



OHIO AUDITOR OF STATE
KEITH FABER



**BROOKVILLE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY
JUNE 30, 2020**

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**BROOKVILLE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY
JUNE 30, 2020**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Brookville Local School District
Montgomery County
75 June Place
Brookville, Ohio 45309

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Brookville Local School District, Montgomery County, Ohio (the District), as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Brookville Local School District, as of June 30, 2020, and the respective changes in financial position thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 19 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, the *required budgetary comparison schedule* and *schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions* listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Schedule of Receipts and Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

January 14, 2021

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Brookville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

The discussion and analysis of Brookville Local School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and the basic financial statements to enhance their understanding of the District's performance.

Financial Highlights

Key financial highlights for 2020 are as follows:

- Net position of governmental activities decreased \$201,664 which represents a 3% decrease from 2019.
- General revenues accounted for \$15,108,831 in revenue or 87% of all general and program revenues. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for \$2,352,152 or 13% of total general and program revenues of \$17,460,983.
- The District had \$18,772,264 in expenses related to governmental activities; \$2,352,152 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$15,108,831 were also used to provide for these programs.

Overview of the Financial Statements

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the 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 District's most significant funds with all other nonmajor funds presented in total in one column. The General Fund is the major fund of the District.

Government-wide Financial Statements

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2020?" The Government-wide Financial Statements answer this question. These statements include *all assets and deferred outflows*, and *liabilities and deferred inflows* 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.

Brookville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

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

In the Government-wide Financial Statements, the District presents:

- **Governmental Activities** – Most of the District's programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities and interest and fiscal charges.

Fund Financial Statements

The analysis of the District's major funds is presented in the Fund Financial Statements. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

Governmental Funds Most of the 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 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 Position and the Statement of Activities) and governmental *funds* is reconciled in the financial statements.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is similar to proprietary funds.

The District as a Whole

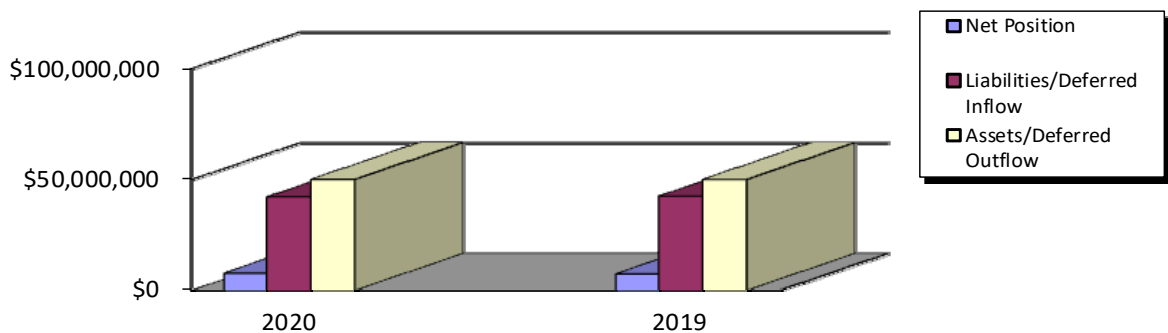
As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District's net position for 2020 compared to 2019:

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Brookville Local School District, Ohio
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

Table 1
Net Position

	Governmental Activities	
	2020	2019
Assets:		
Current and Other Assets	\$19,258,074	\$19,175,166
Net OPEB Asset	937,281	890,338
Capital Assets	25,581,407	25,679,284
Total Assets	45,776,762	45,744,788
Deferred Outflows of Resources:		
Deferred Charge on Refunding	153,324	166,101
OPEB	317,097	179,181
Pension	3,148,706	3,983,849
Total Deferred Outflows of Resources	3,619,127	4,329,131
Liabilities:		
Other Liabilities	1,987,134	1,820,107
Long-Term Liabilities	30,518,653	30,904,617
Total Liabilities	32,505,787	32,724,724
Deferred Inflows of Resources:		
Property Taxes	7,094,630	6,986,660
OPEB	1,656,082	1,647,218
Pension	978,468	1,352,731
Total Deferred Inflows of Resources	9,729,180	9,986,609
Net Position:		
Net Investment in Capital Assets	14,051,570	13,818,973
Restricted	1,536,359	1,346,786
Unrestricted	(8,427,007)	(7,803,173)
Total Net Position	\$7,160,922	\$7,362,586



Over time, net position can serve as a useful indicator of a government’s financial position. At June 30, 2020, the District’s assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$7,160,922.

Brookville Local School District, Ohio
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

At year-end, capital assets represented 56% of total assets. Capital assets include land, construction in progress, buildings and improvements and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2020, were \$14,051,570. These capital assets are used to provide services to the students and are not available for future spending. Although the District’s investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District’s net position, \$1,536,359 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Capital Assets decreased from 2019 to 2020 because of the current year depreciation being greater than current year additions. Long term liabilities decreased from 2019 to 2020 due to the District continually making payments on their outstanding debt.

Table 2 shows the changes in net position for fiscal years 2020 and 2019.

Table 2
Changes in Net Position

	Governmental Activities	
	2020	2019
Revenues:		
Program Revenues		
Charges for Services	\$871,183	\$929,218
Operating Grants and Contributions	1,470,969	1,507,159
Capital Grants and Contributions	10,000	10,000
General Revenues:		
Property Taxes	7,865,222	7,670,000
Grants and Entitlements not Restricted	6,731,694	7,027,252
Other	511,915	553,401
Total Revenues	17,460,983	17,697,030
Program Expenses:		
Instruction	10,083,249	8,202,651
Support Services:		
Pupil and Instructional Staff	2,208,800	1,771,894
School Administration, General		
Administration, Fiscal, and Business	1,831,888	1,331,663
Operations and Maintenance	1,913,331	1,204,456
Pupil Transportation	784,671	571,116
Central	103,185	58,204
Operation of Non-Instructional Services	810,550	803,054
Extracurricular Activities	711,209	557,474
Interest and Fiscal Charges	325,381	381,519
Total Program Expenses	18,772,264	14,882,031
Extraordinary Item, Tornado Damage	1,109,617	0
Change in Net Position	(201,664)	2,814,999
Beginning Net Position	7,362,586	4,547,587
Ending Net Position	\$7,160,922	\$7,362,586

**Brookville Local School District, Ohio
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)**

Governmental Activities

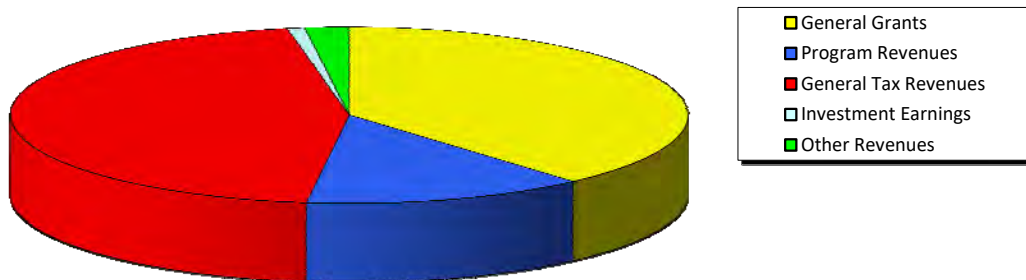
The District revenues are mainly from two sources. Property taxes levied for general, debt service, and capital projects purposes, and grants and entitlements comprised 84% of the District’s revenues for governmental activities.

The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus Ohio districts do not receive additional property tax revenue from increases in appraisal values and must regularly return to the voters to maintain a constant level of service. Property taxes made up 45% of revenue for governmental activities for the District in fiscal year 2020.

**Governmental Activities
Revenue Sources**

Revenue Sources	2020	Percentage
General Grants	\$6,731,694	39%
Program Revenues	2,352,152	13%
General Tax Revenues	7,865,222	45%
Investment Earnings	145,774	1%
Other Revenues	366,141	2%
Total Revenue Sources	\$17,460,983	100%



Instruction comprises 54% of governmental program expenses. Support services expenses were 36% of governmental program expenses. All other expenses including interest and fiscal charges were 10%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Total revenues decreased mostly due to a decrease in charges for services revenue and grant monies received by the District in 2020 compared to 2019. Total expenses increased due to changes related to net pension liability and other post employment benefits liability adjustments.

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.

Brookville Local School District, Ohio
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2020	2019	2020	2019
Instruction	\$10,083,249	\$8,202,651	(\$8,680,506)	(\$6,825,890)
Support Services:				
Pupil and Instructional Staff	2,208,800	1,771,894	(2,005,918)	(1,636,858)
School Administration, General				
Administration, Fiscal, and Business	1,831,888	1,331,663	(1,831,888)	(1,331,663)
Operations and Maintenance	1,913,331	1,204,456	(1,898,668)	(1,173,565)
Pupil Transportation	784,671	571,116	(762,879)	(553,004)
Central	103,185	58,204	(97,785)	(52,804)
Operation of Non-Instructional Services	810,550	803,054	(345,007)	(189,900)
Extracurricular Activities	711,209	557,474	(472,080)	(290,451)
Interest and Fiscal Charges	325,381	381,519	(325,381)	(381,519)
Total Expenses	<u>\$18,772,264</u>	<u>\$14,882,031</u>	<u>(\$16,420,112)</u>	<u>(\$12,435,654)</u>

The District’s Funds

The District has one major governmental fund: the General Fund. Assets of the general fund comprised \$16,131,735 (81%) of the total \$19,866,965 governmental funds’ assets.

