

Brunswick City School District
(Medina County, Ohio)

Financial Statements

June 30, 2009



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Brunswick City School District, Medina County, prepared by Rea & Associates, Inc., for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 4, 2009

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BRUNSWICK CITY SCHOOL DISTRICT

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.

December 14, 2009

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2009 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Brunswick City School District (Medina County, Ohio)
Independent Auditor's Report
December 14, 2009
Page 2

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

Hea & Associates, Inc.

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

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

Financial Highlights

Key financial highlights for 2009 are as follows:

- Total assets at the end of fiscal year 2009 increased \$3,489,359 over total assets at the end of fiscal year 2008. This is due to a 5.8 percent increase in current assets related to pooled cash and cash equivalents. Total liabilities at the end of fiscal year 2009 decreased by \$5,869,255 over fiscal year 2008. This decrease is related to long-term liabilities.
- In total, net assets increased \$9,358,614 from fiscal year 2008. This increase was mainly in unrestricted net assets of governmental activities of \$7,536,033 and in restricted net assets and invested in capital assets net of related debt of \$1,231,617.
- Total revenues were \$78,160,929 for fiscal year 2009. General revenues accounted for \$69,582,769, or 89 percent of all revenues, with tax revenue representing 57 percent of those revenues. Specific program revenues in the form of charges for services and sales, operating and capital grants and contributions accounted for \$8,578,160 or 11 percent of all revenues.
- The School District had \$68,802,315 in expenses related to governmental activities; only \$8,578,160 of these expenses were offset by program specific charges for services and sales, and operating and capital grants and contributions. General revenues (primarily taxes supplemented by grants and entitlements) of \$69,582,769 were adequate to provide for these programs.
- The general fund had \$66,962,521 in revenues and other financing sources and \$60,952,315 in expenditures and other financing uses for fiscal year 2009. The general fund's balance increased by \$6,010,206 from the prior fiscal year.
- Outstanding debt, excluding capital leases and compensated absences, decreased to \$18,105,971 in 2009 from \$20,705,651 in 2008 due to principal payments on tax anticipation notes and general obligation bonds.

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

Using this Annual Financial Report

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

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

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

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

These two statements report the School District's *net assets* and *changes in those assets*. This change in net assets is important because it tells the reader that, for the School District as a whole, the *financial position* of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio which restrict revenue growth, facility conditions, required educational programs, and other factors.

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

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

The School District as a Whole

Recall the Statement of Net Assets provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2009 compared to 2008:

(Table 1)
Net Assets
Governmental Activities

	2009	2008
Assets		
Current and Other Assets	\$ 54,805,810	\$ 51,819,188
Capital Assets, net	19,192,974	18,690,237
<i>Total Assets</i>	73,998,784	70,509,425
Liabilities		
Current and Other Liabilities	41,560,152	44,568,593
Long-Term Liabilities:		
Due Within One Year	2,832,499	3,413,455
Due in More Than One Year	21,560,607	23,840,465
<i>Total Liabilities</i>	65,953,258	71,822,513
Net Assets		
Invested in Capital Assets, Net of Debt	2,195,941	964,324
Restricted:		
Capital Outlay	2,781,001	2,940,056
Debt Service	736,456	310,267
Other Purposes	1,717,205	1,758,303
Set Asides	1,496,843	1,131,915
Unrestricted (Deficit)	(881,920)	(8,417,953)
<i>Total Net Assets (Deficit)</i>	\$ 8,045,526	\$ (1,313,088)

Total assets increased by \$3,489,359, with the majority of this increase in pooled cash and cash equivalents and taxes receivable. In FY2009, the School District saw increases in revenue and expenditures. In May 2006, the School District passed an emergency operating tax which was levied to generate approximately \$4.6 million per calendar year. Collections began in January 2007. FY2008 was the first full fiscal year of collections.

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

Additionally, the voters of Medina County passed a one-half percent sales tax to be used for capital improvements at all school districts within Medina County. Collection began in October 2007. In FY2009, this sales tax generated nearly \$2,318,000 in revenue for the Brunswick City School District. In FY2009, the total liabilities decreased by \$5,869,255. This decrease is due mainly to a decrease in long-term liabilities from debt retirement payments. Deferred revenue decreased by nearly \$3,500,000 because the amount available for advance increased. This is due to the fact that Medina County had a reappraisal in 2008 which caused timing issues relating to the collection of payments.

Table 2 shows the changes in net assets for fiscal year 2009. Revenue comparisons to fiscal year 2008 show an increase in total revenues of \$6,501,133. Program expenses increased \$3,393,024.

(Table 2)
Governmental Activities

	2009	2008
Revenues		
<i>Program Revenues</i>		
Charges for Services and Sales	\$ 2,985,818	\$ 3,054,678
Operating Grants, Contributions and Interest	5,247,931	5,636,310
Capital Grants, Contributions and Interest	344,411	320,423
<i>General Revenues</i>		
Property Taxes	39,370,959	33,289,011
Grants and Entitlements not Restricted to Specific Programs	29,756,334	28,418,945
Investment Earnings	180,324	439,528
Gain on Sale of Capital Assets	34,146	0
Miscellaneous	241,006	500,901
<i>Total Revenues</i>	78,160,929	71,659,796
<i>Program Expenses</i>		
Instruction:		
Regular	29,539,930	28,074,701
Special	7,562,062	7,057,513
Vocational	144,448	140,014
Other	1,600,660	1,041,936
Support Services		
Pupils	5,055,213	4,882,417
Instructional Staff	3,241,124	2,466,118
Board of Education	752,590	754,170
Administration	4,220,205	4,106,522
Fiscal	1,355,689	1,272,861
Business	423,220	509,353
Operation and Maintenance of Plant	5,724,509	5,596,926
Pupil Transportation	3,858,167	3,952,133
Central	265,744	327,936
Operation of Non-Instructional Services		
Food Service Operations	1,971,824	2,015,639
Community Services	493,944	361,792
Extracurricular Activities	1,683,613	1,670,218
Interest and Fiscal Charges	909,373	1,179,042
<i>Total Expenses</i>	68,802,315	65,409,291
Increase in Net Assets	\$ 9,358,614	\$ 6,250,505

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

Governmental Activities

Several revenue sources primarily fund the School District's governmental activities. Property taxes account for the largest portion of general revenues having generated \$39,370,959 in fiscal year 2009, which is a \$6,081,948 increase from fiscal year 2008. This significant increase was attributed to significant fluctuations in the amount of taxes available for advance from the County Auditor at the end of each fiscal year. The amount available for advance at June 30, 2008 was unusually low, approximately \$2.5 million less than 2009, and approximately \$3 million less than 2007. The amount available to be advanced can vary based on the date the tax bills are sent. Program and general revenues from operating and capital grants and entitlements, such as the school foundation program, are also a large source of revenue having generated \$35,348,676 in fiscal year 2009. With the combination of taxes and intergovernmental funding providing coverage for over 100 percent of all expenses in governmental activities, the School District monitors both of these revenue sources closely for fluctuations that would impact its activities.

Instruction comprises 56.6 percent of governmental program expenses. Additional support services such as pupils, instructional staff, central and business operations comprise 22.2 percent of governmental program expenses. Operation of non-instructional services and extracurricular activities comprise 6.0 percent of total program expenses. Pupil transportation is 5.6 percent of the total and operation and maintenance is 8.3 percent. Interest and fiscal charges, largely attributable to the servicing of outstanding bonds and capital leases account for the remaining 1.3 percent.

