

BROOKLYN CITY SCHOOL DISTRICT
CLEVELAND REGION, CUYAHOGA COUNTY
FINANCIAL FORECAST
JULY 1, 1999, THROUGH JUNE 30, 2000

**BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

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Board of Education
Brooklyn City School District
9200 Biddulph Road
Brooklyn, Ohio 44144

CERTIFICATION

Certification is hereby made that, based upon the requirement set forth in Section 3316.08, Revised Code, the Local Government Services Division of the Auditor of State's Office has examined the financial forecast of the General Fund of the Brooklyn City School District, Cuyahoga County, Ohio, as requested by the Board of Education by resolution passed on November 8, 1999. This forecast is based on the assumption that the School District will continue to operate its instructional program in accordance with its adopted school calendar and pay all obligations. Additional significant assumptions are set forth in the forecast. However, some assumptions inevitably will not materialize, and unanticipated events and circumstances may occur; therefore, the actual results of operations during the forecast period will vary from the forecast, and the variations may be material. The forecast reflects an operating deficit for the year ending June 30, 2000 of \$925,000, which includes \$188,000 in cash reserves for restricted purchases. The cash reserves consist of textbook monies of \$89,000, a budget reserve of \$67,000 and bus purchase monies of \$32,000.

Section 5705.29, Revised Code, allows the School District to appropriate monies from the amount set aside for budget reserve if it meets certain conditions and after receiving approval from the Superintendent of Public Instruction. As of the date of this forecast, no such request has been made to the State Superintendent of Public Instruction.

Section 133.301, Revised Code, allows the School District to issue notes during the current fiscal year in anticipation of fiscal year 2001 property tax revenues provided that such amount, referred to as the spending reserve, is included in the current year tax budget and that the State Superintendent of Public Instruction has authorized such notes. The School District did not include a spending reserve in the current year tax budget.

The forecasted revenues include all property taxes scheduled for settlement during the forecast

period less any amount advanced to the District prior to July 2000. The forecast excludes the receipt of any advances against fiscal year 2001 scheduled property tax settlements. The potential advances have been excluded due to the District's inability to appropriate this revenue until received and the uncertainty of the timing of any advances. The projected operating deficit could be reduced to the extent tax advances are received prior to June 30, 2000 and to the extent the Board appropriates such advances. Currently, it is the Board's intent not to appropriate any such advances for fiscal year 2000.



Christine L. Hansen, CPA
Chief of Local Government Services

February 17, 2000



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We have examined the accompanying forecasted Schedule of Revenues, Expenditures, and Changes in Fund Balance of the general fund of the Brooklyn City School District for the fiscal year ending June 30, 2000. Our examination was made in accordance with standards established by the American Institute of Certified Public Accountants and, accordingly, included such procedures as we considered necessary to evaluate both the assumptions used by the Board of Education and the Financial Planning and Supervision Commission and the preparation and presentation of the forecast.

The accompanying Schedule of Revenues, Expenditures, and Changes in Fund Balance of the general fund for the fiscal year ending June 30, 2000 present, to the best of management's knowledge and belief, the expected revenues, expenditures, and changes in fund balance of the general fund for the forecast period. The accompanying forecasted Schedule of Revenues, Expenditures, and Changes in Fund Balance of the general fund and this report were prepared for the State Department of Education for the purpose of determining whether an operating deficit exists as required under Section 3316.08, Revised Code, and to enable the School District to obtain authorization to receive an advance to finance current year operations through the State Solvency Assistance Fund, pursuant to Section 3316.20, Revised Code, and should not be used for any other purpose.

In our opinion, the forecasted schedules referred to above are presented in conformity with the guidelines for presentation of forecasted information established by the American Institute of Certified Public Accountants (AICPA), and the underlying assumptions provide a reasonable basis for the Board of Education and Financial Planning and Supervision Commission's forecast. Our examination of the financial forecast presented in this document was made for the purpose of forming an opinion on whether the financial forecast is presented in conformity with AICPA guidelines for the presentation of a forecast and whether the underlying assumptions provide a reasonable basis for the forecast. The supplemental data as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial forecast. Such information has not been subjected to procedures applied in the examination of the financial forecast and, accordingly, we express no opinion or any other form of assurance on it.