General Fund: Fund balance at June 30, 2020 was \$8,688,959, an increase in fund balance of \$359,975 from 2019. The increase in fund balance is mainly due to an increase in property tax revenues received from 2019 to 2020.

General Fund Budgeting Highlights

The 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 fiscal year 2020, the District amended its general fund budget. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the Budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, the original budget basis revenue was \$14,610,063, compared to final budget estimates of \$14,219,529. The difference of \$390,534 was mainly due to the District overestimating tax and intergovernmental revenues received.

The District’s ending unobligated cash balance was \$8,920,822.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2020, the District had \$25,581,407 invested in land, construction in progress, buildings and improvements, and equipment. Table 4 shows fiscal year 2020 balances compared to fiscal year 2019:

Brookville Local School District, Ohio
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

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

	Governmental Activities	
	2020	2019
Land	\$935,308	\$935,308
Construction in Progress	517,265	302,006
Buildings and Improvements	23,084,830	23,495,485
Equipment	1,044,004	946,485
Total Net Capital Assets	<u>\$25,581,407</u>	<u>\$25,679,284</u>

Overall, Net Capital Assets decreased mainly due to current year depreciation being greater than current year additions.

See Note 5 to the basic financial statements for further details on the District’s capital assets.

Debt

At June 30, 2020, the District had \$11,683,161 in debt outstanding, \$816,703 due within one year. Table 5 summarizes debt outstanding.

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2020	2019
General Obligation Bonds:		
2019 Permanent Improvement Levy Tax Anticipation Note	\$760,000	\$800,000
2018 Refunding Bonds:	10,115,000	10,815,000
Premium on Refunding Bonds	734,071	795,244
2006 School Improvement Refunding Bonds:		
General Obligation Loan-Capital Improvements	74,090	114,162
Total Bonds and Loans	<u>\$11,683,161</u>	<u>\$12,524,406</u>

See Note 8 to the basic financial statements for further details on the District’s long-term obligations.

For the Future

The Ohio Department of Education explains the school funding model in Ohio as follows:

Public school districts use a combination of state funds, local sources such as property taxes (and in some cases income taxes) and federal funds.

Brookville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020
(Unaudited)

The amount of state funds that a district receives is based on a formula that takes into account the student enrollment and the property wealth of the district.

Last fiscal year (FY19), the state of Ohio spent more on primary and secondary education than at any other time in state history, and state spending will continue to increase as a result of the FY20-21 biennium budget. FY19 State General Revenue Fund and Lottery Profit spending for primary and secondary education exceeded FY10 funding levels by nearly \$2.4 billion, or 28.9 percent. Even including one-time federal stimulus funding, TPP/KwH reimbursements, and property tax relief, FY19 funding levels exceeded FY10 funding levels by \$962.4 million, or 10 percent.

The current biennial budget for FY20 and FY21 continues the record investment and adds an additional and significant funding stream - Student Wellness and Success Fund. Resources allocated primary and secondary education total \$10.94 billion in FY20 and \$11.12 billion in FY21, representing growth of \$366.6 million, or 3.5%, in FY20, and another \$179 million, or 1.6%, in FY21. State education appropriations represent the largest commitment of state appropriations.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer at Brookville Local School District, 75 June Place, Brookville, Ohio 45309.

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Brookville Local School District, Ohio
Statement of Net Position
June 30, 2020

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$11,704,461
Restricted Cash and Investments	52,090
Receivables (Net):	
Taxes	7,339,330
Interest	4,236
Intergovernmental	133,550
Prepays	12,137
Inventory	12,270
Net OPEB Asset	937,281
Nondepreciable Capital Assets	1,452,573
Depreciable Capital Assets, Net	<u>24,128,834</u>
 Total Assets	 <u>45,776,762</u>
Deferred Outflows of Resources:	
Deferred Charge on Refunding Pension	153,324
OPEB	3,148,706
	<u>317,097</u>
 Total Deferred Outflows of Resources	 <u>3,619,127</u>
Liabilities:	
Accounts Payable	933
Accrued Wages and Benefits	1,590,675
Contracts Payable	284,235
Retainage Payable	52,090
Accrued Interest Payable	59,201
Long-Term Liabilities:	
Due Within One Year	854,154
Due In More Than One Year:	
Net Pension Liability	16,104,057
Net OPEB Liability	1,546,010
Other Amounts	<u>12,014,432</u>
 Total Liabilities	 <u>32,505,787</u>
Deferred Inflows of Resources:	
Property Taxes	7,094,630
Pension	978,468
OPEB	<u>1,656,082</u>
 Total Deferred Inflows of Resources	 <u>9,729,180</u>
Net Position:	
Net Investment in Capital Assets	14,051,570
Restricted for:	
Debt Service	671,416
Capital Projects	462,665
Classroom Facilities Maintenance	90,379
Extracurricular	103,316
Federal Grants	48,183
Food Service	160,400
Unrestricted	<u>(8,427,007)</u>
 Total Net Position	 <u><u>\$7,160,922</u></u>

See accompanying notes to the basic financial statements.

Brookville Local School District, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2020

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction:					
Regular	\$7,711,357	\$322,488	\$5,948	\$0	(\$7,382,921)
Special	2,141,708	28,043	1,033,953	0	(1,079,712)
Vocational	216,768	0	12,311	0	(204,457)
Other	13,416	0	0	0	(13,416)
Support Services:					
Pupil	1,418,990	0	159,967	0	(1,259,023)
Instructional Staff	789,810	0	42,915	0	(746,895)
General Administration	24,024	0	0	0	(24,024)
School Administration	1,499,871	0	0	0	(1,499,871)
Fiscal	307,678	0	0	0	(307,678)
Business	315	0	0	0	(315)
Operations and Maintenance	1,913,331	0	14,663	0	(1,898,668)
Pupil Transportation	784,671	0	21,792	0	(762,879)
Central	103,185	0	5,400	0	(97,785)
Operation of Non-Instructional Services	810,550	294,628	170,915	0	(345,007)
Extracurricular Activities	711,209	226,024	3,105	10,000	(472,080)
Interest and Fiscal Charges	325,381	0	0	0	(325,381)
Totals	\$18,772,264	\$871,183	\$1,470,969	\$10,000	(16,420,112)

General Revenues:

Property Taxes Levied for:	
General Purposes	6,452,058
Debt Service Purposes	976,046
Capital Projects Purposes	437,118
Grants and Entitlements, Not Restricted	6,731,694
Revenue in Lieu of Taxes	164,905
Unrestricted Contributions	33,558
Investment Earnings	145,774
Other Revenues	167,678

Total General Revenues	15,108,831
Extraordinary Item, Tornado Damage	1,109,617
Change in Net Position	(201,664)
Net Position - Beginning of Year	7,362,586
Net Position - End of Year	\$7,160,922

See accompanying notes to the basic financial statements.

Brookville Local School District, Ohio
Balance Sheet
Governmental Funds
June 30, 2020

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$9,471,856	\$2,232,605	\$11,704,461
Restricted Cash and Investments	0	52,090	52,090
Receivables (Net):			
Taxes	6,039,599	1,299,731	7,339,330
Interest	0	4,236	4,236
Intergovernmental	0	133,550	133,550
Interfund	608,891	0	608,891
Prepays	11,389	748	12,137
Inventory	0	12,270	12,270
Total Assets	16,131,735	3,735,230	19,866,965
Liabilities:			
Accounts Payable	933	0	933
Accrued Wages and Benefits	1,484,063	106,612	1,590,675
Compensated Absences	5,130	12,507	17,637
Contracts Payable	0	284,235	284,235
Retainage Payable	0	52,090	52,090
Interfund Payable	0	608,891	608,891
Total Liabilities	1,490,126	1,064,335	2,554,461
Deferred Inflows of Resources:			
Property Taxes	5,952,650	1,281,180	7,233,830
Grants and Other Taxes	0	133,550	133,550
Investment Earnings	0	1,053	1,053
Total Deferred Inflows of Resources	5,952,650	1,415,783	7,368,433
Fund Balances:			
Nonspendable	11,389	748	12,137
Restricted	0	1,532,071	1,532,071
Assigned	1,474,455	0	1,474,455
Unassigned	7,203,115	(277,707)	6,925,408
Total Fund Balances	8,688,959	1,255,112	9,944,071
Total Liabilities, Deferred Inflows and Fund Balances	\$16,131,735	\$3,735,230	\$19,866,965

See accompanying notes to the basic financial statements.

