



**BRUNSWICK CITY SCHOOL DISTRICT
MEDINA COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

**BRUNSWICK CITY SCHOOL DISTRICT
MEDINA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Balance Sheet All Fund Types and Account Groups	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances All Governmental Fund Types	8
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual All Governmental Fund Types	10
Combined Statement of Revenues, Expenses and Changes in Retained Earnings Proprietary Fund Type	14
Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual Proprietary Fund Type	15
Combined Statement of Cash Flows Proprietary Fund Type	16
Notes to the General Purpose Financial Statements	17
Schedule of Receipts and Expenditures of Federal Awards	47
Notes to Schedule of Receipts and Expenditures of Federal Awards	48
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	49
Report of Independent Accountants on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	51
Schedule of Findings	53
Schedule of Prior Audit Findings	55

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REPORT OF INDEPENDENT ACCOUNTANTS

Brunswick City School District
Medina County
3643 Center Road
Brunswick, Ohio 44212

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Brunswick City School District, Medina County, (the District) as of and for the year ended June 30, 2001, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with 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 opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Brunswick City School District, Medina County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As further discussed in Note 3, during the year ended June 30, 2001, the District adopted Governmental Accounting Standards Board Statement No. 33.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 12, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general purpose financial statements of the District, taken as a whole. The accompanying Schedule of Receipts and Expenditures of Federal Awards is presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, it is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Jim Petro
Auditor of State

December 12, 2001

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Brunswick City School District
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Assets				
Equity in Pooled Cash and Cash Equivalents	\$614,697	\$693,514	\$845,206	\$12,629,338
Cash and Cash Equivalents With Fiscal Agent	0	0	4,906	0
Receivables:				
Taxes	19,083,534	0	1,241,799	702,116
Accounts	1,991	582	0	0
Accrued Interest	0	0	0	23,281
Intergovernmental	2,312	610,568	0	0
Interfund Receivable	7,253	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	207,768	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	447,196	0	0	0
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	0	0
Other Debits				
Amount Available in Debt Service Fund for Retirement of General Obligation Debt	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	\$20,364,751	\$1,304,664	\$2,091,911	\$13,354,735

Proprietary Fund Type	Fiduciary Fund Type	Account Groups			Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations		
Enterprise	Agency				
\$809,391	\$161,103	\$0	\$0	\$15,753,249	
0	0	0	0	4,906	
0	0	0	0	21,027,449	
201	0	0	0	2,774	
0	0	0	0	23,281	
35,167	0	0	0	648,047	
0	0	0	0	7,253	
22,843	0	0	0	22,843	
15,034	0	0	0	222,802	
0	0	0	0	447,196	
92,548	0	43,730,992	0	43,823,540	
0	0	0	903,148	903,148	
0	0	0	28,324,774	28,324,774	
<u>\$975,184</u>	<u>\$161,103</u>	<u>\$43,730,992</u>	<u>\$29,227,922</u>	<u>\$111,211,262</u>	

(continued)

Brunswick City School District
Combined Balance Sheet
All Fund Types and Account Groups (continued)
June 30, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities, Fund Equity and Other Credits				
Liabilities				
Accounts Payable	\$1,015,270	\$23,027	\$0	\$0
Contracts Payable	0	0	0	1,229,607
Accrued Wages	4,246,693	142,317	0	0
Compensated Absences Payable	41,054	0	0	0
Interfund Payable	0	7,253	0	0
Intergovernmental Payable	898,330	37,196	0	309
Deferred Revenue	18,240,982	0	1,183,857	670,767
Undistributed Monies	0	0	0	0
Due to Students	0	0	0	0
Matured Interest Payable	0	0	4,906	0
Capital Leases Payable	0	0	0	0
Early Retirement Incentive Payable	0	0	0	0
Asbestos Removal Loan Payable	35,438	0	0	0
General Obligation Bonds Payable	0	0	0	0
<i>Total Liabilities</i>	<u>24,477,767</u>	<u>209,793</u>	<u>1,188,763</u>	<u>1,900,683</u>
Fund Equity and Other Credits				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	270,791	148,692	0	3,818,470
Reserved for Inventory	207,768	0	0	0
Reserved for Property Taxes	842,552	0	57,942	31,349
Reserved for Budget Stabilization	447,196	0	0	0
Unreserved:				
Undesignated (Deficit)	(5,881,323)	946,179	845,206	7,604,233
<i>Total Fund Equity (Deficit) and Other Credits</i>	<u>(4,113,016)</u>	<u>1,094,871</u>	<u>903,148</u>	<u>11,454,052</u>
<i>Total Liabilities, Fund Equity and Other Credits</i>	<u>\$20,364,751</u>	<u>\$1,304,664</u>	<u>\$2,091,911</u>	<u>\$13,354,735</u>

See accompanying notes to the general purpose financial statements

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
Enterprise	Agency	General Fixed Assets	General Long-Term Obligations	
\$1,095	\$0	\$0	\$0	\$1,039,392
0	0	0	0	1,229,607
71,731	0	0	0	4,460,741
21,858	0	0	3,203,186	3,266,098
0	0	0	0	7,253
85,740	0	0	492,262	1,513,837
16,849	0	0	0	20,112,455
0	20,837	0	0	20,837
0	140,266	0	0	140,266
0	0	0	0	4,906
0	0	0	820,471	820,471
0	0	0	2,944,503	2,944,503
0	0	0	0	35,438
0	0	0	21,767,500	21,767,500
<u>197,273</u>	<u>161,103</u>	<u>0</u>	<u>29,227,922</u>	<u>57,363,304</u>
0	0	43,730,992	0	43,730,992
777,911	0	0	0	777,911
0	0	0	0	4,237,953
0	0	0	0	207,768
0	0	0	0	931,843
0	0	0	0	447,196
0	0	0	0	3,514,295
<u>777,911</u>	<u>0</u>	<u>43,730,992</u>	<u>0</u>	<u>53,847,958</u>
<u>\$975,184</u>	<u>\$161,103</u>	<u>\$43,730,992</u>	<u>\$29,227,922</u>	<u>\$111,211,262</u>