Furthermore, differences between the forecasted and actual results will usually happen because events and circumstances frequently do not occur as expected, and those differences may be material. We have no responsibility to update this report for events and circumstances occurring after its date.

The financial statements for the years ended June 30, 1997 and 1998, were audited by Grant Thornton, LLP. and they expressed an unqualified opinion on these statements in their reports dated October 31, 1997 and October 30, 1998. The financial statements for the year ended June 30, 1999 are being audited by the Auditor of State's Office, however, no opinion has been issued as of the date of this report.

We have compiled the accompanying Schedules of Revenues, Expenditures, and Changes in Fund Balance of the general fund of the Brooklyn City School District for the years ended June 30, 1997, 1998, 1999 and 2000, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed these financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

JIM PETRO
Auditor of State

February 17, 2000

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDING JUNE 30, 2000 FORECASTED
GENERAL FUND

	Fiscal Year 2000 Forecasted
Revenues	
General Property Tax (Real Estate)	\$7,324,000
Tangible Personal Property Tax	2,692,000
Unrestricted Grants-in-Aid	445,000
Restricted Grants-in-Aid	27,000
Property Tax Allocation	890,000
All Other Revenues	377,000
<i>Total Revenues</i>	11,755,000
Other Financing Sources	
Advances In	45,000
<i>Total Revenues and Other Financing Sources</i>	11,800,000
Expenditures	
Personal Services	6,994,000
Employees' Retirement/Insurance Benefits	2,342,000
Purchased Services	1,202,000
Supplies and Materials	235,000
Capital Outlay	94,000
Debt Service:	
Principal-Solvency Assistance Advance	1,246,000
Principal-HB 264 Loans	410,000
Interest and Fiscal Charges	147,000
Other Objects	240,000
<i>Total Expenditures</i>	12,910,000
Other Financing Uses	
Operating Transfers Out	239,000
<i>Total Expenditures and Other Financing Uses</i>	13,149,000
<i>Excess of Revenues and Other Financing Sources under Expenditures and Other Financing Uses</i>	(1,349,000)
<i>Cash Balance July 1, 1999</i>	742,000
<i>Cash Balance (Deficit) June 30, 2000</i>	(607,000)
<i>Estimated Encumbrances June 30, 2000</i>	130,000
Reservation of Fund Balance	
Textbooks and Instructional Materials	89,000
Budget Reserve	67,000
Bus Purchases	32,000
<i>Subtotal</i>	188,000
<i>Unreserved Fund Balance (Deficit) June 30, 2000</i>	(\$925,000)

See accompanying summary of significant forecast assumptions, accounting policies, and accountant's report

Note: Schedule includes the general fund, DPIA fund and any portion of debt service fund related to general fund debt.

BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEARS ENDED JUNE 30, 1997, 1998 AND 1999 ACTUAL;
FISCAL YEAR ENDING JUNE 30, 2000 FORECASTED
GENERAL FUND