Brookville Local School District, Ohio
 Reconciliation of Total Governmental Fund Balance to
 Net Position of Governmental Activities
 June 30, 2020

Total Governmental Fund Balance		\$9,944,071
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets used in the operation of Governmental Funds		25,581,407
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Delinquent Property Taxes	139,200	
Investment Earnings	1,053	
Intergovernmental	<u>133,550</u>	
		273,803
In the statement of net position interest payable is accrued when incurred; whereas, in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		
		(59,201)
Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds.		
Compensated Absences		(1,167,788)
Deferred outflow of resources associated with long-term liabilities are not reported in the funds.		
		153,324
Deferred outflows and inflows or resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	3,148,706	
Deferred inflows of resources related to pensions	(978,468)	
Deferred outflows of resources related to OPEB	317,097	
Deferred inflows of resources related to OPEB	<u>(1,656,082)</u>	
		831,253
Long-term liabilities and net OPEB assets are not available to pay for current period expenditures and are not due and payable in the current period and, therefore, are not reported in the funds.		
Net OPEB Asset	937,281	
Net Pension Liability	(16,104,057)	
Net OPEB Liability	(1,546,010)	
Other Amounts	<u>(11,683,161)</u>	
		<u>(28,395,947)</u>
Net Position of Governmental Activities		<u><u>\$7,160,922</u></u>

See accompanying notes to the basic financial statements.

Brookville Local School District, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2020

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Property and Other Taxes	\$6,506,168	\$1,424,971	\$7,931,139
Tuition and Fees	272,808	0	272,808
Investment Earnings	153,747	(3,688)	150,059
Intergovernmental	7,150,731	990,504	8,141,235
Extracurricular Activities	103,445	143,284	246,729
Charges for Services	51,914	294,628	346,542
Revenue in Lieu of Taxes	164,905	0	164,905
Other Revenues	167,943	37,858	205,801
Total Revenues	14,571,661	2,887,557	17,459,218
Expenditures:			
Current:			
Instruction:			
Regular	6,294,172	45,630	6,339,802
Special	1,542,599	488,287	2,030,886
Vocational	204,826	0	204,826
Other	13,152	0	13,152
Support Services:			
Pupil	1,177,796	192,156	1,369,952
Instructional Staff	681,256	56,201	737,457
General Administration	23,510	0	23,510
School Administration	1,414,766	2,171	1,416,937
Fiscal	275,882	23,610	299,492
Business	315	0	315
Operations and Maintenance	1,064,812	234,250	1,299,062
Pupil Transportation	682,553	60,969	743,522
Central	54,063	46,714	100,777
Operation of Non-Instructional Services	202,522	575,221	777,743
Extracurricular Activities	408,545	207,906	616,451
Capital Outlay	132,901	2,196,142	2,329,043
Debt Service:			
Principal Retirement	0	780,072	780,072
Interest and Fiscal Charges	0	376,096	376,096
Total Expenditures	14,173,670	5,285,425	19,459,095
Excess of Revenues Over (Under) Expenditures	397,991	(2,397,868)	(1,999,877)
Other Financing Sources (Uses):			
Proceeds from Sale of Capital Assets	1,984	12,849	14,833
Transfers In	0	96,148	96,148
Transfers (Out)	(40,000)	(56,148)	(96,148)
Total Other Financing Sources (Uses)	(38,016)	52,849	14,833
Extraordinary Item, Tornado Damage	0	1,784,879	1,784,879
Net Change in Fund Balance	359,975	(560,140)	(200,165)
Fund Balance - Beginning of Year	8,328,984	1,815,252	10,144,236
Fund Balance - End of Year	\$8,688,959	\$1,255,112	\$9,944,071

See accompanying notes to the basic financial statements.

Brookville Local School District, Ohio
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2020

Net Change in Fund Balance - Total Governmental Funds (\$200,165)

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

Governmental funds report capital asset additions 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 of the difference between capital asset additions and depreciation in the current period.

Capital assets used in governmental activities	1,736,384	
Depreciation Expense	<u>(1,157,811)</u>	578,573

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. The amount of the proceeds must be removed and the gain or loss on the disposal of capital assets must be recognized. This is the amount of the difference between the proceeds and the gain or loss. (1,188)

Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employer contributions is reported as pension and OPEB expense.

Pension Contributions	1,251,717	
Pension Expense	(2,216,759)	
OPEB Contributions	40,701	
OPEB Expense	<u>266,677</u>	(657,664)

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

Delinquent Property Taxes	(65,917)	
Investment Earnings	(4,285)	
Intergovernmental	<u>58,322</u>	(11,880)

In the statement of activities, only the gain from the insurance proceeds is reported from the tornado damage. In the governmental funds, the insurance proceeds are recognized as financing sources and uses. (675,262)

Repayment of bond principal and accreted interest is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 780,072

In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due. 2,319

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.

Compensated Absences	(64,865)	
Amortization of Bond Premium	61,173	
Amortization of Deferred Charge on Refunding	<u>(12,777)</u>	(16,469)

Change in Net Position of Governmental Activities (\$201,664)

See accompanying notes to the basic financial statements.

Brookville Local School District, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2020

	Private Purpose Trust Fund	Agency
Assets:		
Equity in Pooled Cash and Investments	\$31,726	\$114,061
Total Assets	<u>31,726</u>	<u>114,061</u>
Liabilities:		
Other Liabilities	0	114,061
Total Liabilities	<u>0</u>	<u>\$114,061</u>
Net Position:		
Held in Trust	<u>31,726</u>	
Total Net Position	<u>\$31,726</u>	

See accompanying notes to the basic financial statements.

Brookville Local School District, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2020

	<u>Private Purpose Trust Fund</u>
Additions:	
Donations	\$500
Investment Earnings	<u>368</u>
Total Additions	<u>868</u>
Deductions:	
Scholarships	<u>0</u>
Total Deductions	<u>0</u>
Change in Net Position	868
Net Position - Beginning of Year	<u>30,858</u>
Net Position - End of Year	<u><u>\$31,726</u></u>

See accompanying notes to the basic financial statements.

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

Brookville Local School District, Ohio (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District is governed by a locally elected five member Board of Education (the Board) which provides educational services. The Board controls the District's instructional support facilities staffed by approximately 70 noncertified and approximately 101 certified teaching personnel and administrative employees providing education to 1,555 students.

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 District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes instructional (regular, special education, vocational), student guidance, extracurricular activities, food service, pupil transportation, and care and upkeep of grounds and buildings.

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

The District participates in one insurance purchasing pool and three jointly governed organizations. These organizations are discussed in Note 12 and Note 13 to the basic financial statements. These organizations are:

Insurance Purchasing Pool:

- Southwestern Ohio Educational Purchasing Cooperative Workers' Compensation Group Rating Plan

Jointly Governed Organizations:

- Southwestern Ohio Educational Purchasing Council
- Metropolitan Educational Technology Association
- Shared Resources Center Regional Council of Governments

The accounting policies and financial reporting practices of the District conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies.

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The various funds are summarized by type in the basic financial statements.

The following fund types are used by the District:

Governmental Funds - These are funds through which most governmental functions typically are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities are accounted for through governmental funds. The difference between governmental fund assets and deferred outflows, and liabilities and deferred inflows is reported as fund balance. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following is the District's major governmental fund:

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

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary 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 District under a trust agreement for individuals, private organizations or other governments and therefore not available to support the District's own program. The District's two trust funds are private-purpose trusts that account for scholarship programs for students. The two agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operation. These funds account for student-managed activities and OHSAA funds.

Basis of Presentation-Financial Statements

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

The government-wide statements are prepared using the economic resources measurement focus. This differs from the manner in which governmental fund 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.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the 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 and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the 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 District.

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Private-purpose trust funds are reported using the economic resources measurement focus.

Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the District is considered to be 60 days after fiscal year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Under the modified accrual basis, the following revenue sources are considered susceptible to accrual at year end: property taxes, tuition, grants and entitlements, and student fees.

Current property taxes measurable at June 30, 2020, and which are not intended to finance fiscal year 2020 operations, have been recorded as deferred inflows of resources. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year end.

The accrual basis of accounting is utilized for reporting purposes by the government-wide financial statements and the fiduciary funds. Revenues are recognized when they are earned and expenses are recognized when incurred.

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.

Nonexchange transactions, in which the 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. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred inflows of resources.

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Deferred Outflows/Inflows of Resources: In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources related to a deferred charge on refunding, pension, and OPEB are reported on the governmental-wide statement of net position. For more pension, and OPEB related information, see Notes 6 and 7.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, pension, OPEB, grants, and investment earnings. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance year 2021 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Grants and investment earnings are recorded as deferred inflows only on the governmental fund financial statements. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. For more pension and OPEB related information, see Notes 6 and 7.

