Brunswick City School District 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 Brunswick City School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Brunswick City School District's internal control over compliance.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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.

Schedule of Expenditures of Federal Awards - Non GAAP Budgetary Basis

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brunswick City School District, as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 30, 2008. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements of Brunswick City School District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

*Kea & Associates, Inc.*

**BRUNSWICK CITY SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CASH BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2008**

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Grant Year	Cash Receipts	Non-Cash Receipts	Cash Disbursements	Non-Cash Disbursements
<b>U. S. Department of Education</b>						
<i>Passed Through Ohio Department of Education:</i>						
Title I - 2008	84.010	2008	\$ 468,420	\$ 0	\$ 454,025	\$ 0
Title I - 2007	84.010	2007	176,654	0	97,659	0
Total Title I			645,074	0	551,684	0
Title II-A - Improving Teacher Quality - 2008	84.367	2008	145,610	0	120,189	0
Title II-A - Improving Teacher Quality - 2007	84.367	2007	40,927	0	18,609	0
Total Title II-A - Improving Teacher Quality			186,537	0	138,798	0
<i>Special Education Cluster:</i>						
IDEA Part B - 2008	84.027	2008	1,350,464	0	1,222,720	0
IDEA Part B - 2007	84.027	2007	301,275	0	172,628	0
Total IDEA Part B			1,651,739	0	1,395,348	0
Early Childhood Special Education - 2008	84.173	2008	24,782	0	22,540	0
Early Childhood Special Education - 2007	84.173	2007	11,908	0	12,530	0
Total Early Childhood Special Education			36,690	0	35,070	0
Total Special Education Cluster			1,688,429	0	1,430,418	0
Safe and Drug-Free Schools	84.186	3D10	20,994	0	20,600	0
Title V - Innovative Education Program Strategies - 2008	84.298	2008	11,475	0	8,467	0
Title V - Innovative Education Program Strategies - 2007 (C)	84.298	2007	(4,804)	0	29,213	0
Total Title V - Innovative Education Program Strategies			6,671	0	37,680	0
Title III LEP	84.365	2008	10,995	0	10,272	0
Title III LEP (C)	84.365	2007	(283)	0	775	0
Total Title III LEP			10,712	0	11,047	0
Technology Literacy Challenge Fund Grant	84.318	2008	6,188	0	5,549	0
Technology Literacy Challenge Fund Grant	84.318	2007	4,120	0	4,889	0
Total Technology Literacy Challenge Fund Grant			10,308	0	10,438	0
<i>Total U.S. Department of Education</i>			2,568,725	0	2,200,665	0
<b>U. S. Department of Agriculture</b>						
<i>Passed Through the Ohio Department of Education:</i>						
<i>Child Nutrition Cluster:</i>						
School Breakfast Program (B)	10.553	2008	67,270	0	67,270	0
School Breakfast Program (B)	10.553	2007	9,293	0	9,293	0
Total School Breakfast Program			76,563	0	76,563	0
National School Lunch Program (Food Distribution) (A)(B)	10.555	2008	0	85,491	0	85,491
National School Lunch Program (B)	10.555	2008	414,979	0	414,979	0
National School Lunch Program (B)	10.555	2007	58,585	0	58,585	0
Total National School Lunch Program			473,564	85,491	473,564	85,491
Total Child Nutrition Cluster			550,127	85,491	550,127	85,491
Nutrition Education and Training	10.574	2008	295	0	295	0
<i>Total U.S. Department of Agriculture</i>			550,422	85,491	550,422	85,491
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<b>\$ 3,119,147</b>	<b>\$ 85,491</b>	<b>\$ 2,751,087</b>	<b>\$ 85,491</b>

- (A) Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance and related expenditures are reported in this schedule at the value of the commodities received as assessed by the U.S. Department of Agriculture (entitlement value).
- (B) Federal money commingled with state subsidy reimbursements. It is assumed federal moneys are expended first.
- (C) Return of receipt.

**BRUNSWICK CITY SCHOOL DISTRICT  
MEDINA COUNTY, OHIO**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 , Section .505  
JUNE 30, 2008**

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

(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section .510?	No
(d) (1) (vii)	Major Programs (list):	Title I, CFDA #84.010; Child Nutrition Cluster, CFDA #10.553 & #10.555
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

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

None were noted.

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

None were noted.

**BRUNSWICK CITY SCHOOL DISTRICT  
 MEDINA COUNTY, OHIO  
 SCHEDULE OF PRIOR AUDIT FINDINGS  
 FOR THE YEAR ENDED JUNE 30, 2008**

**Not Corrected, Partially  
 Corrected, Significantly  
 Different Corrective Action Taken  
 or Finding No Longer Valid  
 (Explain)**

Finding Number	Finding Summary	Fully Corrected?	<i>(Explain)</i>
2007-01	Expenditures exceeded final appropriations plus prior year ending encumbrances for the termination benefits fund in the amount of \$337,359.	Yes	





**Mary Taylor, CPA**  
Auditor of State

**BRUNSWICK CITY SCHOOL DISTRICT**  
**MEDINA 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 12, 2009**