Brunswick City School District
*Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2001*

	Governmental	
	General	Special Revenue
Revenues		
Property and Other Local Taxes	\$19,101,560	\$0
Intergovernmental	21,363,656	1,951,402
Interest	245,478	3,003
Tuition and Fees	590,819	90
Extracurricular Activities	0	625,314
Contributions and Donations	0	23,847
Rentals	16,736	0
Miscellaneous	60,692	17,804
<i>Total Revenues</i>	<u>41,378,941</u>	<u>2,621,460</u>
Expenditures		
Current:		
Instruction:		
Regular	23,349,934	815,717
Special	4,975,241	243,481
Support Services:		
Pupils	2,218,346	289,606
Instructional Staff	1,489,285	473,884
Board of Education	257,138	0
Administration	2,905,513	380,068
Fiscal	860,895	0
Business	337,521	0
Operation and Maintenance of Plant	4,569,025	38,455
Pupil Transportation	2,349,922	3,381
Operation of Non-Instructional Services	73,559	321,019
Extracurricular Activities	663,134	251,223
Capital Outlay	0	0
Debt Service:		
Principal Retirement	183,692	0
Interest and Fiscal Charges	68,477	0
<i>Total Expenditures</i>	<u>44,301,682</u>	<u>2,816,834</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(2,922,741)</u>	<u>(195,374)</u>
Other Financing Sources		
Inception of Capital Lease	139,299	0
Sale of Fixed Assets	1,250	0
<i>Total Other Financing Sources</i>	<u>140,549</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Under Expenditures</i>	<u>(2,782,192)</u>	<u>(195,374)</u>
<i>Fund Balances (Deficit) Beginning of Year (Restated, See Note 3)</i>	<u>(1,345,879)</u>	<u>1,290,245</u>
Increase in Reserve for Inventory	15,055	0
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$4,113,016)</u>	<u>\$1,094,871</u>

See accompanying notes to the general purpose financial statements

Fund Types		Totals (Memorandum Only)
Debt Service	Capital Projects	
\$936,015	\$941,382	\$20,978,957
143,099	534,655	23,992,812
0	1,177,652	1,426,133
0	0	590,909
0	0	625,314
0	0	23,847
0	0	16,736
235,094	0	313,590
<u>1,314,208</u>	<u>2,653,689</u>	<u>47,968,298</u>
0	295,770	24,461,421
0	0	5,218,722
0	0	2,507,952
0	0	1,963,169
0	0	257,138
0	0	3,285,581
17,737	12,395	891,027
0	0	337,521
0	30,000	4,637,480
0	364,117	2,717,420
0	0	394,578
0	0	914,357
0	8,393,973	8,393,973
723,716	0	907,408
1,141,247	5,131	1,214,855
<u>1,882,700</u>	<u>9,101,386</u>	<u>58,102,602</u>
<u>(568,492)</u>	<u>(6,447,697)</u>	<u>(10,134,304)</u>
0	0	139,299
0	0	1,250
<u>0</u>	<u>0</u>	<u>140,549</u>
(568,492)	(6,447,697)	(9,993,755)
1,471,640	17,901,749	19,317,755
<u>0</u>	<u>0</u>	<u>15,055</u>
<u>\$903,148</u>	<u>\$11,454,052</u>	<u>\$9,339,055</u>

Brunswick City School District
*Combined Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2001*

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property and Other Local Taxes	\$18,800,043	\$18,949,448	\$149,405
Intergovernmental	21,185,188	21,363,656	178,468
Interest	434,708	448,450	13,742
Tuition and Fees	585,329	590,153	4,824
Extracurricular Activities	0	0	0
Contributions and Donations	0	0	0
Rentals	16,960	17,051	91
Miscellaneous	59,098	59,576	478
<i>Total Revenues</i>	<u>41,081,326</u>	<u>41,428,334</u>	<u>347,008</u>
Expenditures			
Current:			
Instruction:			
Regular	23,049,933	23,585,941	(536,008)
Special	4,812,766	4,884,675	(71,909)
Support Services:			
Pupils	2,054,920	2,070,150	(15,230)
Instructional Staff	1,403,808	1,433,131	(29,323)
Board of Education	250,176	255,005	(4,829)
Administration	2,875,764	2,942,242	(66,478)
Fiscal	856,863	874,403	(17,540)
Business	446,226	418,202	28,024
Operation and Maintenance of Plant	4,572,090	4,654,761	(82,671)
Pupil Transportation	2,290,317	2,338,473	(48,156)
Operation of Non-Instructional Services	70,848	65,074	5,774
Extracurricular Activities	629,673	643,946	(14,273)
Capital Outlay	9,047	9,264	(217)
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>43,322,431</u>	<u>44,175,267</u>	<u>(852,836)</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(2,241,105)</u>	<u>(2,746,933)</u>	<u>(505,828)</u>
Other Financing Sources (Uses)			
Advances In	0	0	0
Advances Out	0	(7,253)	(7,253)
Sale of Fixed Assets	1,289	1,250	(39)
<i>Total Other Financing Sources (Uses)</i>	<u>1,289</u>	<u>(6,003)</u>	<u>(7,292)</u>
<i>Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses</i>	<u>(2,239,816)</u>	<u>(2,752,936)</u>	<u>(513,120)</u>
<i>Fund Balances Beginning of Year</i>	2,431,284	2,431,284	0
Prior Year Encumbrances Appropriated	812,362	812,362	0
<i>Fund Balances (Deficit) End of Year</i>	<u>\$1,003,830</u>	<u>\$490,710</u>	<u>(\$513,120)</u>