Equity in Pooled Cash and Investments

Cash received by the District is pooled for investment purposes. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the financial statements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2020 amounted to \$153,747 and (\$3,688) in Other Governmental Funds.

Inventory

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2020 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and expenditure/expense is reported in the year in which services are consumed.

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

Capital Assets and Depreciation

The accounting and reporting treatment applied to capital assets is determined by their ultimate use:

Property, Plant and Equipment - Governmental Activities

These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Position, but they are not reported in the Fund Financial Statements. The District follows the policy of not capitalizing assets with a cost of less than \$500.

Contributed capital assets are recorded at acquisition value on the date received. The District does not possess any infrastructure. Estimated historical costs for governmental activities capital asset values were initially determined at June 30, 2020 by identifying historical costs where such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

Depreciation

All capital assets are depreciated, excluding land and construction in progress. Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives (in years)</u>
Buildings and Improvements	20 - 40
Equipment	5 - 20

Long-Term Obligations

Long-term liabilities are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds and Loans, Tax Anticipation Note, and Refunding Bonds	Nonmajor Governmental Funds
Compensated Absences	General & Nonmajor Governmental Funds

Compensated Absences

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation benefits are accrued as a liability when an employee's right to receive compensation is attributable to services already rendered, and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Administrators and classified staff who work twelve month contracts are granted vacation leave based on length of service and position. Sick leave benefits are accrued as a liability using the vesting method. Employees may earn 15 days of sick leave per year up to a maximum of 294 days for certified and 303 days for classified. Upon retirement, employees will receive one-fourth of the accumulated sick leave up to a maximum of 73 ½ days. The portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the general fund. In the government wide statement of net position, Compensated Absences Payable is recorded within the Due within one year account and the long-term portion of the liability is recorded within the Due in more than one year account.

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets 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 position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Of the District's restricted net position of \$1,536,359, none was restricted by enabling legislation.

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

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB asset/liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension/OPEB plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flow 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. Repayment from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements. Interfund transactions within governmental activities are eliminated on the entity-wide statement of activities.

Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, the District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

Nonspendable – resources that are not in spendable form (inventory and prepaids) or have legal or contractual requirements to maintain the balance intact.

Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed – resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, the Board of Education.

Assigned – resources that are intended to be used for specific purposes as approved through the District's formal purchasing procedure by the Treasurer.

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from incurred expenses for specific purposes exceeding amounts which had been restricted, committed or assigned for said purposes.

The District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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 management and are either unusual in nature or infrequent in occurrence. The District had received damage to various buildings throughout the District from a tornado in May 2019. The District received insurance proceeds in fiscal year 2020 to repair and replace capital items from the damage that it received from the tornado, which is presented as an extraordinary item on the financial statements.

Estimates

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

Note 2 - Equity in Pooled Cash and Investments

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as "Equity in Pooled Cash and Investments."

State statute requires the classification of monies held by the District into three categories:

Active Monies - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand.

Inactive Monies – Those monies not required for use within the current five year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Interim Monies – Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Those monies held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States.

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

2. Bonds, notes, debentures, or any other obligation or security 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, and Government National Mortgage 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 the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met.
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
7. The State Treasurer's investment pool (STAR Ohio).
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the 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.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and amended by GASB Statement 40, "Deposit and Investment Risk Disclosures".

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2020, \$4,633,027 of the District's bank balance of \$4,923,793 was exposed to custodial credit risk because it was uninsured and collateralized.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or be protected by:

Eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105% of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102% of the deposits being secured or a rate set by the Treasurer of State.

Investments

As of June 30, 2020, the District had the following investments:

	Fair Value	Fair Value Hierarchy	Weighted Average Maturity (Years)
Negotiable CD's	\$506,218	Level 2	2.17
Money Market Fund	6,654,735	Level 2	
Total Fair Value	<u>\$7,160,953</u>		
Portfolio Weighted Average Maturity			0.15

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Inputs to the valuation techniques used in fair the measurement for Level 2 include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. Level 3 inputs are significant unobservable inputs. The above table identifies the District's recurring fair value measurements as of June 30, 2020.

Interest Rate Risk - In accordance with the investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit Risk – It is the District's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have a credit quality rating of the top 2 ratings issued by nationally recognized statistical rating organizations. The District's investments in Money Market Funds and Negotiable CDs were not rated.

Concentration of Credit Risk – The District places no limit on the amount the District may invest in one issuer. Of the District's total investments, 7% are in Negotiable CDs, and 93% in Money Market Fund.

Brookville Local School District, Ohio
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Custodial Credit Risk is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the District's securities are either insured and registered in the name of the District or at least registered in the name of the District. The District's investment policy does not address this risk for investments.

Note 3 – Property Taxes

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real and public utility property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on real property at 35 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. The District receives property taxes from Montgomery County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2020, are available to finance fiscal year 2021 operations. The amount available for advance can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes that became measurable as of June 30, 2020. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflows of resources for the portion not intended to finance current fiscal year operations. On an 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 2020 receipts were based, were as follows:

<u>2019 Second Half Collections</u>		<u>2020 First Half Collections</u>	
Agricultural/Residential and		Agricultural/Residential and	
Other Real Estate	\$198,122,660	Other Real Estate	\$197,974,230
Public Utility Personal	6,268,160	Public Utility Personal	6,693,710
Total Assessed Value	<u>\$204,390,820</u>	Total Assessed Value	<u>\$204,667,940</u>
	\$73.73		\$73.53

Note 4 – Receivables

Receivables at June 30, 2020 consisted of taxes, interest, intergovernmental, and interfund.

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

Note 5 - Capital Assets

Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at June 30, 2020:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$935,308	\$0	\$0	\$935,308
Construction in Progress	302,006	969,707	754,448	517,265
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	38,404,184	1,267,038	1,059,234	38,611,988
Equipment	6,207,500	254,087	21,029	6,440,558
Totals at Historical Cost	<u>45,848,998</u>	<u>2,490,832</u>	<u>1,834,711</u>	<u>46,505,119</u>
Less Accumulated Depreciation:				
Buildings and Improvements	14,908,699	1,002,431	383,972	15,527,158
Equipment	5,261,015	155,380	19,841	5,396,554
Total Accumulated Depreciation	<u>20,169,714</u>	<u>1,157,811</u>	<u>403,813</u>	<u>20,923,712</u>
Governmental Activities Capital Assets, Net	<u>\$25,679,284</u>	<u>\$1,333,021</u>	<u>\$1,430,898</u>	<u>\$25,581,407</u>

Depreciation expenses were charged to governmental functions as follows:

Instruction:	
Regular	\$996,938
Special	936
Vocational	501
Support Services:	
Pupil	3,240
Instructional Staff	15,152
School Administration	531
Fiscal	421
Operations and Maintenance	21,007
Pupil Transportation	20,653
Operation of Non-Instructional Services	27,685
Extracurricular Activities	70,747
Total Depreciation Expense	<u>\$1,157,811</u>

Note 6 - Defined Benefit Pension Plans

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

Net Pension Liability/Net OPEB Liability (Asset)

Pensions and OPEB are a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. Pensions/OPEB are provided to an employee on a deferred payment basis as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions and OPEB are a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) represent the District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits the District's obligation for this liability to annually required payments. The District cannot control benefit terms or the manner in which pensions/OPEB are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a long-term net pension/OPEB liability (asset) on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in accrued wages and benefits on both the accrual and modified accrual bases of accounting.

The remainder of this note includes the required pension disclosures. See Note 7 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description

Non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent.

Funding Policy

Plan members are required to contribute 10 percent of their annual covered salary and the employer is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2020, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2020, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The contractually required contribution to SERS was \$297,129 for fiscal year 2020. Of this amount \$26,858 is reported as accrued wages and benefits.

Plan Description - State Teachers Retirement System (STRS)

Plan Description

Licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS 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. Benefits are established by Ohio Revised Code Chapter 3307.

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of-living increases are not affected by this change. Effective Aug. 1, 2017 through July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective Aug. 1, 2019–July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. 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 DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty and after termination of employment.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. 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

Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2020 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2020, the full employer contribution was allocated to pension.

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

The contractually required contribution to STRS was \$954,588 for fiscal year 2020. Of this amount \$167,724 is reported as accrued wages and benefits.