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

(Table 3)
Governmental Activities

	Total Cost of Services 2009	Total Cost of Services 2008	Net Cost of Services 2009	Net Cost of Services 2008
Instruction	\$ 38,847,100	\$ 36,314,164	\$ (35,241,381)	\$ (31,704,608)
Support Services:				
Pupils and Instructional Staff	8,296,337	7,348,535	(7,121,396)	(5,856,854)
Board of Education, Administration, Fiscal, Business and Central	7,017,448	6,970,842	(6,725,094)	(6,726,393)
Operation and Maintenance of Plant	5,724,509	5,596,926	(5,724,509)	(5,596,926)
Pupil Transportation	3,858,167	3,952,133	(3,691,360)	(3,855,791)
Operation and Non-Instructional Services	2,465,768	2,377,431	(211,480)	(120,598)
Extracurricular Activities	1,683,613	1,670,218	(599,562)	(1,357,668)
Interest and Fiscal Charges	909,373	1,179,042	(909,373)	(1,179,042)
Total	\$ 68,802,315	\$ 65,409,291	\$ (60,224,155)	\$ (56,397,880)

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

The dependence upon tax revenues for governmental activities is apparent. Over 57 percent of total expenses are supported through taxes. Grants and entitlements not restricted to specific programs support 43 percent, while program revenues support an additional 13 percent. The remaining costs are also supported by investment and other miscellaneous type revenues.

The School District's Funds

Information regarding the School District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing sources of \$85,839,203 and expenditures and other financing uses of \$79,643,240. The net change in fund balance for the year was an increase of \$6,195,963. The general fund balance increased overall by \$6,010,206. This was primarily due to an increase in property tax revenue and intergovernmental revenues. At June 30, 2009, the amount of property taxes available for advance from the County Auditor was approximately \$2.5 million more than 2008. The School District began receiving grant money from the county sales tax levy in fiscal year 2008. Due to the timing of receipts and recognition criteria at the modified accrual level, the School District recognized an extra three months of revenue in fiscal year 2009 as compared to fiscal year 2008. This resulted in an increase in intergovernmental revenue of approximately \$1.1 million in 2009. Other governmental funds balances increased overall by \$185,757. The School District understands the need for additional tax revenues as well as the need to monitor and control expenditures to ensure that it will be able to meet its obligations as they become due.

General Fund Budgeting Highlights

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

During the course of the year 2009, the School District amended its general fund budget almost monthly prior to the end of the fiscal year. Requests for budget changes are made by building and central office administrators and where appropriate are approved by the treasurer and superintendent. Any increase in total fund appropriations is then recommended to the Board of Education for their adoption prior to submission to the Medina County Auditor as required by the Ohio Revised Code.

With regard to the general fund, the final budgeted revenue (exclusive of other financing sources) of \$64,609,668 was \$53,062 under original budget estimates of \$64,662,730. Actual revenues exceeded final budget amounts by \$13,699. These differences were insignificant.

Original appropriations, exclusive of other financing uses, of \$64,173,972 were \$898,000 under the final appropriations of \$65,071,972. Actual expenditures, exclusive of other financing uses, were \$61,697,277.

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

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2009, the School District had \$19,192,974 invested in land, land improvements, buildings and improvements, furniture and equipment and vehicles. See Note 8 for additional details. Table 4 shows fiscal year 2009 balances compared with 2008.

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

	<u>2009</u>	<u>2008</u>
Land	\$ 1,405,645	\$ 1,405,645
Land Improvements	831,121	878,926
Buildings and Improvements	12,161,734	12,436,167
Furniture and Equipment	1,669,153	1,043,430
Vehicles	<u>3,125,321</u>	<u>2,926,069</u>
Totals	<u>\$ 19,192,974</u>	<u>\$ 18,690,237</u>

All capital assets, except land, are reported net of depreciation. The primary source of the increase in capital assets is current year purchases exceeding annual depreciation, primarily due to a new capital lease for copiers.

Senate Bill 345 requires the School District to set aside \$166.95 per pupil of certain general fund revenues in each of two areas, one for the purchase of textbooks and instructional materials and the other for capital improvements. For fiscal year 2009, this amounted to \$1,140,399 for each set aside. The School District had qualifying disbursements or offsets exceeding the requirement for capital improvements. See Note 18 for additional set-aside information.

Debt

At June 30, 2009, the School District had \$18,105,971 in bonds and notes outstanding with \$2,431,361 due within one year. Table 5 summarizes bonds and notes outstanding. A more detailed presentation is included in Note 14.

Brunswick City School District
Management's Discussion and Analysis
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(Table 5)
Outstanding Debt at Fiscal Year End
Governmental Activities

	2009	2008
General Obligation Bonds		
School Improvement - 1999		
Series and Term Bonds	\$ 360,000	\$ 7,230,000
Capital Appreciation Bonds	979,077	904,056
School Improvement Refunding - 2000	1,950,000	2,330,000
School Improvement - 2000	205,000	400,000
School Improvement - 2003	551,846	599,914
School Improvement Refunding - 2005	6,244,790	6,254,681
School Improvement Refunding - 2009		
Series and Term Bonds	6,094,139	0
Capital Appreciation Bonds	565,119	0
<i>Total General Obligation Bonds</i>	16,949,971	17,718,651
Notes		
Tax Anticipation Notes - 2003	0	675,000
Tax Anticipation Notes - 2004	1,156,000	2,312,000
<i>Total Notes</i>	1,156,000	2,987,000
<i>Total Outstanding Debt</i>	\$ 18,105,971	\$ 20,705,651

Current Financial Related Activities

Brunswick City School District will have another year of financial stability. As the preceding information indicates, the School District heavily depends on its property taxpayers as well as state sources for its revenue sources.

The School District has received increases in voter-approved taxes three times since 1992. In that period of time the School District passed three new five-year emergency levies, nine emergency renewal issues, and one 28-year bond issue. In May 2005 and August 2005 the electors defeated two tax initiatives that could have raised approximately \$3.7 million per year. In November of 2007, there was a 1.45 mill (\$682,000) five year permanent improvement renewal levy passed. In May 2009 the voters renewed an Emergency Levy for an extended seven year period that was originally passed at 3.8 mills and is currently collecting at 3.1 mills. This levy received a 65.5% approval rate from the voters.

In May 2007, Medina County residents passed the first-ever Sales Tax Initiative for Permanent Improvements for School Districts. The one-half of one percent (0.5%) sales tax will generate approximately \$9.0 million dollars per year for the school districts in Medina County. Based upon our district's pro-rata share of the student population, Brunswick City Schools will receive approximately \$2.1 million per year. This levy became effective October 1, 2007 and will last until 2037.

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

The School District also has an Emergency Tax Levy expiring in December 2011. This five year emergency levy generates approximately \$4.7 million and has been reduced from the initial 4.9 mills to 4.4 mills. The Board of Education will also have one opportunity to renew in 2010 and three opportunities to renew the expiring levy in 2012. Due to a change in the law, the district may have the foresight to renew this emergency for a term that exceeds the initial five-year period, up to a maximum ten-year term. With other changes in the law the district may opt for a conversion levy to transform all emergency levies into permanent type levies, this would also require voter approval.

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

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

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

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

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

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

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

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

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

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

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact Patrick K. East, Treasurer, at the Brunswick City School District, 3643 Center Road, Brunswick, Ohio 44212-0310, or by e-mail at peast@bcsoh.org.