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$1,124,336	\$1,112,496	(\$11,840)
2,068,469	2,047,813	(20,656)	144,711	143,099	(1,612)
2,813	3,003	190	0	0	0
118	90	(28)	0	0	0
671,990	625,314	(46,676)	0	0	0
12,776	23,847	11,071	0	0	0
0	0	0	0	0	0
10,017	18,814	8,797	237,580	235,094	(2,486)
<u>2,766,183</u>	<u>2,718,881</u>	<u>(47,302)</u>	<u>1,506,627</u>	<u>1,490,689</u>	<u>(15,938)</u>
883,365	876,398	6,967	0	0	0
298,292	252,464	45,828	0	0	0
326,864	292,544	34,320	0	0	0
560,291	463,864	96,427	0	0	0
0	0	0	0	0	0
504,368	405,347	99,021	0	0	0
0	0	0	48,393	17,737	30,656
0	0	0	0	0	0
23,147	38,040	(14,893)	0	0	0
4,944	3,345	1,599	0	0	0
169,765	389,084	(219,319)	0	0	0
337,619	268,050	69,569	0	0	0
0	0	0	0	0	0
0	0	0	938,838	905,841	32,997
0	0	0	1,189,148	1,147,354	41,794
<u>3,108,655</u>	<u>2,989,136</u>	<u>119,519</u>	<u>2,176,379</u>	<u>2,070,932</u>	<u>105,447</u>
<u>(342,472)</u>	<u>(270,255)</u>	<u>72,217</u>	<u>(669,752)</u>	<u>(580,243)</u>	<u>89,509</u>
7,253	7,253	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>7,253</u>	<u>7,253</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(335,219)	(263,002)	72,217	(669,752)	(580,243)	89,509
619,057	619,057	0	1,425,449	1,425,449	0
167,537	167,537	0	0	0	0
<u>\$451,375</u>	<u>\$523,592</u>	<u>\$72,217</u>	<u>\$755,697</u>	<u>\$845,206</u>	<u>\$89,509</u>

(continued)

Brunswick City School District
*Combined Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types (continued)
For the Fiscal Year Ended June 30, 2001*

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property and Other Local Taxes	\$597,510	\$755,022	\$157,512
Intergovernmental	474,975	607,375	132,400
Interest	1,072,648	1,254,155	181,507
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Contributions and Donations	0	0	0
Rentals	0	0	0
Miscellaneous	0	0	0
<i>Total Revenues</i>	<u>2,145,133</u>	<u>2,616,552</u>	<u>471,419</u>
Expenditures			
Current:			
Instruction:			
Regular	309,895	309,894	1
Special	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	13,109	12,395	714
Business	0	0	0
Operation and Maintenance of Plant	30,000	30,000	0
Pupil Transportation	699,633	588,169	111,464
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	19,262,528	12,224,696	7,037,832
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>20,315,165</u>	<u>13,165,154</u>	<u>7,150,011</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(18,170,032)</u>	<u>(10,548,602)</u>	<u>7,621,430</u>
Other Financing Sources (Uses)			
Advances In	0	0	0
Advances Out	0	0	0
Sale of Fixed Assets	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(18,170,032)</u>	<u>(10,548,602)</u>	<u>7,621,430</u>
<i>Fund Balances Beginning of Year</i>	14,576,240	14,576,240	0
Prior Year Encumbrances Appropriated	<u>3,553,314</u>	<u>3,553,314</u>	<u>0</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$40,478)</u>	<u>\$7,580,952</u>	<u>\$7,621,430</u>

See accompanying notes to the general purpose financial statements

Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$20,521,889	\$20,816,966	\$295,077
23,873,343	24,161,943	288,600
1,510,169	1,705,608	195,439
585,447	590,243	4,796
671,990	625,314	(46,676)
12,776	23,847	11,071
16,960	17,051	91
306,695	313,484	6,789
<u>47,499,269</u>	<u>48,254,456</u>	<u>755,187</u>
24,243,193	24,772,233	(529,040)
5,111,058	5,137,139	(26,081)
2,381,784	2,362,694	19,090
1,964,099	1,896,995	67,104
250,176	255,005	(4,829)
3,380,132	3,347,589	32,543
918,365	904,535	13,830
446,226	418,202	28,024
4,625,237	4,722,801	(97,564)
2,994,894	2,929,987	64,907
240,613	454,158	(213,545)
967,292	911,996	55,296
19,271,575	12,233,960	7,037,615
938,838	905,841	32,997
1,189,148	1,147,354	41,794
<u>68,922,630</u>	<u>62,400,489</u>	<u>6,522,141</u>
<u>(21,423,361)</u>	<u>(14,146,033)</u>	<u>7,277,328</u>
7,253	7,253	0
0	(7,253)	(7,253)
1,289	1,250	(39)
<u>8,542</u>	<u>1,250</u>	<u>(7,292)</u>
(21,414,819)	(14,144,783)	7,270,036
19,052,030	19,052,030	0
<u>4,533,213</u>	<u>4,533,213</u>	<u>0</u>
<u>\$2,170,424</u>	<u>\$9,440,460</u>	<u>\$7,270,036</u>

Brunswick City School District
*Combined Statement of Revenues, Expenses
and Changes in Retained Earnings
Proprietary Fund Type
For the Fiscal Year Ended June 30, 2001*

	Enterprise
Operating Revenues	
Sales	\$1,124,222
Other	143,842
<i>Total Operating Revenues</i>	1,268,064
Operating Expenses	
Salaries and Wages	577,827
Fringe Benefits	296,857
Materials and Supplies	12,482
Cost of Sales	577,580
Depreciation	193,771
Other	14,650
<i>Total Operating Expenses</i>	1,673,167
<i>Operating Loss</i>	(405,103)
Non-Operating Revenues (Expenses)	
Donated Commodities	75,912
Interest	7,174
Operating Grants	275,346
Loss on Sale of Fixed Assets	(10,558)
<i>Total Non-Operating Revenues (Expenses)</i>	347,874
<i>Net Loss</i>	(57,229)
<i>Retained Earnings Beginning of Year</i>	835,140
<i>Retained Earnings End of Year</i>	\$777,911

See accompanying notes to the general purpose financial statements

Brunswick City School District
*Combined Statement of Revenues, Expenses
and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual
Proprietary Fund Type
For the Fiscal Year Ended June 30, 2001*