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$3,589,313	\$12,514,744	\$16,104,057
Proportion of the Net Pension Liability:			
Current Measurement Date	0.05999010%	0.05659093%	
Prior Measurement Date	<u>0.05966430%</u>	<u>0.05540725%</u>	
Change in Proportionate Share	0.00032580%	0.00118368%	
Pension Expense	\$490,410	\$1,726,349	\$2,216,759

At June 30 2020, reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$91,017	\$101,892	\$192,909
Changes of assumptions	0	1,470,098	1,470,098
Changes in proportion and differences between District contributions and proportionate share of contributions	10,610	223,372	233,982
Contributions subsequent to the measurement date	<u>297,129</u>	<u>954,588</u>	<u>1,251,717</u>
Total Deferred Outflows of Resources	<u>\$398,756</u>	<u>\$2,749,950</u>	<u>\$3,148,706</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$0	\$54,174	\$54,174
Net difference between projected and actual earnings on pension plan investments	46,073	611,653	657,726
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>35,103</u>	<u>231,465</u>	<u>266,568</u>
Total Deferred Inflows of Resources	<u>\$81,176</u>	<u>\$897,292</u>	<u>\$978,468</u>

\$1,251,717 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Brookville Local School District, Ohio
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Fiscal Year Ending June 30:	SERS	STRS	Total
2021	\$73,390	\$760,449	\$833,839
2022	(76,002)	93,539	17,537
2023	(3,066)	(75,219)	(78,285)
2024	26,129	119,301	145,430
Total	<u>\$20,451</u>	<u>\$898,070</u>	<u>\$918,521</u>

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2019, are presented below:

Inflation	3.00%
Future Salary Increases, including inflation	3.50% - 18.20%
COLA or Ad Hoc COLA	2.50%
Investment Rate of Return	7.50% net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement. The most recent experience study was completed for the five year period ended June 30, 2015.

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
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The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalanced uncorrelated asset classes.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00%	0.50%
US Equity	22.50%	4.75%
International Equity	22.50%	7.00%
Fixed Income	19.00%	1.50%
Private Equity	10.00%	8.00%
Real Assets	15.00%	5.00%
Multi-Asset Strategies	<u>10.00%</u>	3.00%
Total	<u>100.00%</u>	

Discount Rate

The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease <u>6.50%</u>	Current Discount Rate <u>7.50%</u>	1% Increase <u>8.50%</u>
Proportionate share of the net pension liability	\$5,029,911	\$3,589,313	\$2,381,191

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2019, actuarial valuation, are presented below:

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Discount Rate of Return	7.45%
Payroll Increases	3.00%
Cost-of-Living Adjustments (COLA)	0%

Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the July 1, 2019, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Long-Term Expected Rate of Return **</u>
Domestic Equity	28.00%	7.35%
International Equity	23.00%	7.55%
Alternatives	17.00%	7.09%
Fixed Income	21.00%	3.00%
Real Estate	10.00%	6.00%
Liquidity Reserves	<u>1.00%</u>	2.25%
Total	<u>100.00%</u>	

* Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**10 Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate

The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
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Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease 6.45%	Current Discount Rate 7.45%	1% Increase 8.45%
Proportionate share of the net pension liability	\$18,288,904	\$12,514,744	\$7,626,622

Note 7 - Defined Benefit OPEB Plans

See Note 6 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description

The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

Funding Policy

State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2020, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS

Brookville Local School District, Ohio
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collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the employer’s surcharge obligation was \$40,701.

The surcharge, added to any allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The contractually required contribution to SERS was \$40,701 for fiscal year 2020. Of this amount \$26,858 is reported as accrued wages and benefits.

Plan Description - State Teachers Retirement System (STRS)

Plan Description

The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy

Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liabilities (Assets), OPEB Expense (Income), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The employer’s proportion of the net OPEB liability (asset) was based on the employer’s share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$1,546,010	\$0	\$1,546,010
Proportionate Share of the Net OPEB (Asset)	0	(937,281)	(937,281)
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.06147670%	0.05659093%	
Prior Measurement Date	<u>0.06046250%</u>	<u>0.05540725%</u>	
Change in Proportionate Share	0.00101420%	0.00118368%	
OPEB Expense (Income)	\$34,219	(\$300,896)	(\$266,677)

At June 30 2020, reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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	SERS	STRS	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$22,694	\$84,972	\$107,666
Changes of assumptions	112,918	19,702	132,620
Net difference between projected and actual earnings on OPEB plan investments	3,711	0	3,711
Changes in proportion and differences between District contributions and proportionate share of contributions	25,580	6,819	32,399
Contributions subsequent to the measurement date	40,701	0	40,701
Total Deferred Outflows of Resources	<u>\$205,604</u>	<u>\$111,493</u>	<u>\$317,097</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$339,648	\$47,686	\$387,334
Changes of assumptions	86,634	1,027,620	1,114,254
Net difference between projected and actual earnings on OPEB plan investments	0	58,867	58,867
Changes in proportion and differences between District contributions and proportionate share of contributions	34,815	60,812	95,627
Total Deferred Inflows of Resources	<u>\$461,097</u>	<u>\$1,194,985</u>	<u>\$1,656,082</u>

\$40,701 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (adjustment to net OPEB asset) in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year			
Ending June 30:	SERS	STRS	Total
2021	(\$99,003)	(\$237,675)	(\$336,678)
2022	(46,845)	(237,675)	(284,520)
2023	(45,756)	(214,081)	(259,837)
2024	(45,933)	(205,805)	(251,738)
2025	(41,038)	(192,087)	(233,125)
Thereafter	(17,619)	3,831	(13,788)
Total	<u>(\$296,194)</u>	<u>(\$1,083,492)</u>	<u>(\$1,379,686)</u>

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2019, are presented below:

Inflation	3.00%
Future Salary Increases, including inflation	3.50% to 18.20%
Investment Rate of Return	7.50% net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.13%
Prior Measurement Date	3.62%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Measurement Date	3.22%
Prior Measurement Date	3.70%
Medical Trend Assumption:	
Medicare	5.25% to 4.75%
Pre-Medicare	7.00% to 4.75%

Mortality rates among active members were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years. The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00%	0.50%
US Equity	22.50%	4.75%
International Equity	22.50%	7.00%
Fixed Income	19.00%	1.50%
Private Equity	10.00%	8.00%
Real Assets	15.00%	5.00%
Multi-Asset Strategies	10.00%	3.00%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019, was 3.70 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13 percent, as of June 30, 2019 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates

The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.22%) and higher (4.22%) than the current discount rate (3.22%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
Proportionate share of the net OPEB liability	\$1,876,563	\$1,546,010	\$1,283,181
	1% Decrease (6.00% decreasing to 3.75%)	Current Trend Rate (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
Proportionate share of the net OPEB liability	\$1,238,667	\$1,546,010	\$1,953,779

Brookville Local School District, Ohio
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Assumption and Benefit Changes since the Prior Measurement Date

Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

(1) Discount Rate:		
Prior Measurement Date	3.70%	
Measurement Date	3.22%	
(2) Municipal Bond Index Rate:		
Prior Measurement Date	3.62%	
Measurement Date	3.13%	
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:		
Prior Measurement Date	3.70%	
Measurement Date	3.22%	

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2019, actuarial valuation are presented below:

Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Payroll Increases	3.00%
Discount Rate of Return	7.45%
Health Care Cost Trends:	
Medical	
Pre-Medicare	5.87% initial, 4% ultimate
Medicare	4.93% initial, 4% ultimate
Prescription Drug	
Pre-Medicare	7.73% initial, 4% ultimate
Medicare	9.62% initial, 4% ultimate

Projections of benefits include the historical pattern of sharing benefit costs between the employers and retired plan members.

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2019, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS' investment consultant develops an estimate range for the investment return assumption based on the target allocation adopted by the Retirement Board. The target allocation and long-term expected rate of return for each major asset class are summarized as follows:

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Asset Class	Target Allocation*	Long-Term Expected Rate of Return**
Domestic Equity	28.00%	7.35%
International Equity	23.00%	7.55%
Alternatives	17.00%	7.09%
Fixed Income	21.00%	3.00%
Real Estate	10.00%	6.00%
Liquidity Reserves	1.00%	2.25%
Total	100.00%	

* Target weights will be phased in over a 24-month period concluding on July 1, 2019.

**10 Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2019 and June 30, 2018. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2019 and June 30, 2018.

Sensitivity of the Proportionate Share of the Net OPEB (Asset) to Changes in the Discount and Health Care Cost Trend Rate

The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Proportionate share of the net OPEB (asset)	(\$799,783)	(\$937,281)	(\$1,052,886)
	1% Decrease	Current Trend Rate	1% Increase
Proportionate share of the net OPEB (asset)	(\$1,062,834)	(\$937,281)	(\$783,510)

Assumption and Benefit Changes since the Prior Measurement Date

There was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944 percent to 1.984 percent per year of service. The non-Medicare

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frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

There were changes in assumptions, which increased the total OPEB liability by approximately \$0.04 billion. The assumption changes included changes in healthcare costs and trends.