Brunswick City School District

Statement of Net Assets

June 30, 2009

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 13,718,363
Cash and Cash Equivalents with Fiscal Agent	1,610
Restricted Cash and Cash Equivalents with Trustee	105,000
Receivables:	
Taxes	36,962,272
Accounts	13,456
Intergovernmental	3,305,962
Inventory Held For Resale	60,243
Materials and Supplies Inventory	354,981
Deferred Charges	283,923
Nondepreciable Capital Assets	1,405,645
Depreciable Capital Assets (Net)	<u>17,787,329</u>
<i>Total Assets</i>	<u>73,998,784</u>
Liabilities	
Accounts Payable	385,504
Accrued Wages and Benefits	6,142,584
Matured Compensated Absences Payable	128,047
Matured Interest Payable	1,610
Accrued Interest Payable	101,466
Intergovernmental Payable	1,845,833
Accrued Vacation Leave Payable	147,522
Deferred Revenue	32,807,586
Long Term Liabilities:	
Due Within One Year	2,832,499
Due In More Than One Year	<u>21,560,607</u>
<i>Total Liabilities</i>	<u>65,953,258</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	2,195,941
Restricted for:	
Capital Outlay	2,781,001
Debt Service	736,456
Set Asides	1,496,843
Other Purposes	1,717,205
Unrestricted	<u>(881,920)</u>
<i>Total Net Assets</i>	<u>\$ 8,045,526</u>

See accompanying notes to the basic financial statements.

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

	Program Revenues			Governmental Activities	Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest		
Governmental Activities					
Instruction:					
Regular	\$ 29,539,930	\$ 573,600	\$ 210,537	\$ 225,474	\$ (28,530,319)
Special	7,562,062	47,123	2,548,985	0	(4,965,954)
Vocational	144,448	0	0	0	(144,448)
Other	1,600,660	0	0	0	(1,600,660)
Support Services:					
Pupils	5,055,213	0	909,934	0	(4,145,279)
Instructional Staff	3,241,124	0	265,007	0	(2,976,117)
Board of Education	752,590	0	0	0	(752,590)
Administration	4,220,205	0	259,354	0	(3,960,851)
Fiscal	1,355,689	0	0	0	(1,355,689)
Business	423,220	0	0	0	(423,220)
Operation and Maintenance of Plant	5,724,509	0	0	0	(5,724,509)
Pupil Transportation	3,858,167	80,870	0	85,937	(3,691,360)
Central	265,744	0	0	33,000	(232,744)
Operation of Non-Instructional Services:					
Food Service Operations	1,971,824	1,160,885	588,978	0	(221,961)
Community Services	493,944	51,034	453,391	0	10,481
Extracurricular Activities	1,683,613	1,072,306	11,745	0	(599,562)
Interest and Fiscal Charges	909,373	0	0	0	(909,373)
<i>Total Governmental Activities</i>	<u>\$ 68,802,315</u>	<u>\$ 2,985,818</u>	<u>\$ 5,247,931</u>	<u>\$ 344,411</u>	<u>(60,224,155)</u>
 General Revenues					
Property Taxes Levied for:					
General Purposes					36,380,289
Debt Service					1,763,315
Capital Outlay					1,227,355
Grants and Entitlements not Restricted to Specific Programs					29,756,334
Investment Earnings					180,324
Gain on Sale of Capital Assets					34,146
Miscellaneous					241,006
<i>Total General Revenues</i>					<u>69,582,769</u>
<i>Change in Net Assets</i>					9,358,614
<i>Net Assets (Deficit) Beginning of Year</i>					<u>(1,313,088)</u>
<i>Net Assets End of Year</i>					<u>\$ 8,045,526</u>

See accompanying notes to the basic financial statements.

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

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 9,804,334	\$ 2,417,186	\$ 12,221,520
Cash and Cash Equivalents with Fiscal Agent	0	1,610	1,610
Restricted Assets:			
Cash and Cash Equivalents with Trustee	0	105,000	105,000
Cash and Cash Equivalents	1,496,843	0	1,496,843
Receivables:			
Taxes	33,995,623	2,966,649	36,962,272
Accounts	13,212	244	13,456
Intergovernmental	129,614	3,176,348	3,305,962
Inventory Held For Resale	0	60,243	60,243
Materials and Supplies Inventory	354,981	0	354,981
<i>Total Assets</i>	<u>\$ 45,794,607</u>	<u>\$ 8,727,280</u>	<u>\$ 54,521,887</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 365,572	\$ 19,932	\$ 385,504
Accrued Wages and Benefits	5,754,362	388,222	6,142,584
Matured Compensated Absences Payable	128,047	0	128,047
Intergovernmental Payable	1,754,049	91,784	1,845,833
Deferred Revenue	31,057,696	5,110,927	36,168,623
Matured Interest Payable	0	1,610	1,610
<i>Total Liabilities</i>	<u>39,059,726</u>	<u>5,612,475</u>	<u>44,672,201</u>
Fund Balances			
Reserved for Encumbrances	897,357	1,126,634	2,023,991
Reserved for Property Taxes	3,067,541	256,978	3,324,519
Reserved to Textbook/Instructional Materials	1,496,843	0	1,496,843
Unreserved, Undesignated, Reported in:			
General Fund	1,273,140	0	1,273,140
Special Revenue Funds	0	41,495	41,495
Debt Service Fund	0	651,248	651,248
Capital Projects Funds	0	1,038,450	1,038,450
<i>Total Fund Balances</i>	<u>6,734,881</u>	<u>3,114,805</u>	<u>9,849,686</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 45,794,607</u>	<u>\$ 8,727,280</u>	<u>\$ 54,521,887</u>

See accompanying notes to the basic financial statements.

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

Total Governmental Fund Balances		\$ 9,849,686
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		19,192,974
Delinquent property taxes are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Delinquent Property Taxes	\$ 830,167	
Local Grant From Sales Tax Levy	1,309,590	
Intergovernmental	<u>1,221,280</u>	
Total		3,361,037
In the statement of activities, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds a bond issuance expenditure is reported when bonds are issued.		283,923
In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is not reported.		(101,466)
In the statement of activities, bond refunding costs are amortized over the term of the bonds, whereas in governmental funds a bond refunding expenditure is reported when bonds are issued.		750,650
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General Obligation Bonds	(15,121,846)	
Capital Appreciation Bonds, with accretion to date	(1,544,196)	
Tax Anticipation Notes	(1,156,000)	
Bond Premium	(1,034,579)	
Capital Leases Payable	(865,189)	
Compensated Absences	(5,421,946)	
Accrued Vacation Leave Payable	<u>(147,522)</u>	
Total		<u>(25,291,278)</u>
<i>Net Assets of Governmental Activities</i>		<u>\$ 8,045,526</u>

See accompanying notes to the basic financial statements.

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

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$ 36,676,691	\$ 3,024,841	\$ 39,701,532
Intergovernmental	29,078,409	6,191,543	35,269,952
Investment Income	180,324	17,325	197,649
Tuition and Fees	720,814	25	720,839
Extracurricular Activities	155,044	917,379	1,072,423
Rentals	51,034	0	51,034
Charges for Services	0	1,160,900	1,160,900
Contributions and Donations	7,125	20,717	27,842
Miscellaneous	58,934	182,072	241,006
<i>Total Revenues</i>	<u>66,928,375</u>	<u>11,514,802</u>	<u>78,443,177</u>
Expenditures			
Current:			
Instruction:			
Regular	27,361,966	2,142,984	29,504,950
Special	6,822,484	677,827	7,500,311
Vocational	142,355	0	142,355
Other	1,600,660	0	1,600,660
Support Services:			
Pupils	4,159,357	950,276	5,109,633
Instructional Staff	2,138,565	965,102	3,103,667
Board of Education	750,970	1,620	752,590
Administration	3,975,599	203,702	4,179,301
Fiscal	1,202,457	145,472	1,347,929
Business	341,142	65,796	406,938
Operation and Maintenance of Plant	5,212,099	1,007,234	6,219,333
Pupil Transportation	3,708,509	502,589	4,211,098
Central	209,472	54,975	264,447
Operation of Non-Instructional Services:			
Food Service Operations	0	1,907,609	1,907,609
Community Services	2,138	487,116	489,254
Extracurricular Activities	1,290,137	393,476	1,683,613
Capital Outlay	0	457,268	457,268
Debt Service:			
Principal Retirement	1,831,000	1,181,089	3,012,089
Interest and Fiscal Charges	172,033	668,492	840,525
Issuance Costs	0	118,068	118,068
<i>Total Expenditures</i>	<u>60,920,943</u>	<u>11,930,695</u>	<u>72,851,638</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>6,007,432</u>	<u>(415,893)</u>	<u>5,591,539</u>
Other Financing Sources (Uses)			
Refunding Bonds Issued	0	6,534,993	6,534,993
Premium on Debt Issuance	0	343,305	343,305
Proceeds from Sale of Capital Assets	34,146	0	34,146
Inception of Capital Lease	0	452,210	452,210
Payment to Refunded Bond Escrow Agent	0	(6,760,230)	(6,760,230)
Transfers In	0	31,372	31,372
Transfers Out	(31,372)	0	(31,372)
<i>Total Other Financing Sources (Uses)</i>	<u>2,774</u>	<u>601,650</u>	<u>604,424</u>
<i>Net Change in Fund Balance</i>	6,010,206	185,757	6,195,963
<i>Fund Balances Beginning of Year</i>	<u>724,675</u>	<u>2,929,048</u>	<u>3,653,723</u>
<i>Fund Balances End of Year</i>	<u>\$ 6,734,881</u>	<u>\$ 3,114,805</u>	<u>\$ 9,849,686</u>