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Sales	\$1,041,803	\$1,124,222	\$82,419
Operating Grants	256,508	276,773	20,265
Interest	12,794	7,174	(5,620)
Sale of Fixed Assets	1,112	1,200	88
Other	146,242	143,714	(2,528)
<i>Total Revenues</i>	<u>1,458,459</u>	<u>1,553,083</u>	<u>94,624</u>
Expenses			
Salaries and Wages	583,363	583,363	0
Fringe Benefits	242,657	233,406	9,251
Materials and Supplies	596,112	509,619	86,493
Capital Outlay	229,525	227,733	1,792
Other	35,738	15,333	20,405
<i>Total Expenses</i>	<u>1,687,395</u>	<u>1,569,454</u>	<u>117,941</u>
<i>Excess of Revenues Under Expenses</i>	(228,936)	(16,371)	212,565
<i>Fund Equity Beginning of Year</i>	814,918	814,918	0
Prior Year Encumbrances Appropriated	<u>3,904</u>	<u>3,904</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$589,886</u></u>	<u><u>\$802,451</u></u>	<u><u>\$212,565</u></u>

See accompanying notes to the general purpose financial statements

Brunswick City School District
Combined Statement of Cash Flows
Proprietary Fund Type
For the Fiscal Year Ended June 30, 2001

	Enterprise
<i>Increase/(Decrease) in Cash and Cash Equivalents</i>	
Cash Flows from Operating Activities	
Cash Received from Customers	\$1,124,222
Cash Received from Other Operating Sources	143,714
Cash Payments for Goods and Services	(503,289)
Cash Payments to Employees for Services	(583,363)
Cash Payments for Employee Benefits	(233,406)
Cash Payments for Other Operating Expenses	(14,650)
<i>Net Cash Used for Operating Activities</i>	(66,772)
Cash Flows from Noncapital Financing Activities	
Operating Grants Received	276,773
Cash Flows from Capital and Related Financing Activities	
Proceeds from the Sale of Fixed Assets	1,200
Payments for Capital Acquisitions	(227,733)
<i>Net Cash Used for Capital and Related Financing Activities</i>	(226,533)
Cash Flows from Investing Activities	
Interest on Investments	7,174
<i>Net Decrease in Cash and Cash Equivalents</i>	(9,358)
<i>Cash and Cash Equivalents Beginning of Year</i>	818,749
<i>Cash and Cash Equivalents End of Year</i>	\$809,391
<i>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</i>	
<i>Operating Loss</i>	(\$405,103)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities	
Depreciation	193,771
Donated Commodities Used During Year	75,912
(Increase)/Decrease in Assets:	
Accounts Receivable	(201)
Inventory Held for Resale	8,834
Materials and Supplies Inventory	1,005
Increase/(Decrease) in Liabilities:	
Accounts Payable	433
Accrued Wages	16,010
Compensated Absences Payable	974
Intergovernmental Payable	41,593
<i>Total Adjustments</i>	338,331
<i>Net Cash Used for Operating Activities</i>	(\$66,772)

See accompanying notes to the general purpose financial statements

Brunswick City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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/or federal guidelines.

The School District is located in Medina County and encompasses the entire City of Brunswick. It controls the School District's 10 instructional/support facilities staffed by 276 classified employees, 457 certificated full-time teaching personnel, and 22 administrators who provide services to 7,034 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 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. The activity of these State monies is reflected in a special revenue fund by the School District 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 does not have any component units.

The School District is associated with two jointly governed organizations and an insurance purchasing pool. These organizations are the Medina County Joint Vocational School, the Ohio Schools Council and the Ohio School Boards Association Workers' Compensation Group Rating Program. These organizations are presented in Notes 20 and 21 to the general purpose financial statements.

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 governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and

Brunswick City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis Of Presentation - Fund Accounting

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

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

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

Governmental Fund Types

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

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

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

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

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

Proprietary Fund Type

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. Following is the School District's proprietary fund type:

Brunswick City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Enterprise Funds - Enterprise funds are used to account for School District activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been 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.

Fiduciary Fund Type

Fiduciary funds are used 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. There are two types of fiduciary funds, trust and agency. 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.

Account Groups

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

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary funds.

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary funds.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary funds operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

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

The modified accrual basis of accounting is followed for the governmental and agency funds. The full accrual basis of accounting is followed for the proprietary funds.

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

Brunswick City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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 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 7.) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the 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 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, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before 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.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

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

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

Brunswick City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Medina County Budget Commission for rate determination.

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2001.

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certification saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education at the fund level for all funds which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenditures of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

The Board may pass supplemental fund appropriations provided the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

Brunswick City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Encumbrances

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

Lapsing of Appropriations

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

D. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet. 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 on the combined balance sheet as "cash and cash equivalents with fiscal agent" and represents deposits.

During fiscal year 2001, investments were limited to United States Treasury Notes, commercial paper, Federal Home Loan Bank Bonds, Federal Farm Credit Discount Notes, Federal Home Loan Mortgage Notes, Federal National Mortgage Notes, Victory Federal Money Market, overnight repurchase agreements and STAROhio.

Except for nonparticipating 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, 2001.

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 2001 amounted to \$245,478, which includes \$151,501 assigned from other School District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, 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 considered to be cash equivalents.

Brunswick City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

E. Inventory

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

F. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the School District. See Note 23 for additional information regarding set-asides.

G. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$500. The School District does not possess any infrastructure.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of fifteen years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

H. Interfund Assets and Liabilities

Short-term interfund loans are classified as "interfund receivables/payables." Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet.

Brunswick City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

I. Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for 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 School District 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.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

J. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgements, compensated absences and contractually required pension contributions are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year-end are generally considered not to have been paid with current available financial resources. Bonds, leases and long-term loans are reported as a liability of the general long-term obligations account group until due.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

Under Ohio law, a debt retirement fund may be created and used for the payment of tax anticipation notes. Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the activity of the School District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

K. Interfund Transactions

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

Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Brunswick City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

L. 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 equity reserves have been established for encumbrances, inventory, property taxes and budget stabilization.

The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

M. Estimates

The preparation of the 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.

N. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Note 3 - Changes In Accounting Principles and Restatement of Fund Balance

Changes in Accounting Principles For fiscal year 2001, the School District has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", and GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues."