Note 8 - Long-Term Debt and Other Obligations

Detail of the changes in long-term debt and other obligations of the District for the year ended June 30, 2020 is as follows:

	Beginning Balance	Issued	Retired	Ending Balance	Due In One Year
Governmental Activities:					
General Obligation Bonds and Loans:					
General Obligation Loan-Capital Improvements	\$114,162	\$0	\$40,072	\$74,090	\$41,703
2018 Refunding Bonds	10,815,000	0	700,000	10,115,000	700,000
Premium	795,244	0	61,173	734,071	0
2019 Permanent Improvement Levy Tax Anticipation Note	800,000	0	40,000	760,000	75,000
Subtotal Bonds, Loans, and Note	<u>12,524,406</u>	<u>0</u>	<u>841,245</u>	<u>11,683,161</u>	<u>816,703</u>
Compensated Absences	<u>1,102,923</u>	<u>105,138</u>	<u>22,636</u>	<u>1,185,425</u>	<u>37,451</u>
Subtotal Bonds and Other Amounts	13,627,329	105,138	863,881	12,868,586	854,154
Net Pension Liability:					
STRS	12,182,810	331,934	0	12,514,744	0
SERS	3,417,085	172,228	0	3,589,313	0
Total Net Pension Liability	<u>15,599,895</u>	<u>504,162</u>	<u>0</u>	<u>16,104,057</u>	<u>0</u>
Net OPEB Liability					
STRS	0	0	0	0 (a)	0
SERS	1,677,393	0	131,383	1,546,010	0
Total OPEB Liability	<u>1,677,393</u>	<u>0</u>	<u>131,383</u>	<u>1,546,010</u>	<u>0</u>
Total Long-Term Obligations	<u>\$30,904,617</u>	<u>\$609,300</u>	<u>\$995,264</u>	<u>\$30,518,653</u>	<u>\$854,154</u>

(a) OPEB for STRS has a Net OPEB asset in the amount of \$937,281 as of June 30, 2020.

General obligation bonds and loans will be paid from the debt service fund and permanent improvement fund, respectively. Compensated absences will be paid from the general, IDEA Part B, Title I, and Food Service funds.

There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the fund benefitting from their service.

Permanent Improvement Levy Tax Note

During fiscal year 2019, the District received \$800,000 in a permanent improvement levy tax anticipation note for capital improvements for the District. The note is for ten years with a 2.80% interest rate.

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General Obligation Loan

During fiscal year 2017, the District received \$200,000 in a general obligation loan for capital improvements for the District. The loan will be retired from the permanent improvement fund.

Advanced Refunded Bonds

On September 5, 2017, the District issued \$10,965,000 in general obligation bonds to refund the 2006 general obligation bonds. The fiscal year 2018 refunding issue consisted of \$8,840,000 Refunding Bonds, Series 2017A (Tax-Exempt) and \$2,125,000 Refunding Bonds, Series 2017B (Federally Taxable). The \$856,417 premium on the issuance of the refunding bonds will be amortized over the remaining life of the debt which has a final maturity date of November 1, 2031. The bonds will be paid from the debt service fund.

The proceeds of the 2018 refunding bonds were placed, along with the premium proceeds and a \$5,355,577 payment from the District, into an irrevocable trust for the purpose of refunding the District's Series 2006 Bonds when they were called on December 1, 2017. As a result, the refunded bonds are considered to be defeased and the liability associated with these bonds has been removed from the Statement of Net Position. The reacquisition prices exceeded the net carrying value of the old debt by \$178,878. This amount is being reported as a deferred outflow of resources on the Statement of Net Position and is being amortized over the term of the 2018 refunding bonds issued. This advance refunding was undertaken to reduce total debt service payments over the next 14 years by \$8,633,232, and resulted in an economic gain of \$2,306,009.

Principal and Interest Requirements

A summary of the District's future long-term debt funding requirements, including principal and interest payments as of June 30, 2020 follows:

Fiscal Year Ending June 30	Refunding Bonds		Permanent Improvement Levy Tax Note		General Obligation Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$700,000	\$336,212	\$75,000	\$20,230	\$41,703	\$2,992
2022	715,000	322,331	78,000	18,088	32,387	1,307
2023	735,000	300,400	80,000	15,876	0	0
2024	815,000	277,550	82,000	13,608	0	0
2025	830,000	261,100	84,000	11,284	0	0
2026-2030	4,595,000	819,300	361,000	20,538	0	0
2031-2032	1,725,000	62,500	0	0	0	0
Total	<u>\$10,115,000</u>	<u>\$2,379,393</u>	<u>\$760,000</u>	<u>\$99,624</u>	<u>\$74,090</u>	<u>\$4,299</u>

Note 9 - Statutory Reserves

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2020, the reserve activity (cash-basis) was as follows:

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	Capital Acquisition Reserve
Set-aside Reserve Balance as of June 30, 2019	\$0
Current Year Set-aside Requirement	273,120
Qualified Disbursements	(381,546)
Current Year Offsets	0
Total	<u>(\$108,426)</u>
Set-Aside Reserve Balance as of June 30, 2020	<u>\$0</u>
Carried Forward as of June 30, 2020	<u>\$0</u>

Amounts of offsets and qualifying expenditures presented in the table for the capital acquisition set-asides were limited to those necessary to reduce the year-end balance to zero. Although the District may have had additional offsets and qualifying expenditures for capital acquisitions, these amounts may not be used to reduce the set-aside requirements of future fiscal years and therefore are not presented as being carried forward to the next fiscal year.

Note 10 – Interfund Transactions

Interfund transactions at June 30, 2020, consisted of the following interfund receivable and interfund payable and transfers in and out:

	Interfund		Transfers	
	Receivable	Payable	In	Out
General	\$608,891	\$0	\$0	\$40,000
Other Governmental Funds	0	608,891	96,148	56,148
Total	<u>\$608,891</u>	<u>\$608,891</u>	<u>\$96,148</u>	<u>\$96,148</u>

Interfund balance/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budget authorizations; to segregate and to return money to the fund from which it was originally provided once a project is completed; and for maintenance of the District’s buildings and grounds in accordance with the District’s OSFC project.

Note 11 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During fiscal year 2020 the District contracted with the following insurance providers for various insurance coverages, as follows:

Insurance Provider	Coverage	Deductible
Arthur J. Gallagher and Company	School Board Liability	\$10,000
Arthur J. Gallagher and Company	Excess Liability	0
Arthur J. Gallagher and Company	Excess Property	5,000
Arthur J. Gallagher and Company	Boiler & Machinery	3,500
Arthur J. Gallagher and Company	Auto Liability	1,000
Arthur J. Gallagher and Company	Cyber Liability	15,000
Arthur J. Gallagher and Company	Pollution	25,000

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There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

Note 12 - Insurance Purchasing Pool

Southwestern Ohio Educational Purchasing Cooperative Workers' Compensation Group Rating Plan (WCGRP) - The District participates in the WCGRP, an insurance purchasing pool. The group rating plan for workers' compensation was established under Section 4123.29 of the Ohio Revised Code. The Plan's business and affairs are conducted by an executive committee elected by members of the cooperative.

Each year, the participating school districts pay an enrollment fee to the WCGRP to cover the costs of administering the program.

Note 13 - Jointly Governed Organizations

Southwestern Ohio Educational Purchasing Council (SOEPC) - SOEPC is a purchasing council made up of 230 school districts and boards of developmental disabilities in 18 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment and supplies purchased by the SOEPC is held in trust for the member district by the fiscal agent. Payments to SOEPC are made from the general fund. During fiscal year 2020, the District paid \$57,305 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

Metropolitan Educational Technology Association - The District is a member of the Metropolitan Educational Technology Association (META). META develops, implements, and supports the technology and instructional needs of schools. The Board of Directors of META consists of a president and vice president along with 6 members. During fiscal year 2020, the District paid \$26,425 to META. Financial information can be obtained from the Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

Shared Resources Center Regional Council of Governments - The District participates in the Shared Resources Center Regional Council of Governments (Council), a jointly governed organization consisting of educational entities within Montgomery County. The purpose of the Council is to provide cost effective services to its members and to other entities, enhance and facilitate relationships between stakeholders in the public and private sector, and collaborate on research and development for innovations in education and local government. The Council is governed by a Governing Board, consisting of one individual from each of the seven original members, including the District. The degree of control exercised by any participating educational entity is limited to its representation on the Governing Board. During fiscal year 2020, the District paid \$129,784 to the Shared Resources Center. Financial information can be obtained from the Montgomery County Educational Service Center, 200 South Keowee Street, Dayton, Ohio 45402.

Note 14 – Contingencies

Grants

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the affect of any such disallowed claims on the overall financial position of the District at June 30, 2020, if applicable, cannot be determined at this time.

Note 15 – Accountability

The following funds had deficit fund balances at June 30, 2020:

<u>Other Governmental Funds:</u>	<u>Deficit</u>
Title I	\$24,491
IDEA Part B	67,694
IDEA Early Education	592
Student Wellness and Success	16,647
Local Grants	1,353
Title II-A	526
Miscellaneous Federal Grants	19,856
ESSER	142,632
CARES	3,916

These deficits were created by the recognition of accrued liabilities. The General Fund provides transfers to cover deficit balances; however this is done when cash is needed rather than when accruals occur. These deficits do not exist on a cash basis.