See accompanying notes to the basic financial statements.

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

Net Change in Fund Balances - Total Governmental Funds \$ 6,195,963

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

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

Capital Asset Additions	\$ 1,667,386	
Current Year Depreciation	(1,149,677)	517,709

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.

(14,972)

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

Delinquent Property Taxes	(449,852)	
Sales Tax	72,918	
Grants	60,540	(316,394)

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

Bond Principal	958,068	
Tax Anticipation Note Principal	1,831,000	
Capital Lease Principal	223,021	3,012,089

The issuance of refunding bonds results in expenditures and other financing sources and uses in the governmental funds, but these transactions are reflected in the statement of net assets as long-term assets and liabilities.

Refunding Bonds Issued	(6,534,993)	
Premium on Debt Issued	(343,305)	
Payment to Refunded Bond Escrow Agent	6,535,000	
Payment to Refunded Bond Escrow Agent - Refunding Loss	225,230	(118,068)

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

16,299

Inception of capital lease in the governmental funds that increase long-term liabilities in the statement of net assets are not reported as revenues.

(452,210)

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

Accrued Vacation Leave Payable	(5,046)	
Compensated Absences	490,323	
Loss on Refunding Amortization	(38,552)	
Capital Appreciation Bond Accretion	(85,147)	
Bond Issuance Costs Amortization	104,241	
Bond Premium Amortization	52,379	518,198

Change in Net Assets of Governmental Activities

\$ 9,358,614

See accompanying notes to the basic financial statements.

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

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	
Revenues				
Property Taxes	\$ 34,435,421	\$ 34,382,359	\$ 34,382,420	\$ 61
Intergovernmental	29,078,303	29,078,303	29,078,409	106
Investment Income	179,256	179,256	180,961	1,705
Tuition and Fees	710,300	710,300	722,054	11,754
Extracurricular Activities	150,350	150,350	150,437	87
Rentals	43,500	43,500	43,506	6
Contributions and Donations	7,100	7,100	7,125	25
Miscellaneous	58,500	58,500	58,455	(45)
<i>Total Revenues</i>	<u>64,662,730</u>	<u>64,609,668</u>	<u>64,623,367</u>	<u>13,699</u>
Expenditures				
Current:				
Instruction:				
Regular	28,313,345	29,219,168	27,185,430	2,033,738
Special	7,246,463	6,805,805	6,957,787	(151,982)
Vocational	147,600	138,881	141,720	(2,839)
Other	1,972,876	1,904,432	1,894,283	10,149
Support Services				
Pupils	4,173,262	4,175,308	4,007,012	168,296
Instructional Staff	2,205,684	2,129,006	2,117,817	11,189
Board of Education	842,751	900,154	809,178	90,976
Administration	4,174,349	4,036,036	4,008,056	27,980
Fiscal	1,279,962	1,508,749	1,228,972	279,777
Business	363,953	391,920	349,454	42,466
Operation and Maintenance of Plant	5,970,162	6,104,929	5,732,330	372,599
Pupil Transportation	3,903,027	4,259,990	3,747,543	512,447
Central	239,454	224,569	229,915	(5,346)
Operation of Non-Instructional Services				
Community Services	3,006	12,546	2,886	9,660
Extracurricular Activities	1,335,045	1,257,446	1,281,861	(24,415)
Debt Service:				
Principal Retirement	1,831,000	1,831,000	1,831,000	0
Interest and Fiscal Charges	172,033	172,033	172,033	0
<i>Total Expenditures</i>	<u>64,173,972</u>	<u>65,071,972</u>	<u>61,697,277</u>	<u>3,374,695</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>488,758</u>	<u>(462,304)</u>	<u>2,926,090</u>	<u>3,388,394</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Assets	34,100	34,100	34,146	46
Refund of Prior Year Receipts	(500)	(500)	0	500
Advances In	4,600	4,600	4,638	38
Transfers Out	(31,372)	(31,372)	(31,372)	0
<i>Total Other Financing Sources (Uses)</i>	<u>6,828</u>	<u>6,828</u>	<u>7,412</u>	<u>584</u>
<i>Net Change in Fund Balance</i>	495,586	(455,476)	2,933,502	3,388,978
<i>Fund Balance Beginning of Year</i>	5,948,269	5,948,269	5,948,269	0
Prior Year Encumbrances Appropriated	1,007,758	1,007,758	1,007,758	0
<i>Fund Balance End of Year</i>	<u>\$ 7,451,613</u>	<u>\$ 6,500,551</u>	<u>\$ 9,889,529</u>	<u>\$ 3,388,978</u>

See accompanying notes to the basic financial statements.

Brunswick City School District
Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2009

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 210,884
Liabilities	
Accounts Payable	\$ 5,671
Due to Students	<u>205,213</u>
<i>Total Liabilities</i>	<u>\$ 210,884</u>

See accompanying notes to the basic financial statements.

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

NOTE 1: DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District is located in Medina County and encompasses the entire City of Brunswick. The Board of Education controls the School District’s 11 instructional/support facilities staffed by 304 classified employees and 497 certificated full-time teaching personnel who provide services to 7,597 students and other community members.

Reporting Entity

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

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s governing board and (1) the School District is able to significantly influence the programs or services performed or proved by the organization: or (2) the School District is legally entitled to or can otherwise access the organization’s resources; the School District is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District has no component units.

The School District participates in two jointly governed organizations and two public entity risk pools. These organizations are the Medina County Career Center, the Ohio Schools Council Association, the Ohio School Boards Association Workers’ Compensation Group Rating Program and the Suburban Health Consortium. These organizations are presented in Notes 16 and 17 to the basic financial statements.

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

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

B. Fund Accounting

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

C. Measurement Focus

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

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

D. Basis of Accounting

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

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

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

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

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Data

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer has been given the authority to allocate appropriations to the function and object level within each fund. Budgetary statements are presented beyond that legal level of control for information purposes only.

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

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues by fund. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

F. Cash and Cash Equivalents

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

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

During fiscal year 2009, investments were limited to a money market mutual fund, repurchase agreements and STAROhio.

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2009.

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 2009 amounted to \$180,324, which includes \$41,328 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

G. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributor, grantors, or laws of other governments or imposed by law through constitutional provisions or enabling legislation. Restricted assets include amounts required by State statute to be set aside for the purchase of textbooks and \$105,000 restricted for debt. See Note 18 for additional information regarding set-asides.

H. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used.

Inventories consist of donated food, purchased food, and school supplies held for resale, and materials and supplies held for consumption.

I. Deferred Charges

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

J. Capital Assets

All capital assets of the School District are classified as general capital assets. They generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by back-trending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$5,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the assets or materially extend an asset's life are not.

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

Description	Estimated Lives
Land Improvements	10-30 Years
Buildings and Improvements	75 Years
Furniture and Equipment	6-12 Years
Vehicles	3-10 Years

K. Compensated Absences

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

Sick leave benefits are accrued as a liability using the termination payment method. An accrual for sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

On the governmental fund statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the funds from which the employee will be paid.

L. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences, claims and judgments and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds, notes and capital lease obligations are recognized as a liability on the governmental fund financial statements when due.

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Interfund Activity

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

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. At June 30, 2009, none of the School District's net assets were restricted by enabling legislation.

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

O. Fund Balance Reserves

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

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

P. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2009.

Q. Estimates

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Changes in Accounting Principles

For the year ended June 30, 2009, the School District has implemented GASB Statement No. 52, “*Land and Other Real Estate Held as Investments by Endowments*,” GASB Statement No. 55, “*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*,” and GASB Statement No. 56, “*Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*.”

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature.

GASB Statement No. 56 incorporates into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards.

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

NOTE 3: FUND DEFICITS

The following funds had deficit fund balances at June 30, 2009:

	<u>Deficit</u>
<i>Non-Major Special Revenue Funds:</i>	
Food Service	\$ 79,150
Drug Free Schools	117

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

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

NOTE 4: BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Advances in and advances out are operating transactions (budget) as opposed to balance sheet transactions (GAAP).

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

Net Change in Fund Balance	
GAAP Basis	\$ 6,010,206
Net Adjustment for Revenue Accruals	(2,305,008)
Advances In	4,638
Net Adjustment for Expenditure Accruals	486,595
Adjustment for Encumbrances	<u>(1,262,929)</u>
Budget Basis	<u><u>\$ 2,933,502</u></u>

NOTE 5: DEPOSITS AND INVESTMENTS

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

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

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

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

NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

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

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

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

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

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

NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

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

According to State law, public depositories must give security for all uninsured public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of uninsured public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the School District's name. During 2009, the School District and public depositories complied with the provisions of these statutes.

Deposits with Financial Institutions

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

At fiscal year-end, the carrying amount of the School District's deposits (including change funds of \$200) was \$11,685,182. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures," as of June 30, 2009, \$11,663,557 of the School District's bank balance of \$12,074,933 was exposed to custodial risk as discussed above, while \$411,376 was covered by Federal Deposit Insurance Corporation. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

Cash with Trustee As a result of the advance refunding school improvement bonds, the School District has reported restricted assets, cash and cash equivalents with trustee, in the amount of \$105,000. As part of the mandatory sinking fund requirements, the School District placed this money in a segregated account and it will be used to repay the principal balance of the new debt issued.

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

NOTE 5: DEPOSITS AND INVESTMENTS (Continued)

Investments As of June 30, 2009, the School District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u> <u>6 Months or Less</u>
Repurchase Agreements	\$ 2,150,233	\$ 2,150,233
Money Market Mutual Fund	37,819	37,819
STAROhio	<u>57,623</u>	<u>57,623</u>
Total	<u>\$ 2,245,675</u>	<u>\$ 2,245,675</u>

Interest Rate Risk. The School District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's investment in repurchase agreements is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the School District. Ohio law requires the market value of the securities subject to repurchase agreements must exceed the principal value of the securities subject to a repurchase agreement by 2%. The School District has no investment policy dealing with investment custodial risk beyond the requirement in Ohio law that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Credit Risk The School District's investments in the federal agency securities that underlie the School District's repurchase agreement were rated Aaa by Moody's Investor Services. Standard & Poor's has assigned STAROhio an AAA rating. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices.

Concentration of Credit Risk. The School District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage total of each investment type held by the School District as of June 30, 2009:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percent of Total</u>
Repurchase Agreements	\$ 2,150,233	96%
Money Market Mutual Fund	37,819	2%
STAROhio	<u>57,623</u>	<u>2%</u>
Total	<u>\$ 2,245,675</u>	<u>100.00%</u>

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

NOTE 6: PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2009 represents collections of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed value listed as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or 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. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

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

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

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

NOTE 6: PROPERTY TAXES (Continued)

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

The amount available as an advance at June 30, 2009 was \$3,067,541 in the general fund, \$151,658 in the bond retirement debt service fund, and \$105,320 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2008, was \$773,270 in the general fund, \$38,440 in the bond retirement debt service fund, and \$26,700 in the permanent improvement capital projects fund.

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

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second Half Collections		2009 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 1,038,425,180	97.6%	\$ 1,053,155,620	98.8%
Public Utility Personal	10,407,500	1.0%	10,734,740	1.0%
Tangible Personal Property	15,539,368	1.4%	1,450,273	0.2%
Total	\$ 1,064,372,048	100.0%	\$ 1,065,340,633	100.0%
Tax rate per \$1,000 of assessed value	\$ 68.92		\$ 68.92	

NOTE 7: RECEIVABLES

Receivables at June 30, 2009 consisted of taxes, accounts (rent, student fees and tuition) and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the guarantee of federal funds. All current fiscal year receivables are expected to be collected within one year.

During 2007, the voters of Medina County passed a one-half percent sales tax to be used for capital improvements at all school districts within Medina County. Collection began in October 2007 for a period of 30 years. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. Sales tax is distributed to the school districts of Medina County based on what is essentially a per pupil distribution formula. A receivable is recognized at year end for an estimated amount to be received based on calendar year 2009 sales transactions yet to be received as of June 30, 2009.

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

NOTE 8: CAPITAL ASSETS

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

	Balance 06/30/2008	Additions	Reductions	Balance 06/30/2009
Governmental Activities				
<i>Capital Assets, not being depreciated</i>				
Land	\$ 1,405,645	\$ 0	\$ 0	\$ 1,405,645
<i>Capital Assets, being depreciated</i>				
Land Improvements	2,061,559	0	0	2,061,559
Buildings and Improvements	33,660,809	115,213	0	33,776,022
Furniture and Equipment	4,901,986	865,770	(51,832)	5,715,924
Vehicles	5,679,119	686,403	(575,376)	5,790,146
<i>Total Capital Assets, being depreciated</i>	<u>46,303,473</u>	<u>1,667,386</u>	<u>(627,208)</u>	<u>47,343,651</u>
<i>Less: Accumulated Depreciation</i>				
Land Improvements	(1,182,633)	(47,805)	0	(1,230,438)
Buildings and Improvements	(21,224,642)	(389,646)	0	(21,614,288)
Furniture and Equipment	(3,858,556)	(225,075)	36,860	(4,046,771)
Vehicles	(2,753,050)	(487,151)	575,376	(2,664,825)
<i>Total Accumulated Depreciation</i>	<u>(29,018,881)</u>	<u>(1,149,677) *</u>	<u>612,236</u>	<u>(29,556,322)</u>
<i>Total Capital Assets being depreciated, net</i>	<u>17,284,592</u>	<u>517,709</u>	<u>(14,972)</u>	<u>17,787,329</u>
Governmental Activities Capital Assets, Net	<u>\$ 18,690,237</u>	<u>\$ 517,709</u>	<u>\$ (14,972)</u>	<u>\$ 19,192,974</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 450,445
Special	96,429
Support Services:	
Pupils	39,791
Instructional Staff	47,464
Administration	54,740
Fiscal	10,766
Business	6,460
Operation and Maintenance of Plant	55,369
Pupil Transportation	336,897
Operation of Non-Instructional Services:	
Food Service Operations	50,681
Community Services	635
	<u>635</u>
Total Depreciation Expense	<u>\$ 1,149,677</u>

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

NOTE 9: RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2009, the School District contracted with several companies for various types of insurance as follows:

Indiana Insurance Company	Liability	\$ 1,000,000
	Aggregate	2,000,000
Indiana Insurance Company	Fleet Insurance	1,000,000
Indiana Insurance Company	Property/Inland Marine Insurance	114,681,312
		4,645,698
Indiana Insurance Company	Crime - Theft	25,000
	Crime - Employee Dishonesty	50,000
Travelers Insurance Company	Boiler and Machinery	50,000,000
Petroleum Underground Storage Tank Tank Release Compensation Board	Underground Storage Tanks	1,000,000

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

For fiscal year 2009, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP.

Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts than can meet the GRP's selection criteria. The firm of Sheakley Uniservice, Inc. provides administrative, cost control and actuarial services to the GRP.

B. Employee Health Benefits

The School District participates in the Suburban Health Consortium, a shared risk pool (Note 17) to provide employee medical/surgical benefits. Rates are set through an annual calculation process. The School District pays a monthly contribution which is placed in a common fund from which the claim payments are made for all participating districts. The employees share the cost of the monthly premium with the Board.

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

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

NOTE 10: DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System of Ohio (“SERS”), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS’ website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District’s required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$818,392, \$761,136 and \$820,158, respectively; 40 percent has been contributed for fiscal year 2009 and 100 percent for the fiscal years 2008 and 2007.

B. State Teachers Retirement System

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

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

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

NOTE 10: DEFINED BENEFIT PENSION PLANS (Continued)

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

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

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$3,836,441, \$3,715,742 and \$3,906,262, respectively; 83 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$53,421 made by the School District and \$118,408 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2009, one member of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 11: POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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

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

NOTE 11: POSTEMPLOYMENT BENEFITS (Continued)

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

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

The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$503,012, \$472,019 and \$437,635, respectively; 40 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008 and 2007 were \$67,524, \$54,842 and \$54,130, respectively; 40 percent has been contributed for fiscal year 2009 and 100 percent for fiscal year 2008.

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$295,111, \$285,826 and \$300,482, respectively; 83 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

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

NOTE 12: OTHER EMPLOYEE BENEFITS

A. *Compensated Absences*

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

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

B. *Life Insurance*

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

NOTE 13: CAPITAL LEASES – LESSEE DISCLOSURE

In fiscal year 2009, the School District entered into a capital lease for forty-three copiers for use throughout the School District. In prior years, the School District entered into lease agreements for copiers, the installation of artificial turf at the football stadium, a new press box and a phone system. All of the School District's lease obligations meet the criteria of a capital leases as defined by Statement of Financial Accounting Standards No.13, "Accounting for Leases." Capital lease payments have been reclassified and are reflected as debt service expenditures in the general fund and capital projects fund on the basic financial statements. These expenditures are reflected as programs/function expenditures on a budgetary basis.

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

NOTE 13: CAPITAL LEASES – LESSEE DISCLOSURE (Continued)

Capital assets acquired by lease have been capitalized at a cost of \$3,102,293.

Capital lease payments will be reclassified and reflected as debt service expenditures on the fund financial statements for the governmental funds. These expenditures are reflected as support service expenditures in the general fund and as capital outlay in the permanent improvement capital projects fund on the budgetary basis.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2009.

		<u>Capital Leases</u>
For Fiscal Year Ending June 30,	2010	\$ 269,105
	2011	269,311
	2012	269,067
	2013	<u>144,004</u>
Total		<u>951,487</u>
Less: Amount Representing Interest		<u>86,298</u>
Present Value of Net Minimum Lease Payments		<u><u>\$ 865,189</u></u>

NOTE 14: LONG-TERM OBLIGATIONS

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

<u>Debt Issue</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>	<u>Date of Maturity</u>
General Obligation Bonds:			
School Improvement - 1999	4.39%	\$ 9,950,000	December 1, 2023
School Improvement Refunding - 2000	5.00-7.25%	4,500,000	December 1, 2013
School Improvement - 2000	5.28%	7,729,100	December 1, 2026
School Improvement - 2003	4.85%	800,000	December 1, 2017
School Improvement Refunding - 2005	3.35-5.5%	6,075,000	December 1, 2026
School Improvement Refunding - 2009	3.94%	6,534,993	December 1, 2023
Notes:			
Tax Anticipation Note - 2003	3.65%	3,200,000	December 1, 2008
Tax Anticipation Note - 2004	2.29-4.05%	5,780,000	December 1, 2009

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

NOTE 14: LONG-TERM OBLIGATIONS (Continued)

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

	Amount Outstanding 06/30/2008	Additions	Deductions	Amount Outstanding 06/30/2009	Due Within One Year
Governmental Activities					
General Obligation Bonds					
School Improvement - 1999					
Series and Term Bonds	\$ 7,230,000	\$ 0	\$ 6,870,000	\$ 360,000	\$ 360,000
Capital Appreciation Bonds	455,000	0	0	455,000	0
Accretion on Capital Appreciation Bonds	449,056	75,021	0	524,077	0
School Improvement Refunding - 2000	2,330,000	0	380,000	1,950,000	400,000
School Improvement - 2000	400,000	0	195,000	205,000	205,000
School Improvement - 2003	599,914	0	48,068	551,846	50,361
School Improvement Refunding - 2005	6,075,000	0	0	6,075,000	110,000
Unamortized Premium	743,653	0	40,935	702,718	0
Refunding Loss	(563,972)	0	31,044	(532,928)	0
School Improvement Refunding - 2009					
Series and Term Bonds	0	5,980,000	0	5,980,000	150,000
Capital Appreciation Bonds	0	554,993	0	554,993	0
Accretion on Capital Appreciation Bonds	0	10,126	0	10,126	0
Unamortized Premium	0	343,305	11,444	331,861	0
Refunding Loss	0	(225,230)	7,508	(217,722)	0
<i>Total General Obligation Bonds</i>	<u>17,718,651</u>	<u>6,738,215</u>	<u>7,583,999</u>	<u>16,949,971</u>	<u>1,275,361</u>
Notes					
Tax Anticipation - 2003	675,000	0	675,000	0	0
Tax Anticipation - 2004	2,312,000	0	1,156,000	1,156,000	1,156,000
<i>Total Notes</i>	<u>2,987,000</u>	<u>0</u>	<u>1,831,000</u>	<u>1,156,000</u>	<u>1,156,000</u>
Compensated Absences	5,912,269	40,593	530,916	5,421,946	168,561
Capital Leases Payable	636,000	452,210	223,021	865,189	232,577
<i>Total Governmental Activities</i>	<u>\$ 27,253,920</u>	<u>\$ 7,231,018</u>	<u>\$ 10,168,936</u>	<u>\$ 24,393,106</u>	<u>\$ 2,832,499</u>

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

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

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

NOTE 14: LONG-TERM OBLIGATIONS (Continued)

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

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

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

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

2005 School Improvement Advance Refunding General Obligation Bonds

On September 22, 2005, the School District issued \$6,075,000 of general obligation bonds, which included serial and term bonds in the amount of \$1,550,000 and \$4,525,000, respectively. The bonds refunded \$6,075,000 of outstanding 2000 School Improvement General Obligation Bonds. The bonds were issued for a twenty-one year period with final maturity at December 1, 2026. At the date of refunding, \$6,726,930 (including premium and after underwriting fees, and other issuance costs) was received to pay off old debt. As a result, \$6,240,000 of the 2000 School Improvement Bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. The balance of the defeased debt at June 30, 2009 was \$6,240,000.