	Fiscal Year 1997 Actual	Fiscal Year 1998 Actual	Fiscal Year 1999 Actual	Fiscal Year 2000 Forecasted
Revenues				
General Property Tax (Real Estate)	\$6,741,000	\$6,811,000	\$7,030,000	\$7,324,000
Tangible Personal Property Tax	3,266,000	3,076,000	2,948,000	2,692,000
Unrestricted Grants-in-Aid	450,000	489,000	783,000	445,000
Restricted Grants-in-Aid	20,000	25,000	32,000	27,000
Property Tax Allocation	833,000	746,000	858,000	890,000
All Other Revenues	251,000	229,000	773,000	377,000
<i>Total Revenues</i>	<u>11,561,000</u>	<u>11,376,000</u>	<u>12,424,000</u>	<u>11,755,000</u>
Other Financing Sources				
Proceeds from Sale of Notes	0	1,401,000	2,493,000	0
Operating Transfers In	0	0	700,000	0
Advances In	0	0	44,000	45,000
All Other Financing Sources	11,000	1,000	3,000	0
<i>Total Other Financing Sources</i>	<u>11,000</u>	<u>1,402,000</u>	<u>3,240,000</u>	<u>45,000</u>
<i>Total Revenues and Other Financing Sources</i>	<u>11,572,000</u>	<u>12,778,000</u>	<u>15,664,000</u>	<u>11,800,000</u>
Expenditures				
Personal Services	6,998,000	7,733,000	7,938,000	6,994,000
Employees' Retirement/Insurance Benefits	1,925,000	2,096,000	2,420,000	2,342,000
Purchased Services	1,296,000	1,609,000	1,244,000	1,202,000
Supplies and Materials	401,000	469,000	210,000	235,000
Capital Outlay	737,000	142,000	1,000	94,000
Debt Service:				
Principal-Notes	435,000	435,000	435,000	0
Principal-Solvency Assistance Advance	0	0	1,401,000	1,246,000
Principal-HB 264 Loans	345,000	365,000	385,000	410,000
Interest and Fiscal Charges	278,000	235,000	230,000	147,000
Other Objects	196,000	168,000	226,000	240,000
<i>Total Expenditures</i>	<u>12,611,000</u>	<u>13,252,000</u>	<u>14,490,000</u>	<u>12,910,000</u>
Other Financing Uses				
Advances Out	0	0	45,000	0
Operating Transfers Out	882,000	29,000	65,000	239,000
All Other Financing Uses	5,000	0	0	0
<i>Total Other Financing Uses</i>	<u>887,000</u>	<u>29,000</u>	<u>110,000</u>	<u>239,000</u>
<i>Total Expenditures and Other Financing Uses</i>	<u>13,498,000</u>	<u>13,281,000</u>	<u>14,600,000</u>	<u>13,149,000</u>
<i>Excess of Revenues and Other Financing Sources over (under) Expenditures and Other Financing Uses</i>	(1,926,000)	(503,000)	1,064,000	(1,349,000)
<i>Cash Balance (Deficit) July 1</i>	<u>2,107,000</u>	<u>181,000</u>	<u>(322,000)</u>	<u>742,000</u>
<i>Cash Balance (Deficit) June 30</i>	<u>181,000</u>	<u>(322,000)</u>	<u>742,000</u>	<u>(607,000)</u>
<i>Estimated Encumbrances June 30</i>	<u>508,000</u>	<u>221,000</u>	<u>79,000</u>	<u>130,000</u>
Reservation of Fund Balance				
Textbooks and Instructional Materials	0	0	40,000	89,000
Budget Reserve	0	67,000	67,000	67,000
Disadvantaged Pupil Impact Aid	1,000	4,000	5,000	0
Bus Purchases	0	0	16,000	32,000
<i>Subtotal</i>	<u>1,000</u>	<u>71,000</u>	<u>128,000</u>	<u>188,000</u>
<i>Unreserved Fund (Deficit) Balance June 30</i>	<u>(\$328,000)</u>	<u>(\$614,000)</u>	<u>\$535,000</u>	<u>(\$925,000)</u>

See accompanying summary of significant forecast assumptions, accounting policies, and accountant's report

Note: Schedule includes the general fund, DPIA fund and any portion of debt service fund related to general fund debt

**BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

Nature of Presentation

This financial forecast presents, to the best of the Brooklyn City School District Board of Education and the Financial Planning and Supervision Commission's knowledge and belief, the expected revenues, expenditures, and changes in fund balance of the general fund for the forecast period. Accordingly, the forecast reflects the Board of Education's and Financial Planning and Supervision Commission's judgment of the expected conditions and its expected course of action as of February 17, 2000, the date of this forecast. The forecast is designed to present the revenues, expenditures and changes in fund balance for the purpose of determining whether an operating deficit exists as required under Section 3316.08, Revised Code, and to enable the School District to obtain authorization to receive an advance to finance current year operations through the State Solvency Assistance Fund, pursuant to Section 3316.20, Revised Code, and should not be used for any other purpose. The assumptions disclosed herein are those that management believes are significant to the forecast. Differences between the forecasted and actual results will usually arise because events and circumstances frequently do not occur as expected, and those differences may be material.

1. General Assumptions

The Brooklyn City School District will continue to operate its instructional program in accordance with its adopted school calendar and pay all obligations.

The forecast includes the revenue and expenditure activity of the general fund, the disadvantaged pupil impact aid fund and any portion of the debt service fund that relates to the general fund. Transfers in and transfers out that were made between these funds were eliminated.

The forecast contains those expenditures the Board has determined to be necessary to provide for an adequate educational program.

2. Revenue and Other Financing Source Assumptions

The fiscal year 2000 revenue and other financing source assumptions are based on the following:

Property Taxes

Property taxes consist of real estate, public utility real and personal property, tangible personal property, and trailer taxes. Advances may be requested from the Cuyahoga County Auditor as the tax is collected. When settlements are made, any amounts remaining to be distributed to the School District are paid. Deductions for auditor's and treasurer's fees, advertising delinquent taxes, election expenses, and other fees are made at these settlement times.

**BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

The forecasted figures for fiscal year 2000 were based on the most recent information provided by the Cuyahoga County Auditor. The amounts shown in the revenue section of the forecast schedules represent gross property tax revenue.

General Property Tax (Real Estate)

The general property tax revenue estimates are based upon confirmation received from the Cuyahoga County Auditor. Included in this revenue source are real estate and trailer tax revenues. Amounts forecasted for the rollback and homestead exemption are included under the property tax allocation account.

Based upon these estimates, the School District anticipates receiving \$7,324,000 in real estate tax revenue, a \$294,000 increase over fiscal year 1999 levels. The increase in real estate tax is due to an increase in the real estate valuation.

Tangible Personal Property Tax

This revenue source consists of tangible personal property tax revenue and the public utility personal property tax revenue. The first \$10,000 of tangible personal property is exempt from taxation. The State reimburses the School District for all revenue lost due to this exemption. The amount of the reimbursement, as estimated by the Cuyahoga County Auditor, is included in the forecasted amount of property tax allocation.

As with real estate tax, tangible personal property tax and public utility personal property tax revenues are based upon a confirmation received from the Cuyahoga County Auditor. Based upon these estimates, the School District anticipates receiving \$2,692,000 in tangible personal property tax revenue, a \$256,000 decrease from fiscal year 1999. This decrease is due to lower estimated inventories of tangible personal property as confirmed by the County Auditor.

Unrestricted Grants-in-Aid

State foundation payments established by Chapter 3317 of the Revised Code are calculated by the State Department of Education, Division of School Finance, on the basis of pupil enrollment (ADM) and classroom teacher ratios plus other factors. The funds are distributed on a semi-monthly basis. Deductions from the monthly payments for contributions to the two school retirement systems are included in the expenditure section. Forecasted amounts are based on current information provided by the State Department of Education. For the forecast period, a 43 percent decrease is anticipated, largely due the School District being overpaid for special education funding in fiscal year 1999.

**BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

This revenue source includes formula aid, unrestricted disadvantaged pupil impact aid (a portion is also restricted as explained below), extended service, transportation, vocational education, and equalization enhancement revenues received from the State Department of Education, Division of School Finance. The amount of revenue reported on the most recent school foundation statement of settlement is \$445,000.

Restricted Grants-in-Aid

Restricted grants-in-aid consists of a bus purchase allowance of \$16,000 and disadvantaged pupil impact aid (DPIA) revenues \$11,000. These are the only forms of restricted revenue that the School District expects to receive.

Property Tax Allocation

State law grants tax relief in the form of a ten percent reduction in real property tax bills. In addition, a two and one half percent rollback is granted on residential property taxes. Tax relief is also granted to qualified elderly and disabled homeowners based on their income. The State reimburses the School District for the loss of real property taxes as a result of the above (rollback and homestead).

The first \$10,000 of tangible personal property is exempt from taxation. The State reimburses the School District for all revenue lost due to this exemption. The amount of the reimbursement, as estimated by the Cuyahoga County Auditor, is also included in the forecasted amount of property tax allocation.

The Cuyahoga County Auditor certified the amounts for rollback and homestead exemption revenue and the personal property tax exemption revenue at \$833,000 and \$57,000, respectively.

All Other Revenues

The following schedule represents all other revenues not classified elsewhere:

Tuition	\$170,000
Interest on Investments	95,000
Transportation Fees	5,000
Rental of School Facilities	12,000
Miscellaneous Sources	95,000
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Total	<u>\$377,000</u>

**BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

The forecasted revenue was based on the following:

- Tuition revenues represents monies the School District anticipates receiving from past due amounts from other districts.
- Investment earnings are expected to decrease in fiscal year 2000 due to less cash available for investment purposes.
- Transportation and rental revenues are expected to remain consistent with prior fiscal years.
- Miscellaneous revenues will decrease this year primarily due to the School District receiving a one time receipt from Polaris Joint Vocational School District in the prior fiscal year.

Advances In

In fiscal year 2000, the food service fund will repay a \$45,000 advance received from the general fund in the previous year.

3. Expenditure and Other Financing Use Assumptions

The fiscal year 2000 anticipated expenditures and other financing uses are based on the following:

Personal Services

The personal service expenditures of \$6,994,000 forecasted for fiscal year 2000 are comprised of the following:

Certified Salaries	\$4,846,000
Classified Salaries	1,541,000
Substitute Compensation	94,000
Supplemental Contracts	136,000
Severance Pay	314,000
Overtime Pay	55,000
Board Members Compensation	8,000
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Total	<u><u>\$6,994,000</u></u>

**BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

The School District is anticipating a \$944,000 decrease in the cost of personal services from fiscal year 1999 levels. The major reasons for this decrease are as follows:

- Over 30 certified and classified positions were eliminated by the School District.
- A decrease in substitute costs is expected due to the School District not allowing as many days for teachers to do training and seminars during the school week. Also, the School District adopted a policy of using as many full time employees as necessary to cover absent employees, so less substitutes would have to be hired.
- Supplemental contract costs are anticipated to decrease due to the School making some positions volunteer and eliminating some programs.
- A decrease in overtime costs is forecasted due to the School District putting a freeze on overtime, except on an as-needed basis.

Employees' Retirement/Insurance Benefits

Employee retirement and insurance benefits are forecasted at \$2,342,000 for fiscal year 2000. This amount includes the following:

Retirement	\$1,075,000
Insurances	772,000
Workers' Compensation	94,000
Unemployment	20,000
Medicare	67,000
Early Retirement Incentive	314,000
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Total	<u>\$2,342,000</u>

The School District anticipates a \$78,000 decrease in benefits for fiscal year 2000. This decrease is due primarily to the following:

- A decrease in retirement costs is expected primarily due to the elimination of certified and classified positions.
- The School District made both fiscal year 1999 and fiscal year 2000 payments to the Bureau of Workers' Compensation during the current fiscal year.
- A decrease in medicare payments is expected due to the School District posting 24 months of medicare in fiscal year 1999. Only fiscal year 2000 payments will be posted in fiscal year 2000.
- An increase in early retirement incentive is expected because many of the certified and classified positions eliminated were the result of the early retirement incentive program.

**BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

Purchased Services

Purchased service expenditures forecasted in the amount of \$1,202,000 are comprised of:

Professional and Technical Services	\$247,000
Property Services	149,000
Travel and Meeting Expenses	28,000
Communication	59,000
Utilities Services	281,000
Trade Services	11,000
Tuition	357,000
Pupil Transportation	17,000
Other	53,000
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Total	<u>\$1,202,000</u>

The School District is anticipating a \$42,000 decrease in purchased services for fiscal year 1999. This decrease is due primarily to the following:

- Professional and technical services are anticipated to decrease due to the School District paying less in legal fees during the forecast period.
- Property services are expected to decrease due to a new lease contract for copiers and continuing decreases in bus repairs.
- Pupil transportation costs will decrease due to the School District mainstreaming special need students with regular bus students and the loss of one student with special transportation needs.
- An increase in tuition is anticipated due to an increase in students from the School District attending other schools.

Supplies and Materials

The School District anticipates spending \$235,000 for supplies and materials in fiscal year 2000. The expenditures are as follows:

General Supplies	\$92,000
Textbooks	32,000
Library Books	1,000
Periodicals, Newspaper, Films and Filmstrips	5,000
Supplies and Materials for Operation, Maintenance and Repair	62,000
Supplies and Materials for Operation	43,000
	<hr/>
Total	<u>\$235,000</u>

**BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

There is a forecasted \$25,000 increase in expenditures for supplies and materials over fiscal year 1999 levels. This increase is the result of the School District replenishing its textbook inventory.

Capital Outlay

New capital outlay expenditures are forecasted for fiscal year 2000 in the amount of \$94,000, which represents the purchase of computers and accessories.

Debt Service

The School District's debt service expenditures required for fiscal year 2000 include repayment of an advance from the State and an energy conservation (HB 264) note.

The State Solvency Assistance Fund advance, with principal of \$1,246,000 will be repaid from State foundation revenues. The energy conservation note, with a principal payment of \$410,000 and an interest payment of \$147,000, will be repaid from general fund revenues.

Other Objects

This account includes dues, fees, liability insurance, county board deductions, and award costs. The School District is projecting a \$14,000 increase in this area, due primarily to a increase in auditor's and treasurer's fees as well as election expenditures.

Operating Transfers Out

The School District is anticipating \$239,000 in transfers out during fiscal year 2000. These transfers will be used to cover deficit fund balances in other funds.

4. Spending Reserve

Section 133.301, Revised Code, allows the School District to issue notes during the current fiscal year in anticipation of fiscal year 2001 property tax revenues provided that such amount, referred to as the spending reserve, is included in the current year tax budget and the State Superintendent of Public Instruction has authorized such notes. The School District did not include a spending reserve in the current year tax budget.

5. Encumbrances

Encumbrances for purchased services, supplies and materials, capital outlay and other expenditures for the fiscal year ended June 30, 1999 were \$79,000 and are forecasted at \$130,000 for June 30, 2000. Current year encumbrances include the State Teacher's Retirement System Advance.

**BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

6. Reservation of Fund Balance

Textbooks and Instructional Materials

The required three percent contribution for fiscal year 2000 for the textbooks and instructional materials set aside amounted to \$302,000. There was a carryover from the prior year of \$40,000. The set aside will also be partially offset by \$253,000 of qualifying planned expenditures for textbooks, instructional materials, instructional supplies, instructional software, and instructional equipment. Therefore a reserve of \$89,000 is included.

Capital Improvements

The required three percent contribution for fiscal year 2000 for the capital improvements and maintenance set aside amounted to \$302,000. The School District has a permanent improvement levy under 5705.21, Ohio Revised Code, which generates approximately \$195,000 annually. The set aside will also be partially offset by \$197,000 of qualifying planned expenditures for capital improvements and maintenance. Therefore, the entire amount of the set aside is offset.

Budget Reserve

A contribution for the budget stabilization set aside is generally required if the District's revenues for the prior year grew by at least three percent, unless the District is in fiscal emergency. The revenue for the Brooklyn City School District actually increased by only .88 percent and the School District is in a state of fiscal emergency.

The School District received a refund from the Bureau of Workers' Compensation in fiscal year 1998 in the amount of \$67,000. This refund is required under section 39 of House Bill 770 to be part of the set aside reserve balance. Therefore, the refund of \$67,000 received from the Bureau of Workers' Compensation has been reserved for budget stabilization.

Bus Purchases

There was a prior year balance of \$16,000 in bus purchase monies. The School District received \$16,000 in bus purchase allowance during fiscal year 2000. No bus purchases are anticipated during the forecast year. Therefore, \$32,000 has been set aside for bus purchases.

Disadvantaged Pupil Impact Aid

At June 30, 1999 the School District had \$5,000 in unspent DPIA monies. In addition, the School District received \$11,000 in DPIA monies during fiscal year 2000. The School District anticipates spending \$16,000 in the current fiscal year. Therefore, there is no set aside forecasted for DPIA.

**BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SUMMARY OF SIGNIFICANT FORECAST ASSUMPTIONS
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

7. Levies

The School District plans to place a 6.0 mill operating renewal levy on the March 2000 ballot. If passed, the levy will generate \$1,799,000 annually, effective January 1, 2001. The School District is attempting to pass a levy under 5705.21, Revised Code. Under this authority, the School District could borrow up to 50 percent of the first year proceeds on the levy, if passed. The School District does not intend to borrow against this levy.

8. Pending Litigation

A School District has pending litigation that will have a financial impact on the School District, according to the School District's legal counsel. An estimate that is reasonable and probable cannot be determined as of the date of this forecast. Therefore, no amount has been included in the forecast.

**BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

A. Basis of Accounting

This financial forecast has been prepared on a basis of cash receipts and disbursements which is consistent with the required budget basis (non-GAAP) of accounting which is the same as that used to prepare the historical budgetary statements for the years ended June 30, 1997, 1998, and 1999. Under this system, certain revenue and related assets are recognized when received rather than when earned, and certain expenditures are recognized when paid rather than when the obligation is incurred. However, by virtue of Ohio law, the School District is required to maintain the encumbrance method of accounting and to make appropriations for budgetary funds. The appropriations are made by the Board of Education to their classification of accounts and are restricted for such purpose until expended or amended by the Board.

B. Investments

Investment procedures are restricted by the provisions of the Ohio Revised Code. The School District pools cash from all funds for investment purposes. Purchased investments are valued at cost and are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Interest earned is recognized and recorded when received.

C. Fund Accounting

The School District maintains its accounting in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

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. The General Fund balance is available to the School District for any purpose provided it is disbursed or transferred in accordance with Ohio law.

Special Revenue Funds

To account for the proceeds of specific revenue sources (other than expendable trusts or those for major capital projects) that are legally restricted to disbursements for specified purposes.

**BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FISCAL YEAR ENDING JUNE 30, 2000

Capital Project Funds

To account for financial resources used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Debt Service Funds

To account for the accumulation of resources for, and the payment of, general long-term and short-term debt principal and interest. According to governmental accounting principles, the Debt Service Fund accounts for the payment of debt for governmental funds only. Under Ohio law, the debt service fund may be used to account for the payment of debt for both governmental and proprietary funds.

Proprietary Funds

Enterprise Funds

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

Internal Service Funds

To account for the financing of goods or services provided by one department or agency to other departments or agencies of the School District, or to other governmental units, on a cost-reimbursement basis.

Fiduciary Funds

Trust and Agency Funds

To account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include (a) Expendable Trust Funds, (b) Non-expendable Trust Funds, (c) Pension Funds, and (d) Agency Funds.

D. Budgetary Process

Budget

A budget of estimated cash receipts and disbursements is submitted to the Cuyahoga County Auditor, as secretary of the County Budget Commission, by January 20 of each year, for the succeeding fiscal year.

**BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FISCAL YEAR ENDING JUNE 30, 2000**

Estimated Resources

The County Budget Commission certifies its actions to the School District by March 1. As part of this certification, the School District receives the Official Certificate of Estimated Resources which states the projected receipts of each fund. On or about July 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about July 1 of each year. The temporary appropriation measure remains in place until the annual appropriation measure is adopted for the entire year. The appropriation measure may be amended or supplemented during the year as new information becomes available.

Encumbrances

The School District uses the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve a portion of the applicable appropriation.

E. Property, Plant and Equipment

Fixed assets acquired or constructed for general governmental services are recorded as expenditures. Depreciation is not recorded for these fixed assets as the purpose of the financial statements for the general governmental services is to report the expenditure of resources, not costs.

**BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

**SCHEDULE OF NOTE INDEBTEDNESS
As of February 17, 2000**

<u>DESCRIPTION OF ORIGINAL ISSUE</u>	<u>INTEREST RATE</u>	<u>ISSUE DATE</u>	<u>MATURITY DATE</u>	<u>REQUIRED ANNUAL PAYMENT</u>	<u>AUTHORIZED AND ISSUED</u>	<u>RETIRED TO DATE</u>	<u>OUTSTANDING</u>
Energy Conservation Note	5.60%	8/94	8/05	\$0	\$4,249,000	\$0	\$4,432,500
State Solvency Assistance Advance	0.00%	5/99	6/01	\$1,246,500	\$2,493,000	736,568	\$1,756,432

**BROOKLYN CITY SCHOOL DISTRICT
CUYAHOGA COUNTY**

TEN-YEAR LEVY HISTORY

DATE	TYPE	AMOUNT	TERM	ELECTION RESULTS
May 1990	Renewal	6 mills	5 Years	Failed
November 1990	Renewal	6 mills	5 Years	Passed
June 1992	Permanent Improvement	0.9 mills	5 Years	Failed
November 1992	Renewal	1 mill	5 Years	Passed
November 1992	Operating	3 mills	2 Years	Failed
February 1993	Operating	3 mills	2 Years	Failed
August 1993	Operating	4 mills	Continuing	Failed
November 1993	Operating	4 mills	Continuing	Failed
February 1994	Emergency Operating	8.2538 mills	5 Years	Passed
May 1995	Renewal	6 mills	5 Years	Passed
November 1996	Permanent Improvement	1 mill	5 Years	Passed
May 1999	Emergency Operating	6.2 mills	5 Years	Passed



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

BROOKLYN CITY SCHOOL DISTRICT

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 20, 2000**