Note 16 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the major governmental fund and all other governmental funds are presented below:

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Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

Fund Balances	General	Other Governmental Funds	Total
Nonspendable:			
Prepays	\$11,389	\$748	\$12,137
Total Nonspendable	11,389	748	12,137
Restricted for:			
Athletics	0	103,316	103,316
Food Service	0	171,051	171,051
Classroom Facilities Maintenance	0	90,379	90,379
Debt Service	0	710,893	710,893
Permanent Improvement	0	402,316	402,316
Disaster Recovery Fund	0	54,116	54,116
Total Restricted	0	1,532,071	1,532,071
Assigned to:			
Budgetary Resources	1,005,200	0	1,005,200
Public School Support	131,191	0	131,191
Encumbrances	338,064	0	338,064
Total Assigned	1,474,455	0	1,474,455
Unassigned (Deficit)	7,203,115	(277,707)	6,925,408
Total Fund Balance	\$8,688,959	\$1,255,112	\$9,944,071

Note 17 – Tax Abatements Entered Into by Other Governments

Other governments entered into property tax abatement agreements with property owners under the Ohio Community Reinvestment Area (“CRA”) program with the taxing districts of the District. The CRA program is a directive incentive tax exemption program benefiting property owners who renovate or construct new buildings. Under this program, the other governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. Within the taxing districts of the District, City of Brookville has entered into such an agreement. Under this agreement the District’s property taxes were reduced by approximately \$671,900.

Note 18 – Implementation of New Accounting Principles

For fiscal year 2020, the District has postponed implementation of Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, GASB No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, and GASB No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61. The District did not implement these statements due to the GASB postponing the implementation by 12 months because of the COVID-19 pandemic.

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2020

Note 19 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The District's investment portfolio could incur a significant decline in fair value. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District's future operating costs, revenues, the impact of the investments of the pension and other employee benefit plan in which the District participates and any recovery from emergency funding, either federal or state, cannot be estimated.

REQUIRED SUPPLEMENTARY INFORMATION

Brookville Local School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net Pension Liability
 School Employees Retirement System of Ohio
 Last Seven Fiscal Years (1) (2)

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered-Employee Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.05999010%	\$3,589,313	\$2,058,000	174.41%	70.85%
2019	0.05966430%	3,417,085	1,927,511	177.28%	71.36%
2018	0.06077730%	3,631,309	1,952,107	186.02%	69.50%
2017	0.06258780%	4,580,849	1,943,743	235.67%	62.98%
2016	0.06399600%	3,651,674	2,879,454	126.82%	69.16%
2015	0.06657700%	3,369,424	1,954,127	172.43%	71.70%
2014	0.06657700%	3,960,306	2,545,838	155.56%	65.52%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Brookville Local School District
 Required Supplementary Information
 Schedule of District's Contributions for Net Pension Liability
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contribution	District's Contribution Deficiency (Excess)	District's Covered-Employee Payroll	District's Contributions as a Percentage of Covered-Employee Payroll
2020	\$297,129	(\$297,129)	\$0	\$2,122,350	14.00%
2019	277,830	(277,830)	0	2,058,000	13.50%
2018	260,214	(260,214)	0	1,927,511	13.50%
2017	273,295	(273,295)	0	1,952,107	14.00%
2016	272,124	(272,124)	0	1,943,743	14.00%
2015	379,512	(379,512)	0	2,879,454	13.18%
2014	270,842	(270,842)	0	1,954,127	13.86%
2013	352,344	(352,344)	0	2,545,838	13.84%
2012	337,968	(337,968)	0	2,512,773	13.45%
2011	335,304	(335,304)	0	2,667,494	12.57%

See accompanying notes to the required supplementary information.

Brookville Local School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Seven Fiscal Years (1) (2)

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered-Employee Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2020	0.05659093%	\$12,514,744	\$6,518,314	191.99%	77.40%
2019	0.05540725%	12,182,810	6,494,486	187.59%	77.30%
2018	0.05629605%	13,373,248	6,301,114	212.24%	75.30%
2017	0.05742228%	19,220,968	6,022,286	319.16%	66.80%
2016	0.05666642%	15,660,940	5,844,600	267.96%	72.10%
2015	0.05661597%	13,770,963	6,229,554	221.06%	74.70%
2014	0.05661597%	16,359,704	6,627,138	246.86%	69.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Brookville Local School District
 Required Supplementary Information
 Schedule of District's Contributions for Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contribution	District's Contribution Deficiency (Excess)	District's Covered-Employee Payroll	District's Contributions as a Percentage of Covered-Employee Payroll
2020	\$954,588	(\$954,588)	\$0	\$6,818,486	14.00%
2019	912,564	(912,564)	0	6,518,314	14.00%
2018	909,228	(909,228)	0	6,494,486	14.00%
2017	882,156	(882,156)	0	6,301,114	14.00%
2016	843,120	(843,120)	0	6,022,286	14.00%
2015	818,244	(818,244)	0	5,844,600	14.00%
2014	809,842	(809,842)	0	6,229,554	13.00%
2013	861,528	(861,528)	0	6,627,138	13.00%
2012	890,964	(890,964)	0	6,853,569	13.00%
2011	890,124	(890,124)	0	6,847,108	13.00%

See accompanying notes to the required supplementary information.

Brookville Local School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Four Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered-Employee Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2020	0.06147670%	\$1,546,010	\$2,058,000	75.12%	15.57%
2019	0.06046250%	1,677,393	1,927,511	87.02%	13.57%
2018	0.06173410%	1,656,781	1,952,107	84.87%	12.46%
2017	0.06330429%	1,804,407	1,943,743	92.83%	11.49%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Brookville Local School District
 Required Supplementary Information
 Schedule of District's Contributions for Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Five Fiscal Years (1) (2)

Year	District's Contractually Required Contribution (2)	District's Contributions in Relation to the Contractually Required Contribution	District's Contribution Deficiency (Excess)	District's Covered-Employee Payroll	District's Contributions as a Percentage of Covered-Employee Payroll
2020	\$40,701	(\$40,701)	\$0	\$2,122,350	1.92%
2019	47,807	(47,807)	0	2,058,000	2.32%
2018	40,762	(40,762)	0	1,927,511	2.11%
2017	33,920	(33,920)	0	1,952,107	1.74%
2016	34,063	(34,063)	0	1,943,743	1.75%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

(2) Includes surcharge.

See accompanying notes to the required supplementary information.

Brookville Local School District
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net OPEB (Asset)/Liability
 State Teachers Retirement System of Ohio
 Last Four Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB (Asset)/Liability	District's Proportionate Share of the Net OPEB (Asset)/Liability	District's Covered-Employee Payroll	District's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered-Employee Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset)/Liability
2020	0.56590930%	(\$937,281)	\$6,518,314	(14.38%)	174.74%
2019	0.05540725%	(890,338)	6,494,486	(13.71%)	176.00%
2018	0.05629605%	2,196,464	6,301,114	34.86%	47.10%
2017	0.05742228%	3,070,958	6,022,286	50.99%	37.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Brookville Local School District
 Required Supplementary Information
 Schedule of District's Contributions for Net OPEB (Asset)/Liability
 State Teachers Retirement System of Ohio
 Last Five Fiscal Years (1)

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contribution	District's Contribution Deficiency (Excess)	District's Covered-Employee Payroll	District's Contributions as a Percentage of Covered-Employee Payroll
2020	\$0	\$0	\$0	\$6,818,486	0.00%
2019	0	0	0	6,518,314	0.00%
2018	0	0	0	6,494,486	0.00%
2017	0	0	0	6,301,114	0.00%
2016	0	0	0	6,022,286	0.00%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

Brookville Local School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2020

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$6,669,247	\$6,490,974	\$6,591,696	\$100,722
Revenue in lieu of taxes	166,845	162,385	164,905	2,520
Tuition and Fees	192,914	187,758	190,671	2,913
Investment Earnings	163,825	159,446	161,920	2,474
Intergovernmental	7,234,859	7,041,467	7,150,731	109,264
Extracurricular Activities	48,802	47,498	48,235	737
Other Revenues	133,571	130,001	132,018	2,017
Total Revenues	14,610,063	14,219,529	14,440,176	220,647
Expenditures:				
Current:				
Instruction:				
Regular	6,346,580	6,342,520	6,203,559	138,961
Special	1,600,093	1,599,070	1,564,035	35,035
Vocational	207,892	207,759	203,207	4,552
Other	13,455	13,447	13,152	295
Support Services:				
Pupil	1,196,651	1,195,885	1,169,684	26,201
Instructional Staff	684,375	683,938	668,953	14,985
General Administration	24,052	24,037	23,510	527
School Administration	1,393,726	1,392,834	1,362,318	30,516
Fiscal	284,325	284,143	277,918	6,225
Business	322	322	315	7
Operations and Maintenance	1,205,782	1,205,011	1,178,610	26,401
Pupil Transportation	759,446	758,960	742,332	16,628
Central	55,309	55,274	54,063	1,211
Operation of Non-Instructional Services	146,698	146,604	143,392	3,212
Extracurricular Activities	412,039	411,776	402,754	9,022
Capital Outlay	323,030	322,823	315,750	7,073
Total Expenditures	14,653,775	14,644,403	14,323,552	320,851
Excess of Revenues Over (Under) Expenditures	(43,712)	(424,874)	116,624	541,498
Other financing sources (uses):				
Proceeds from Sale of Assets	2,007	1,954	1,984	30
Advances In	64,416	62,694	63,667	973
Advances (Out)	(469,538)	(469,238)	(458,957)	10,281
Transfers (Out)	(40,922)	(40,896)	(40,000)	896
Total Other Financing Sources (Uses)	(444,037)	(445,486)	(433,306)	12,180
Net Change in Fund Balance	(487,749)	(870,360)	(316,682)	553,678
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	9,237,504	9,237,504	9,237,504	0
Fund Balance - End of Year	\$8,749,755	\$8,367,144	\$8,920,822	\$553,678

See accompanying notes to the required supplementary information.