These refunding bonds were issued with a premium of \$859,636, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The amortization of the premium for fiscal year 2009 was \$40,935. The issuance costs of \$207,706 are reported as deferred charges and are being amortized over the life of the bonds using the straight-line method. The amortization of the issuance costs for fiscal year 2009 was \$9,891. The refunding resulted in a difference between net carrying amount of the debt and the acquisition price of \$651,930. This difference, reported in the accompanying financial statements as a decrease to bonds payable, is being amortized to interest expense over the life of the bonds using the straight-line method. The amortization of this difference for fiscal year 2009 was \$31,044.

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

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

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

NOTE 14: LONG-TERM OBLIGATIONS (Continued)

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

Redemption Date	Principal Amount Subject to Mandatory
<u>December 1</u>	<u>Redemption</u>
2005	\$ 90,000
2006	5,000
2007	5,000
2009	5,000

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

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

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

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

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

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

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

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

NOTE 14: LONG-TERM OBLIGATIONS (Continued)

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

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

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

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

2009 School Improvement Advance Refunding General Obligation Bonds

On April 20, 2009, the School District issued \$6,534,993 of general obligation bonds, which included serial, term and capital appreciation bonds in the amount of \$5,765,000, \$215,000 and \$554,993, respectively. The bonds refunded \$6,535,000 of outstanding 1999 School Improvement General Obligation Bonds. The bonds were issued for a fifteen year period with final maturity at December 1, 2023. At the date of refunding, \$6,534,993 (including premium and after underwriting fees, and other issuance costs) was received to pay off old debt. As a result, \$6,535,000 of the 1999 School Improvement Bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. The balance of the defeased debt at June 30, 2009 was \$6,535,000.

These refunding bonds were issued with a premium of \$343,305, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The amortization of the premium for fiscal year 2009 was \$11,444. The issuance costs of \$118,068 are reported as deferred charges and are being amortized over the life of the bonds using the straight-line method. The amortization of the issuance costs for fiscal year 2009 was \$3,936. The refunding resulted in a difference between net carrying amount of the debt and the acquisition price of \$225,230. This difference, reported in the accompanying financial statements as a decrease to bonds payable, is being amortized to interest expense over the life of the bonds using the straight-line method. The amortization of this difference for fiscal year 2009 was \$7,508.

The School District refunded the 1999 General Obligation Bonds to reduce its total debt service payments over the next twenty-one years by \$420,299.

The \$6,534,993 bond issue consists of serial, term and capital appreciation bonds. The serial bonds were issued with a varying interest rate of 3.00-4.00 percent.

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

NOTE 14: LONG-TERM OBLIGATIONS (Continued)

The bonds maturing December 1, 2012 are subject to mandatory sinking fund redemption at a price of 100 percent of the principal amount to be redeemed plus accrued interest to the date of redemption on December 1 in the years and in the respective principal amounts:

Redemption Date	Principal Amount Subject to Mandatory Redemption
<u>December 1</u>	
2010	\$ 70,000
2011	70,000

Unless previously redeemed, the remaining principal amount of \$5,000 will mature at stated maturity (December 1, 2012).

The capital appreciation bonds will mature December 1, 2016. These bonds were purchased at a discount at the time of issuance and at maturity all compounded interest is paid and the bond holder collects the face value. However, since interest is technically earned and compounded semiannually, the value of the bond increases. Therefore, as the value increases, the accretion is booked as principal. The maturity amount of the bonds is \$1,160,000. The fiscal year 2008 accretion amount was \$10,126.

Principal and interest requirements to retire long-term obligations outstanding at June 30, 2009, are as follows:

Fiscal Year Ending June 30,	<u>General Obligation Bonds</u>		<u>Capital Appreciation Bonds</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 1,275,361	\$ 1,103,232	\$ 0	\$ 0
2011	762,803	662,477	157,000	228,005
2012	815,364	614,510	151,633	243,367
2013	863,050	563,066	146,367	258,633
2014	985,865	514,449	0	0
2015-2019	3,444,403	2,073,518	554,993	605,007
2020-2024	5,475,000	1,060,541	0	0
2025-2027	1,500,000	126,500	0	0
Total	<u>\$ 15,121,846</u>	<u>\$ 6,718,293</u>	<u>\$ 1,009,993</u>	<u>\$ 1,335,012</u>

Fiscal Year Ending June 30,	<u>Tax Anticipation Notes</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2010	\$ 1,156,000	\$ 23,409	\$ 2,431,361	\$ 1,126,641
2011	0	0	919,803	890,482
2012	0	0	966,997	857,877
2013	0	0	1,009,417	821,699
2014	0	0	985,865	514,449
2015-2019	0	0	3,999,396	2,678,525
2020-2024	0	0	5,475,000	1,060,541
2025-2027	0	0	1,500,000	126,500
Total	<u>\$ 1,156,000</u>	<u>\$ 23,409</u>	<u>\$ 17,287,839</u>	<u>\$ 8,076,714</u>

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

NOTE 15: INTERFUND TRANSFERS

The General fund transferred \$1,570 to the Uniform School Supplies fund to provide additional resources for current operations. The General fund also transferred \$29,802 to the Termination Benefits fund to cover expenditures for severance and early retirement incentive payments as permitted by Ohio Rev. Code Section 5705.13.

NOTE 16: JOINTLY GOVERNED ORGANIZATIONS

A. *The Medina County Career Center*

The Medina County Career Center is a separate body politic and corporate, established by the Ohio Revised Code to provide for the vocational needs of the students. The Board of Education is comprised of representatives appointed by the board of each participating school district. The Board is responsible for approving its own budgets, appointing personnel, and accounting and finance related activities. Brunswick City School District students may attend the vocational school. Each school district's control is limited to its representation on the Board. During fiscal year 2009, no monies were paid by Brunswick City School District to the Career Center. To obtain financial information write to the Medina Career Center, John Street, who serves as Treasurer, at 1101 West Liberty, Medina, Ohio 44256.

B. *Ohio Schools Council Association*

The Ohio Schools Council Association (Council) is a jointly governed organization among ninety-one school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2009, the School District paid \$1,867 to the Council. Financial information can be obtained by contacting Dr. David A. Cottrell, the Executive Secretary/Treasurer of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

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

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

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

NOTE 17: PUBLIC ENTITY RISK POOLS

A. Insurance Purchasing Pool

The School District participates in the Ohio School Boards Association Worker's Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

B. Risk Sharing Pool

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

NOTE 18: SET ASIDES

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

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

	Textbooks and Instructional Materials Reserve	Capital Improvements Reserve
Set-Aside Reserve Balance as of June 30, 2008	\$ 1,131,915	\$ 0
Current Year Set-Aside Requirement	1,140,399	1,140,399
Qualifying Disbursements	(775,471)	(1,736,994)
Totals	\$ 1,496,843	\$ (596,595)
Set-Aside Balance Carried Forward to Future Fiscal Years	\$ 1,496,843	\$ 0
Set-Aside Reserve Balance as of June 30, 2009	\$ 1,496,843	\$ 0

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

NOTE 18: SET ASIDES (Continued)

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

NOTE 19: CONTINGENCIES

A. Grants

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

B. Litigation

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

NOTE 20: LEGAL COMPLIANCE

Ohio Revised Code 5705.39 prohibits appropriations from each fund exceeding the total estimated resources. The following fund had appropriations exceeding original estimated resources.

<u>Debt Service Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Variance</u>
Bond Retirement Fund	\$ 3,933,201	\$ 10,314,397	\$ 6,381,196

Management has implemented procedures to better monitor budgets to prevent future compliance exceptions.



Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Focused on Your Future.

December 14, 2009

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brunswick City School District as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 14, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Brunswick City School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Brunswick City School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Brunswick City School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Brunswick City School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under Government Auditing Standards, and is disclosed as Finding 2009-01 in the Schedule of Findings and Questioned Costs.

The Brunswick City School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Brunswick City School District's response and, accordingly, we express no opinion on it.

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

Rea & Associates, Inc.



Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

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December 14, 2009

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

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

Compliance

We have audited the compliance of Brunswick City School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. Brunswick City School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of Brunswick City School District's management. Our responsibility is to express an opinion on Brunswick City School District's compliance based on our audit.

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

In our opinion, Brunswick City School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The management of Brunswick City School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Brunswick City School District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Brunswick City School District's internal control over compliance.

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we noted certain internal control matters that we reported to the management of Brunswick City School District in a separate letter dated December 14, 2009.

Schedule of Expenditures of Federal Awards - Non GAAP Budgetary Basis

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brunswick City School District, as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements and have issued our report thereon dated December 14, 2009. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements of Brunswick City School District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Kea Associates, Inc.

BRUNSWICK CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2009

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Grant Year	Cash Receipts	Non-Cash Receipts	Cash Disbursements	Non-Cash Disbursements
U. S. Department of Education						
<i>Passed Through Ohio Department of Education:</i>						
Title I	84.010	2008	\$ 182,132	\$ 0	\$ 196,526	\$ 0
Title I	84.010	2009	393,565	0	349,044	0
Total Title I			575,697	0	545,570	0
Title II-A - Improving Teacher Quality	84.367	2008	30,503	0	20,900	0
Title II-A - Improving Teacher Quality	84.367	2009	171,255	0	164,567	0
Total Title II-A - Improving Teacher Quality			201,758	0	185,467	0
<i>Special Education Cluster:</i>						
IDEA Part B (C)	84.027	2008	(108,788)	0	0	0
IDEA Part B	84.027	2008	254,440	0	273,396	0
IDEA Part B	84.027	2009	1,316,706	0	1,090,969	0
Total IDEA Part B			1,462,358	0	1,364,365	0
Early Childhood Special Education (C)	84.173	2008	(432)	0	0	0
Early Childhood Special Education	84.173	2008	3,388	0	5,198	0
Early Childhood Special Education	84.173	2009	30,832	0	30,832	0
Special Preschool Money	84.173	2009	2,100	0	0	0
Child Outcomes Grant	84.173	2009	3,000	0	2,975	0
Total Early Childhood Special Education			38,888	0	39,005	0
Total Special Education Cluster			1,501,246	0	1,403,370	0
Safe and Drug-Free Schools	84.186	2008	0	0	394	0
Safe and Drug-Free Schools	84.186	2009	18,327	0	18,327	0
Total Safe and Drug-Free Schools			18,327	0	18,721	0
Title V - Innovative Education Program Strategies (C)	84.298	2008	(319)	0	0	0
Title V - Innovative Education Program Strategies	84.298	2008	2,252	0	4,941	0
Title V - Innovative Education Program Strategies	84.298	2009	2,564	0	722	0
Total Title V - Innovative Education Program Strategies			4,497	0	5,663	0
Title III LEP (C)	84.365	2008	(723)	0	0	0
Title III LEP	84.365	2009	8,871	0	8,142	0
Total Title III LEP			8,148	0	8,142	0
Technology Literacy Challenge Fund Grant	84.318	2008	962	0	1,601	0
Technology Literacy Challenge Fund Grant	84.318	2009	1,106	0	462	0
Total Technology Literacy Challenge Fund Grant			2,068	0	2,063	0
<i>Total U.S. Department of Education</i>			2,311,741	0	2,168,996	0
U. S. Department of Agriculture						
<i>Passed Through the Ohio Department of Education:</i>						
<i>Child Nutrition Cluster:</i>						
School Breakfast Program (B)	10.553	2009	69,376	0	69,376	0
National School Lunch Program (Food Distribution) (A)(B)	10.555	2009	0	81,677	0	81,677
National School Lunch Program (B)	10.555	2009	423,047	0	423,047	0
Total National School Lunch Program			423,047	81,677	423,047	81,677
Total Child Nutrition Cluster			492,423	81,677	492,423	81,677
<i>Total U.S. Department of Agriculture</i>			492,423	81,677	492,423	81,677
TOTAL FEDERAL FINANCIAL ASSISTANCE			\$ 2,804,164	\$ 81,677	\$ 2,661,419	\$ 81,677

BRUNSWICK CITY SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2009

- (A) Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance and related expenditures are reported in this schedule at the value of the commodities received as assessed by the U.S. Department of Agriculture (entitlement value).
- (B) Federal money commingled with state subsidy reimbursements. It is assumed federal moneys are expended first.
- (C) Carryover of cash into the next grant year.
- (D) The School District generally must spend Federal assistance within 15 months of receipt (funds must be obligated by June 30th and spent by September 30th). However, with ODE's approval, a District can transfer unspent Federal assistance to the succeeding year, thus allowing the School District a total of 27 months to spend the assistance. Schools can document this by using special cost centers for each year's activity, and transferring the amounts ODE approves between the cost centers. During fiscal year 2010, the Ohio Department of Education (ODE) authorized the following transfers:

CFDA Number / Grant Title	Grant Year	Transfer In	Transfer Out
84.010 Title I	2010	\$ 51,244	
84.010 Title I	2009		\$ 51,244
84.367 Title II-A: Improving Teacher Quality	2010	20,166	
84.367 Title II-A: Improving Teacher Quality	2009		20,166
84.318 Title II-D: Technology Literacy Challenge Fund	2010	4,600	
84.318 Title II-D: Technology Literacy Challenge Fund	2009		4,600
84.365 Title III: LEP	2010	31	
84.365 Title III: LEP	2009		31
84.298 Title V: Innovative Education Program Strategies	2010	2,449	
84.298 Title V: Innovative Education Program Strategies	2009		2,449
84.027 Special Education IDEA Part B	2010	934,937	
84.027 Special Education IDEA Part B	2009		934,937
84.173 Early Childhood Special Education	2010	1,748	
84.173 Early Childhood Special Education	2009		1,748

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 , Section .505
JUNE 30, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	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 significant deficiencies in internal control reported for major federal programs?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section .510?	No
(d) (1) (vii)	Major Programs (list):	Special Education Cluster CFDA #'s 84.027 and 84.173
(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 2009-01

Material Noncompliance

Ohio Rev. Code Section 5705.39 states that total appropriations from each fund shall not exceed the total of the estimated revenue available for expenditure there from, as certified by the budget commission, or in the case of appeal, by the board of tax appeals. No appropriation measure shall become effective until the county auditor files with the appropriating authority a certificate that the total appropriations from each fund, taken together with all other outstanding appropriations, do not exceed such official certificate or amended official certificate. When the appropriation does not exceed such official certificate, the county auditor shall give such certificate forthwith upon receiving from the appropriating authority a certified copy of the appropriation measure. Appropriations shall be made from each fund only for the purpose for which such fund is established.

For the audit period, the school had appropriations (\$10,314,397) exceeding the certified estimated revenues (\$3,933,201) for the Bond Retirement fund. The School should certify all estimated revenues to be received by the School so that appropriated amounts are not in excess of the Official Certificate of Estimated Resources, as certified by the budget commission.

Management concurs and will implement procedures to ensure that estimated revenues, certified by the County budget commission, are sufficient to prevent future citations.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None were noted.



**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

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

December 14, 2009

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on December 10, 2007.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that shall include the definition in division (A) of Ohio Rev. Code Section 3313.666;

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

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

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

Rea & Associates, Inc.



Mary Taylor, CPA
Auditor of State

BRUNSWICK CITY SCHOOL DISTRICT
MEDINA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 14, 2010