This change in accounting principle, the understatement of cash, intergovernmental payable and the overstatement of reserve for encumbrances had the following effect on fund balances at June 30, 2000:

	Special Revenue
Fund Balances, June 30, 2000	\$650,674
Implementation of GASB 33	639,571
Restated Fund Balances, June 30, 2000	\$1,290,245

Brunswick City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

The general long-term obligation account group had the following prior year adjustment:

	General Long-Term Obligation Account Group
Amount to be Provided, June 30, 2000	\$28,571,373
Prior Year Correction of Capital Leases Payable	864,864
Amount to be Provided, June 30, 2000	\$29,436,237

The beginning undistributed monies in the agency funds was understated by \$566 due to a prior year correction to the classification of funds.

Note 4 - Compliance

A. Fund Deficits

Fund Balances at June 30, 2001, included the following individual fund balance deficits:

Fund	Deficit
General Fund	\$4,113,016
Special Revenue Funds:	
Auxiliary Services	901
Summer School Subsidy	1,333
Alternate School Grants	4,397
Drug Free Schools	793

The general fund deficit resulted from the recognition of liabilities in accordance with generally accepted accounting principles.

The special revenue fund deficit balances resulted from the conversion to generally accepted accounting principles and adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides operation transfers when cash is required, not when accruals occur.

B. Legal Compliance

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

Brunswick City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Fund	Estimated Revenue Plus Carryover Balances	Appropriations	Excess
Special Revenue:			
Career Education	\$59,083	\$68,431	(\$9,348)
Safe School Helpline	54,152	56,517	(2,365)
Capital Projects:			
School Net	249,895	309,895	(60,000)

The School District had various budgetary violations in accordance with Section 5705.41B of the Ohio Revised Code in the general fund and special revenue funds, ranging from \$44 to \$852,835.

Note 5 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balance/retained earnings 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 Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual, All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual, Proprietary Fund Type are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. Unrecorded cash, which consists of unrecorded interest, is not reported by the School District on the budget basis operating statements, but is reported on the GAAP basis operating statements.
5. The School District repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

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

Brunswick City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Excess of Revenues and Other Financing Sources
Under Expenditures and Other Financing Uses
All Governmental Fund Types

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	(\$2,782,192)	(\$195,374)	(\$568,492)	(\$5,218,090)
Net Adjustment for Revenue Accruals	65,463	97,421	(11,751)	140,969
Transfers of Revenue for Debt Payment	(10,126)	0	188,232	(178,106)
Debt Principal Payments	0	0	(182,126)	0
Inception of Capital Lease	(139,299)	0	0	0
Advance In	0	7,253	0	0
Unrecorded Cash	(5,944)	0	0	0
Advances Out	(7,253)	0	0	0
Net Adjustment for Expenditure Accruals	691,654	(583)	(6,106)	(244,989)
Adjustment for Encumbrances	(565,239)	(171,719)	0	(5,048,386)
Budget Basis	(\$2,752,936)	(\$263,002)	(\$580,243)	(\$10,548,602)

Net Loss/Excess of Revenues Under Expenses
Proprietary Fund Type

GAAP Basis	(\$57,229)
Net Adjustment for Revenue Accruals	1,299
Net Adjustment for Expense Accruals	69,976
Depreciation	193,771
Loss on Sale of Fixed Assets	10,558
Capital Outlay	(227,733)
Adjustment for Encumbrances	(7,013)
Budget Basis	(\$16,371)

Note 6 - Deposits and Investments

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

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

Brunswick City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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

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

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 repayment of all public monies deposited with the institution.

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

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

Brunswick City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

Deposits: At year-end, the carrying amount of the School District's deposits was \$12,366,497 and the bank balance was \$14,806,970. Of the bank balance:

1. \$355,382 was covered by federal depository insurance; and
2. \$14,451,588 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Investments: The School District's investments are required to be categorized below to give an indication of the level of custodial credit risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counter party's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party, or by its trust department or agent but not in the School District's name. STAROhio and the Victory Federal Money Market Fund are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Value	Fair Value
Repurchase Agreements	\$3,666,000	\$3,666,000	\$3,666,000
Victory Federal Money Market		124,479	124,479
STAROhio		48,375	48,375
Total	\$3,666,000	\$3,838,854	\$3,838,854

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

Brunswick City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

	Cash and Cash Equivalents/Deposit	Investments
GASB Statement No. 9	\$16,205,351	\$0
Investments which are part of a cash management pool:		
Victory Federal Money Market	(124,479)	124,479
Repurchase Agreements	(3,666,000)	3,666,000
STAROhio	(48,375)	48,375
GASB Statement No. 3	\$12,366,497	\$3,838,854

Note 7 - 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 located in the School District. Property tax revenue received during calendar 2001 for real and public utility property taxes represents collections of calendar 2000 taxes. Property tax payments received during calendar 2001 for tangible personal property (other than public utility property) is for calendar 2001 taxes.

2001 real property taxes are levied after April 1, 2001, on the assessed value as of January 1, 2001, the lien date. Assessed values are established by State law at 35 percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2001 public utility property taxes became a lien December 31, 2000, are levied after April 1, 2001 and are collected in 2002 with real property taxes.

2001 tangible personal property taxes are levied after April 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are 25 percent of true value.

The assessed values upon which fiscal year 2001 taxes were collected are:

	2000 Second- Half Collections		2001 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/ Residential and Other Real Estate	\$603,568,090	91.67%	\$619,726,990	90.88%
Public Utility Personal	21,740,470	3.30	21,846,560	3.20
Tangible Personal Property	33,139,315	5.03	40,343,085	5.92
Total Assessed Value	\$658,447,875	100.00%	\$681,916,635	100.00%
Tax rate per \$1,000 of assessed valuation	\$63.24		\$62.24	

Brunswick City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including Brunswick City School District. 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, 2001, are available to finance fiscal year 2002 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available to the School District as an advance at June 30, 2001, was \$842,552 in the general fund, \$57,942 in the bond retirement debt service fund, \$24,106 in the permanent improvements capital projects fund and \$7,243 in the classroom facilities capital projects fund.

Note 8 - Fixed Assets

A summary of the enterprise funds' fixed assets at June 30, 2001, follows:

	<u>Enterprise</u>
Furniture and Equipment	\$728,547
Less accumulated depreciation	(635,999)
Net Fixed Assets	\$92,548

A summary of the changes in general fixed assets during fiscal year 2001 follows:

	Balance 6/30/00	Adjustments	Additions	Deletions	Balance 6/30/01
Land and Improvements	\$2,436,064	\$0	\$0	\$0	\$2,436,064
Buildings	21,506,157	0	1,103,130	0	22,609,287
Furniture and Equipment	8,127,428	(761,853)	571,387	158,494	7,778,468
Vehicles	3,396,074	(84,312)	363,823	31,438	3,644,147
Construction in Progress	1,437,314	(1,540)	7,263,026	1,435,774	7,263,026
Total	\$36,903,037	(\$847,705)	\$9,301,366	\$1,625,706	\$43,730,992

Brunswick City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Due to classification errors noted within the School District's appraisal firm's report, adjustments were made to the current year fixed assets.

Note 9 - Receivables

Receivables at June 30, 2001, consisted of taxes, accounts (rent and student fees) and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
General Fund	
Tuition	\$2,165
Rental	147
<i>Total General Fund</i>	2,312
 Special Revenue Funds	
Special Trust	200
DMSA	5
Entry Year Program	42,000
Parent Mentor Grant	25,000
Eisenhower Grant	1,981
Title VI-B	88,222
Title I	38,872
Title VI	30,069
Preschool Grant	1,229
Professional Development	382,990
<i>Total Special Revenue</i>	610,568
 Enterprise Funds	
Food Service	35,167
Grand Total	\$648,047

Note 10 - Risk Management

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 2001, the School District contracted with several companies for various types of insurance as follows:

Brunswick City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>
Coregis Insurance Company	Liability	\$2,000,000
	Aggregate	5,000,000
	Fleet Insurance	2,000,000
Indiana Insurance Company	Property Insurance	85,458,741
	Inland Marine	1,739,459
	Crime	N/A
	Builder's Risk	3,342,259
Travelers Insurance	Boiler and Machinery	30,000,000
Fidelity and Casualty Insurance Company	Employee Blanket Bond	5,000
Ohio Casualty Ins. Company	Crime	5,000

Settlements have not exceeded coverage in any of the last three fiscal years. There has not been a significant reduction in coverage from the prior year.

For fiscal year 2001, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 21). 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.

Note 11 - 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 system. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Brunswick City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2001 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund pension obligations. 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 School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$263,611, \$316,435 and \$381,449, respectively; 62.23 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$99,575 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

For the fiscal year ended June 30, 2001, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 6 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000 and 1999 were \$2,203,084, \$1,301,614 and \$1,164,912, respectively; 78.68 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$469,717 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

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, 2001, one member of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages paid.

Brunswick City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 12 - Postemployment Benefits

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

All STRS benefit recipients and sponsored dependants 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. Most benefit recipients pay a portion of health care costs in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$1,043,566 for fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2000, (the latest information available) the balance in the Fund was \$3.419 million. For the year ended June 30, 2000 net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.80 percent of covered payroll, an increase of 1.30 percent from fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2001 fiscal year equaled \$669,945.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2000 (the latest information available), were \$140,696,340 and the target level was \$211 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

Brunswick City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 13 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation, personal and sick leave benefits are derived from negotiated agreements and State laws. Employees earn three days of personal leave per year. This may not be accumulated. Classified employees and twelve month administrators earn ten to twenty-five days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

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 or SERS.

B. Early Retirement Incentive

The School District Board of Education approved an Early Retirement Incentive program. The enrollment period ran from December 1, 1996, through August 15, 2000. Participation is open to employees who are at least fifty years old, qualify for retirement with the years purchased by the Board, and agree to retire within ninety days after notification that credit had been purchased. The credit can not exceed the lesser of three years or one-fifth of each member's total Ohio teaching service. The School Board does not limit the number of employees participating in the plan in any one year. The Board has the option of paying the liability in its entirety or in installments. These expenditures are reflected as function expenditures on the combined financial statements.

C. Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through various life insurance companies. The School District has elected to provide employee medical/surgical benefits through Medical Mutual of Ohio. 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.

Brunswick City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 14 - Long-Term Obligations

The changes in the School District's long-term obligations during fiscal year 2001 were as following:

	Outstanding 6/30/00	Additions	Reductions	Outstanding 6/30/01
General Obligation Bonds:				
1991 6.82% School Improvement	\$160,000	\$0	\$160,000	\$0
1993 5.85% School Improvement	280,000	0	90,000	190,000
1996 4.99% Energy Conservation	190,000	0	47,500	142,500
1999 4.39% School Improvement	9,650,000	0	185,000	9,465,000
2000 5.00-7.25% School Improvement				
Refunding Bonds	4,400,000	0	25,000	4,375,000
2000 5.28% School Improvement	7,729,100	0	134,100	7,595,000
Total General Obligation Bonds	22,409,100	0	641,600	21,767,500
Classroom Facilities Loan	816,043	0	816,043	0
Early Retirement Incentive	1,244,117	3,724,807	2,024,421	2,944,503
Compensated Absences	3,711,352	81,956	299,086	3,494,222
Capital Leases Payable	864,864	139,299	183,692	820,471
Intergovernmental Payable	390,761	492,262	390,761	492,262
Total General Long-Term Obligations	\$29,436,237	\$4,438,324	\$4,355,603	\$29,518,958

The School District's overall legal debt margin was \$40,508,145 with an unvoted debt margin of \$681,917 at June 30, 2001.

General obligation bonds and classroom facilities loan will be paid from property taxes. Early retirement incentive and the capital leases payable were paid from the general fund. Compensated absences will be paid from the fund from which the person is paid. The intergovernmental payable represents pension obligations paid outside the available period and will be paid from the fund from which the person is paid.

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. As of June 30, 2001, \$4,375,000 of the outstanding refunded school improvement bonds are considered defeased by assets of \$4,602,370 held in an irrevocable trust.

Effective, September 15, 2000, the Classroom Facilities Loan was forgiven under Section 6 of Amended Senate Bill 272. Under this Section, the School District is no longer required to pay the State payments of one-half of the tax levy passed for the repayment of State funds loaned to the School District for the construction of classroom facilities. During fiscal year 2001, \$82,116 was paid on the loan; \$733,927 was completely forgiven.

Brunswick City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2001, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Totals
2002	\$672,500	\$1,110,989	\$1,783,489
2003	697,500	1,080,112	1,777,612
2004	732,500	1,047,739	1,780,239
2005	730,000	1,013,495	1,743,495
2006	765,000	979,245	1,744,245
2007 - 2011	4,352,000	4,519,292	8,871,292
2012 - 2016	4,058,000	3,669,301	7,727,301
2017 - 2021	4,655,000	2,063,759	6,718,759
2022 - 2026	4,555,000	700,225	5,255,225
2027	550,000	16,500	566,500
Total	<u>\$21,767,500</u>	<u>\$16,200,657</u>	<u>\$37,968,157</u>

The interest on the early retirement incentive is calculated at 7.5 percent of each retiree's balance for fiscal year 2001. The interest is accrued from thirty days after the employee's retirement date. The School Board has elected to pay the liability for each retiree in three equal installments; the School District makes one payment to STRS in June of each fiscal year. \$1,702,900 will be paid in fiscal year 2002 and \$1,241,603 in fiscal year 2003.

Note 15 - Notes Payable

A summary of the note activity for the year ended June 30, 2001, follows:

	Outstanding 6/30/00	Issued	Reductions	Outstanding 6/30/01
General Fund:				
1988 0.00% Asbestos Removal Loan	\$45,564	\$0	\$10,126	\$35,438
Permanent Improvement Capital Projects Fund:				
1990 6.35-9.25% Energy Conservation Loan	172,000	0	172,000	0
Total All Funds	<u>\$217,564</u>	<u>\$0</u>	<u>\$182,126</u>	<u>\$35,438</u>

Each of these notes is backed by the full faith and credit of the Brunswick City School District. The note liability is reflected in the fund which received the proceeds. The notes will be repaid with tax revenue.

Brunswick City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Principal requirements to retire outstanding notes at June 30, 2001, are as follows:

Fiscal Year Ending June 30,	General Fund
2002	\$10,125
2003	10,125
2004	10,125
2005	5,063
Total	<u>\$35,438</u>

Note 16 - Capital Leases - Lessee Disclosure

The School District has entered into capital leases for copiers. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the general purpose financial statements.

The copiers acquired by leases have been capitalized in the general fixed assets account group in the amount of \$1,111,244, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability is included in general long term obligations account group. Principal payments in 2001 totaled \$183,692. Future minimum lease payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2002	275,585
2003	275,585
2004	275,586
2005	105,251
2006	1,816
Total	<u>933,823</u>
Less: Amount Representing Interest	<u>(113,352)</u>
Present Value of Net Minimum Lease Payments	<u>\$820,471</u>

Brunswick City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 17 - Interfund Transactions

Interfund balances at June 30, 2001 consist of the following individual fund receivables and payables:

	Interfund Receivable	Interfund Payable
General Fund	\$7,253	\$0
Special Revenue Funds:		
Professional Development	0	7,253
Total	\$7,253	\$7,253

Note 18 - Contingencies

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditures 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, 2002.

B. Litigation

The School District is party to legal proceedings. The amount of the liability, if any, cannot be reasonably estimated at this time. However, in the opinion of management, any such claims and lawsuits will not have a material adverse effect on the overall financial position of the School District at June 30, 2001.

Note 19 - Contractual Commitment

As of June 30, 2001, the School District had contractual commitments for the following project:

Project	Contractual Commitment	Expended	Balance
Remodeling and Updating - All School Buildings	\$11,682,334	\$7,263,026	\$4,419,308

Brunswick City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 20 - Jointly Governed Organizations

The Medina County Joint Vocational School - The vocational school district is a separate body politic and corporate, established by the Ohio Revised Code to provide for the vocational and special education needs of the students. The board of education is comprised of representatives 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 2001, no monies were paid by Brunswick City School District. To obtain financial information write to the Medina Joint Vocational School, Floyd Parssons, who serves as Treasurer, at 1101 West Liberty, Medina, Ohio 44256.

Ohio Schools Council - The Ohio Schools Council Association (Council) is a jointly governed organization among eighty-three school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2001, the School District paid \$50 to the Council. Financial information can be obtained by contacting Albert G. Vasek, 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 district's to purchase natural gas at reduced rates, if the school district 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 its contributions, if any, to the operating fund which are not encumbered for its share of program administrative costs.

Note 21 - Insurance Purchasing Pool

Ohio School Boards Association Workers' Compensation Group Rating Program - The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and 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.

Brunswick City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Note 22 - Segment Information for Enterprise Funds

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 2001.

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$1,253,436	\$14,628	\$1,268,064
Operating Expenses before Depreciation	1,464,746	14,650	1,479,396
Depreciation	193,771	0	193,771
Operating Loss	(405,081)	(22)	(405,103)
Donated Commodities	75,912	0	75,912
Operating Grants	275,346	0	275,346
Net Income (Loss)	(57,262)	33	(57,229)
Long-term Compensated Absences	21,858	0	21,858
Fixed Asset Additions	39,692	0	39,692
Fixed Asset Deletions	(23,272)	0	(23,272)
Net Working Capital	698,665	8,556	707,221
Total Assets	966,628	8,556	975,184
Total Equity	769,355	8,556	777,911
Encumbrances, June 30, 2001	6,330	683	7,013

Note 23 - 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 year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years.

Brunswick City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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

	Textbooks	Capital Improvements	Budget Stabilization
Set-Aside Reserve Balance as of June 30, 2000	\$0	\$0	\$1,034,793
Current Year Set-Aside Requirement	950,989	950,989	0
Reduction Authorized by Legislative Revisions	0	0	(587,597)
Qualifying Disbursements	(1,065,163)	(8,317,997)	0
Totals	<u>(\$114,174)</u>	<u>(\$7,367,008)</u>	<u>\$447,196</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>(\$114,174)</u>	<u>\$0</u>	<u>\$0</u>
Set-Aside Reserve Balance as of June 30, 2001	<u>\$0</u>	<u>\$0</u>	<u>\$447,196</u>

The School District has qualifying disbursements during the fiscal year that reduced the textbook set-aside amount below zero. This extra amount may be used to reduce the set-aside requirement of future years. Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement of future years. This negative balance is therefore not presented as being carried forward to future years. The total reserve balance for the three set-asides at the end of the fiscal year was \$447,196.

Effective April 10, 2001, Am. Sub. Senate Bill 345 amended ORC Section 5705.29 effectively elimination the requirement for the District to establish and maintain a budget stabilization reserve. As of June 30, 2001, the School Board has not taken action to designate these funds for a specific use. Monies representing BWC refunds that were received prior to April 10, 2001, have been shown as a restricted asset and reserved fund balance in the general fund since allowable expenditures are restricted by State statute. All remaining monies previously reported in the budget stabilization reserve are now reported as unreserved and undesignated fund balance in the general fund. The District is still required by state law to maintain the textbook reserve and capital acquisition reserve.

Note 24 - Subsequent Event

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- ▶ A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- ▶ Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

Brunswick City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of October 23, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

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

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**BRUNSWICK CITY SCHOOL DISTRICT
MEDINA COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2001**

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Food Distribution Program	n/a	10.550		\$70,937		\$76,525
National School Lunch Program	043661-04-PU-00	10.555	\$267,409		\$267,409	
Total U.S. Department of Agriculture - Child Nutrition Cluster			267,409	70,937	267,409	76,525
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States (IDEA Part B)	0436616BSF2000P 0436616BSF2001P	84.027	42,843 387,487 430,330		64,105 375,051 439,156	
Special Education - Preschool Grant	043661PGS12000P 043661PGS12001P	84.173	(81) 25,092 25,011		5,126 18,796 23,922	
Total Special Education Cluster			455,341		463,078	
Eisenhower Professional Development State Grant	043661MS12000 043661MS1999C 043661MS12001	84.281	0 (597) 17,830 17,233		1,506 4,983 0 6,489	
Grants to Local Educational Agencies (ESEA Title I)	043661C1S12000 043661C1S12001	84.010	22,877 189,900 212,777		34,035 166,276 200,311	
Innovative Educational Program Strategies	043661C2S1999C 043661C2S12000 043661C2S12001	84.298	0 26,337 6,650 32,987		1,015 26,729 4,547 32,291	
Drug-Free Schools Grant	043661DRS12001	84.186	29,052		28,978	
Goals 2000 State and Local Education Systemic Improvement Grants	043661G2S32001 n/a	84.276	42,000 0 42,000		11,879 644 12,523	
Reading Excellence	043661RNS12000	84.338	172,000		213,482	
Title V I-R - Class Size Reduction	043661RNS12000 043661RNS12001	84.340	20,110 42,272 62,382		38,899 49,525 88,424	
Total Department of Education			1,023,772		1,045,576	
Totals			\$1,291,181	\$70,937	\$1,312,985	\$76,525

The accompanying notes to this schedule are an integral part of this schedule.

**BRUNSWICK CITY SCHOOL DISTRICT
MEDINA COUNTY**

**NOTES TO SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the District had no significant food commodities in inventory.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Brunswick City School District
Medina County
3643 Center Road
Brunswick, Ohio 44212

To the Board of Education:

We have audited the general purpose financial statements of Brunswick City School District, Medina County, (the District) as of and for the year ended June 30, 2001, and have issued our report thereon dated December 12, 2001, which refers to the adoption of Governmental Accounting Standards Board Statement No. 33. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompany Schedule of Findings as item 2001-10952-001.

We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 12, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 12, 2001.

Brunswick City School District
Medina County
Report of Independent Accountants on Compliance and on Internal Control
Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

December 12, 2001



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

Brunswick City School District
Medina County
3643 Center Road
Brunswick, Ohio 44212

To the Board of Education:

Compliance

We have audited the compliance of Brunswick City School District, Medina County, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2001. The District's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2001.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Jim Petro
Auditor of State

December 12, 2001

**BRUNSWICK CITY SCHOOL DISTRICT
MEDINA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2001**

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster: CFDA #84.027, Special Education Grants to States and CFDA #84.173, Special Education Preschool Grant
(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**

Finding Number 2001-10952-001

Ohio Rev. Code Section 5705.41(B) requires that no subdivision or taxing unit is to expend money unless it has been lawfully appropriated.

Expenditures plus outstanding encumbrances exceeded appropriations at June 30, 2001 for the following funds:

<u>Fund</u>	<u>Appropriations</u>	<u>Expenditures Plus Outstanding Encumbrances</u>	<u>Variances</u>
General Fund	\$43,322,431	\$44,175,267	(\$852,835)
Special Revenue - Special Trust Fund	64,318	90,584	(26,266)
Special Revenue - Career Education Fund	68,431	94,487	(26,056)
Special Revenue - Venture Capital Fund	49,347	97,402	(48,055)
Special Revenue - Auxiliary Services Fund	137,243	363,565	(226,322)
Special Revenue - Teacher Development Fund	130	28,521	(28,391)
Special Revenue - School Net Professional Development Fund	0	4,380	(4,380)
Special Revenue - Ohio Reads Fund	11,724	21,716	(9,992)
Special Revenue - Summer School Subsidy Fund	0	40,745	(40,745)
Special Revenue - Drug Free Fund	29,060	29,104	(44)

In addition, on one occasion, a supplemental appropriation measure was not posted to the District's Appropriation Reports for approximately a month following the Board's approval. The Treasurer should periodically review the District's Reports to ensure all expenditures plus outstanding encumbrances are within appropriations and all appropriation amounts are posted accurately and timely.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**BRUNSWICK CITY SCHOOL DISTRICT
MEDINA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2001**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid: Explain
2000-10952-001	Ohio Rev. Code Section 5705.39	Yes	Corrected
2000-10952-002	Ohio Rev. Code Section 5705.41 (B)	No	See current year Finding 2001-10952-01



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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
JANUARY 3, 2002**