Brookville Local School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2020

Note 1 – Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations 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 amount that the Board of Education may appropriate. The appropriation resolution is Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Board. The legal level of control has been established by Board at the fund-object level for the General Fund and the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts on the budgetary schedule reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary schedule reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2020.

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

While the 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 Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

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 for all funds (budget basis) rather than as an assignment of fund balance for governmental fund types and expendable trust funds (GAAP basis).
4. Some funds are reported as part of the general fund (GAAP basis) as opposed to the general fund being reported alone (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis to the budgetary basis for the General Fund.

Brookville Local School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2020

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$359,975
Revenue Accruals	93,389
Expenditure Accruals	(74,005)
Funds Budgeted Elsewhere	24,941
Advances In	63,667
Advances (Out)	(458,957)
Encumbrances	<u>(325,692)</u>
Budget Basis	<u><u>(\$316,682)</u></u>

Note 2 - Net Pension Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

2020: There were no changes in benefit terms from the amounts reported for this fiscal year.

2019: With the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

2018: SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changed in the Consumer Price Index Index (CPI-W), with a cap of 2.5% and a floor of 0%.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:

2018-2020: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2017: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates,
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, and
- (8) The discount rate was reduced from 7.75% to 7.50%.

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial

Brookville Local School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2020

determined contributions for these fiscal years.

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

2019-2020: There were no changes in benefit terms from the amounts reported for these fiscal years.

2018: STRS decreased the Cost of Living Adjustment (COLA) to zero.

2014-2017: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:

2019-2020: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2018: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The long term expected rate of return was reduced from 7.75% to 7.45%,
- (2) The inflation assumption was lowered from 2.75% to 2.50%,
- (3) The payroll growth assumption was lowered to 3.00%,
- (4) Total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation,
- (5) The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016, and
- (6) Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

Note 3 - Net OPEB (Asset)/Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

2017-2020: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:

2020: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

Prior Measurement Date	3.70%
Measurement Date	3.22%
- (2) Municipal Bond Index Rate:

Prior Measurement Date	3.62%
Measurement Date	3.13%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	3.70%
Measurement Date	3.22%

2019: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in

Brookville Local School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2020

calculating the total OPEB liability as presented below:

- (1) Discount Rate:

Prior Measurement Date	3.63%
Measurement Date	3.70%
- (2) Municipal Bond Index Rate:

Prior Measurement Date	3.56%
Measurement Date	3.62%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	3.63%
Measurement Date	3.70%

2018: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%
- (2) Municipal Bond Index Rate:

Fiscal Year 2018	3.56%
Fiscal Year 2017	2.92%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, and
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

2020: There was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

Brookville Local School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2020

2019: The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. The Board is extending the current Medicare Part B partial reimbursement program for one year. Under this program, benefit recipients currently enrolled in the STRS Ohio Health Care Program and Medicare Part B receive \$29.90 per month to reimburse a portion of the Medicare Part B premium. The reimbursement was set to be reduced to \$0 beginning January 1, 2020. This impacts about 85,000 benefit recipients.

2018: The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2019.

2017: There were no changes in benefit terms from the amounts reported for this fiscal year.

Changes in Assumptions:

2020: There were changes in assumptions during the measurement year, which increased the total OPEB liability by approximately \$0.04 billion. The assumption changes included changes in healthcare costs and trends.

2019: The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

2018: The discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

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**BROOKVILLE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Receipts	Total Federal Non-Cash Receipts	Total Federal Expenditures	Total Federal Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education</i>						
Child Nutrition Cluster:						
School Breakfast Program	10.553	N/A	\$ 17,177		\$ 17,177	
COVID-19 School Breakfast Program	10.553	N/A	1,499		1,499	
National School Lunch Program	10.555	N/A	119,563	\$ 27,367	119,563	\$ 27,367
COVID-19 National School Lunch Program	10.555	N/A	9,879		9,879	
Total Child Nutrition Cluster			<u>148,118</u>	<u>27,367</u>	<u>148,118</u>	<u>27,367</u>
Total U.S. Department of Agriculture			<u>148,118</u>	<u>27,367</u>	<u>148,118</u>	<u>27,367</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education</i>						
Special Education Cluster (IDEA):						
Special Education Grants to States	84.027	H027A190111	275,678	-	312,080	-
Special Education Preschool Grants	84.173	H173A190119	9,912	-	10,569	-
Total Special Education Cluster (IDEA)			<u>285,590</u>	<u>-</u>	<u>322,649</u>	<u>-</u>
Title I Grants to Local Educational Agencies	84.010	S010A190035	164,117	-	177,711	-
Supporting Effective Instruction State Grants	84.367	S367A190034	38,230	-	38,755	-
COVID-19 Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund	84.425D	N/A	-	-	142,632	-
Disaster Recovery Assistance for Education	84.938A	S938A200002	-	-	19,463	-
Student Support and Academic Enrichment Program	84.424	S424A190036	<u>21,270</u>	<u>-</u>	<u>22,117</u>	<u>-</u>
Total U.S. Department of Education			<u>509,207</u>	<u>-</u>	<u>723,327</u>	<u>-</u>
U.S. DEPARTMENT OF HOMELAND SECURITY						
<i>Passed Through Ohio Department of Public Safety</i>						
Disaster Grants - Public Assistance						
(Presidentially Declared Disasters)	97.036	113-U5JU4-00	<u>12,849</u>	<u>-</u>	<u>12,849</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>12,849</u>	<u>-</u>	<u>12,849</u>	<u>-</u>
Total Receipts and Expenditures of Federal Awards			<u>\$ 670,174</u>	<u>\$ 27,367</u>	<u>\$ 884,294</u>	<u>\$ 27,367</u>

The accompanying notes are an integral part of this schedule.

**BROOKVILLE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) includes the federal award activity of Brookville Local School District (the District's) under programs of the federal government for the fiscal year ended June 30, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE E – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

OHIO AUDITOR OF STATE KEITH FABER



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

Brookville Local School District
Montgomery County
75 June Place
Brookville, Ohio 45309

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Brookville Local School District, Montgomery County, (the District) as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 14, 2021, wherein we noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying corrective action plan. We did not subject the District's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

January 14, 2021

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Brookville Local School District
Montgomery County
75 June Place
Brookville, Ohio 45309

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Brookville Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Brookville Local School District's major federal program for the fiscal year ended June 30, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

The District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Program

In our opinion, Brookville Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 2020.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

January 14, 2021

**BROOKVILLE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2020**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster (IDEA)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

FINDING NUMBER 2020-001

Material Weakness – Financial Reporting Errors

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

**FINDING NUMBER 2020-001
(Continued)**

The District's annual financial report contained the following error which was material and has been adjusted in the accompanying financial statements:

- The District improperly accrued a receivable for an August 2020 receipt which did not meet the measurability requirement to be accrued as receivable as of June 30, 2020. As a result, extraordinary item, tornado damage and accounts receivable were overstated by \$412,536 in Governmental Activities and Other Governmental Funds.

The District should implement procedures to verify the accuracy of amounts reported in the financial statements in accordance with applicable accounting standards. Failure to do so could result in the users of the financial statements basing their conclusions on materially misstated financial data.

Officials' Response:

See Corrective Action Plan on page 77.

3. FINDINGS FOR FEDERAL AWARDS

None

Brookville Local School District



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Superintendent
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Tiffany Hiser
Treasurer
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Jeffery J. Requarth
Dir. of Support Personnel
(937) 833-4724 / 833-0724 (fax)

Board of Education Offices
75 June Place
Brookville, Ohio 45309
Fax (937) 833-2787

CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) JUNE 30, 2020

Finding Number: 2020-001

Planned Corrective Action: The District will review and work more closely with their GAAP consultant to make sure that the financial statements are more accurately converted in the future.

Anticipated Completion Date: 11/30/2021

Responsible Contact Person: Tiffany Hiser, Treasurer

*The mission of Brookville Local Schools is to challenge,
prepare, and support all students to realize their full potential.*

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OHIO AUDITOR OF STATE KEITH FABER



BROOKVILLE LOCAL SCHOOL DISTRICT

MONTGOMERY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/4/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov