



OHIO AUDITOR OF STATE
KEITH FABER



**BROOKVILLE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY
JUNE 30, 2021**

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MONTGOMERY COUNTY
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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, 2021, 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, 2021, 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 18 to the financial statements, during 2021, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Additionally, 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 these matters.

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, 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 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 March 10, 2022, 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

March 10, 2022

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Brookville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(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, 2021. 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 2021 are as follows:

- Net position of governmental activities increased \$741,641 which represents a 10% increase from 2020.
- General revenues accounted for \$15,373,731 in revenue or 80% of all general and program revenues. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for \$3,770,541 or 20% of total general and program revenues of \$19,144,272.
- The District had \$19,430,300 in expenses related to governmental activities; \$3,770,541 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$15,373,731 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 2021?" 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, 2021
(Unaudited)

These two statements report the District's *net position* and *change 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

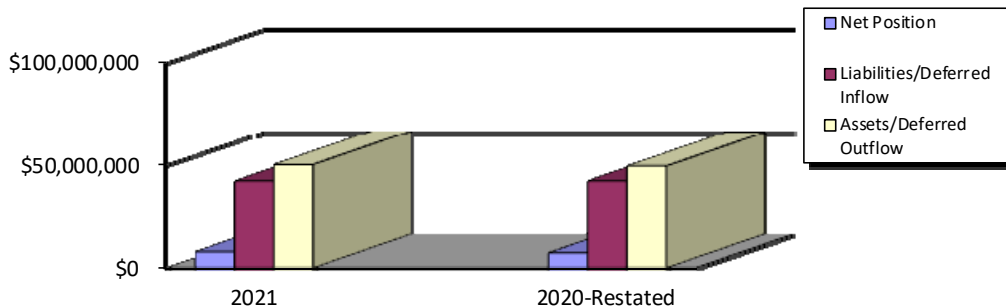
As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District's net position for 2021 compared to 2020:

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Brookville Local School District, Ohio
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

Table 1
Net Position

	Governmental Activities	
	2021	2020 - Restated
Assets:		
Current and Other Assets	\$19,841,230	\$19,403,861
Net OPEB Asset	1,005,028	937,281
Capital Assets	25,438,977	25,581,407
Total Assets	46,285,235	45,922,549
Deferred Outflows of Resources:		
Deferred Charge on Refunding	140,547	153,324
OPEB	484,659	317,097
Pension	3,289,953	3,148,706
Total Deferred Outflows of Resources	3,915,159	3,619,127
Liabilities:		
Other Liabilities	1,685,437	1,987,134
Long-Term Liabilities	31,232,041	30,518,653
Total Liabilities	32,917,478	32,505,787
Deferred Inflows of Resources:		
Property Taxes	7,062,678	7,094,630
OPEB	1,951,131	1,656,082
Pension	220,757	978,468
Total Deferred Inflows of Resources	9,234,566	9,729,180
Net Position:		
Net Investment in Capital Assets	14,774,239	14,051,570
Restricted	2,069,125	1,682,146
Unrestricted	(8,795,014)	(8,427,007)
Total Net Position	\$8,048,350	\$7,306,709



Over time, net position can serve as a useful indicator of a government’s financial position. At June 30, 2021, the District’s assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$8,048,350.

Brookville Local School District, Ohio
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

At year-end, capital assets represented 55% of total assets. Capital assets include land, construction in progress, buildings and improvements, and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2021, were \$14,774,239. 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, \$2,069,125 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 2020 to 2021 because of the current year depreciation being greater than current year additions. Long term liabilities increased from 2020 to 2021 due to the net pension liability increasing.

Table 2 shows the changes in net position for fiscal years 2021 and 2020.

Table 2
Changes in Net Position

	Governmental Activities	
	2021	2020 - Restated
Revenues:		
Program Revenues		
Charges for Services	\$619,271	\$871,183
Operating Grants and Contributions	3,141,270	1,470,969
Capital Grants and Contributions	10,000	10,000
General Revenues:		
Property Taxes	8,154,224	7,865,222
Grants and Entitlements not Restricted	6,792,005	6,731,694
Other	427,502	655,619
Total Revenues	19,144,272	17,604,687
Program Expenses:		
Instruction	10,492,257	10,083,249
Support Services:		
Pupil and Instructional Staff	2,437,719	2,208,800
School Administration, General		
Administration, Fiscal, and Business	1,765,165	1,831,888
Operations and Maintenance	1,999,799	1,913,331
Pupil Transportation	874,155	784,671
Central	60,074	103,185
Operation of Non-Instructional Services	776,949	810,550
Extracurricular Activities	715,675	842,591
Interest and Fiscal Charges	308,507	325,381
Total Program Expenses	19,430,300	18,903,646
Extraordinary Item, Tornado Damage	1,027,669	1,109,617
Change in Net Position	741,641	(189,342)
Beginning Net Position - Restated	7,306,709	7,496,051
Ending Net Position	\$8,048,350	\$7,306,709

Brookville Local School District, Ohio
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

Governmental Activities

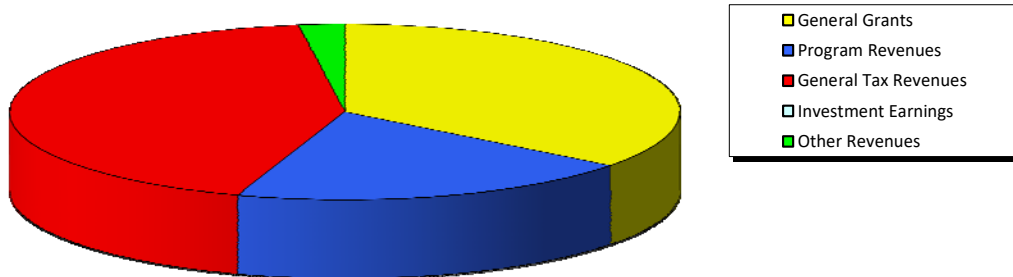
The District revenues are mainly from two sources. Property taxes levied for general, debt service, and capital projects purposes, and grants and entitlements comprised 78% of the District’s revenues for governmental activities.

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 43% of revenue for governmental activities for the District in fiscal year 2021.

Governmental Activities
Revenue Sources

Revenue Sources	2021	Percentage
General Grants	\$6,792,005	35.48%
Program Revenues	3,770,541	19.70%
General Tax Revenues	8,154,224	42.59%
Investment Earnings	2,825	0.01%
Other Revenues	424,677	2.22%
Total Revenue Sources	\$19,144,272	100.00%



Instruction comprises 54% of governmental program expenses. Support services expenses were 37% of governmental program expenses. All other expenses including interest and fiscal charges were 9%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Total revenues increased mostly due to an increase in operating grants and contributions in 2021 compared to 2020. 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, 2021
(Unaudited)

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2021	2020 - Restated	2021	2020 - Restated
Instruction	\$10,492,257	\$10,083,249	(\$8,851,765)	(\$8,680,506)
Support Services:				
Pupil and Instructional Staff	2,437,719	2,208,800	(1,849,802)	(2,005,918)
School Administration, General				
Administration, Fiscal, and Business	1,765,165	1,831,888	(1,748,383)	(1,831,888)
Operations and Maintenance	1,999,799	1,913,331	(1,568,320)	(1,898,668)
Pupil Transportation	874,155	784,671	(686,337)	(762,879)
Central	60,074	103,185	(54,674)	(97,785)
Operation of Non-Instructional Services	776,949	810,550	(122,214)	(345,007)
Extracurricular Activities	715,675	842,591	(469,757)	(603,462)
Interest and Fiscal Charges	308,507	325,381	(308,507)	(325,381)
Total Expenses	\$19,430,300	\$18,903,646	(\$15,659,759)	(\$16,551,494)

The District’s Funds

The District has one major governmental fund: the General Fund. Assets of the general fund comprised \$16,513,826 (82%) of the total \$20,112,085 governmental funds’ assets.

General Fund: Fund balance at June 30, 2021 was \$8,927,331, an increase in fund balance of \$238,372 from 2020. The increase in fund balance is mainly due to an increase in property tax revenues received from 2020 to 2021.

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 2021, 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 \$13,748,120, compared to final budget estimates of \$13,388,045. The difference of \$360,075 was mainly due to the District overestimating tax and intergovernmental revenues received.

The District’s ending unobligated cash balance was \$9,480,611.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2021, the District had \$25,438,977 invested in land, construction in progress, buildings and improvements, and equipment and vehicles. Table 4 shows fiscal year 2021 balances compared to fiscal year 2020:

Brookville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

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

	Governmental Activities	
	2021	2020
Land	\$935,308	\$935,308
Construction in Progress	0	517,265
Buildings and Improvements	23,233,726	23,084,830
Equipment and Vehicles	1,269,943	1,044,004
Total Net Capital Assets	<u>\$25,438,977</u>	<u>\$25,581,407</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, 2021, the District had \$10,805,285 in debt outstanding, \$825,387 due within one year. Table 5 summarizes debt outstanding.

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2021	2020
General Obligation Loan, Tax Anticipation Note and Refunding Bonds:		
2019 Permanent Improvement Levy Tax Anticipation Note	\$685,000	\$760,000
2018 Refunding Bonds:	9,415,000	10,115,000
Premium on Refunding Bonds	672,898	734,071
General Obligation Loan-Capital Improvements	32,387	74,090
Total General Obligation Loan, Tax Anticipation Note and Refunding Bonds	<u>\$10,805,285</u>	<u>\$11,683,161</u>

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

For the Future

On July 18, 2019, Ohio Governor Mike DeWine signed Am. Sub. H.B. 166 ("HB 166"), which is the budget for the 2020-2021 biennium and provides the funding formula to Ohio schools.

Under HB 166, similar to the current formula, the State Department of Education will compute and pay to each school district education aid based on per pupil funding (calculated to be \$6,020 in Fiscal Years 2020 and 2021) multiplied by each school district's "state share index," which uses a three year average of

Brookville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

property valuation per pupil and median income of that school district to calculate the percentage of the per-pupil amount that is to be paid by the State and the amount assumed to be contributed by the school district through local sources. Additional funds are provided for students with exceptional needs, including those with special needs and the disabled, English learners, and for economically disadvantaged and gifted students. Funding is also provided based on the number of K-3 students at each school district to be used to help school districts comply with Ohio's 3rd grade reading guarantee. HB 166 also provides for the payment to certain districts of capacity aid funds, graduation bonuses and third-grade reading bonuses. HB 166 also continues the payment of tangible personal property "replacement payments" to districts.

House Bill No. 305 ("HB 305") was introduced in the State legislature on June 26, 2019 and would enact a new school funding formula, referred to as the Cupp/Patterson school funding proposal. This proposed funding formula may differ significantly from the current funding formula, when and if enacted. Whether, when and in what form HB 305 or any other legislation altering the school funding formula may be enacted by the Ohio General Assembly cannot be predicted.

As funding formulas change in each biennium budget the District will continue to monitor closely the funds received from the state as they incorporate approximately 49% of total general fund revenue.

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, 2021

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$12,099,482
Receivables (Net):	
Taxes	7,532,821
Intergovernmental	192,579
Prepays	9,914
Inventory	6,434
Net OPEB Asset	1,005,028
Nondepreciable Capital Assets	935,308
Depreciable Capital Assets, Net	<u>24,503,669</u>
 Total Assets	 <u>46,285,235</u>
Deferred Outflows of Resources:	
Deferred Charge on Refunding	140,547
Pension	3,289,953
OPEB	<u>484,659</u>
 Total Deferred Outflows of Resources	 <u>3,915,159</u>
Liabilities:	
Accrued Wages and Benefits	1,628,767
Accrued Interest Payable	56,670
Long-Term Liabilities:	
Due Within One Year	971,829
Due In More Than One Year:	
Net Pension Liability	17,840,920
Net OPEB Liability	1,366,690
Other Amounts	<u>11,052,602</u>
 Total Liabilities	 <u>32,917,478</u>
Deferred Inflows of Resources:	
Property Taxes	7,062,678
Pension	220,757
OPEB	<u>1,951,131</u>
 Total Deferred Inflows of Resources	 <u>9,234,566</u>
Net Position:	
Net Investment in Capital Assets	14,774,239
Restricted for:	
Debt Service	795,279
Capital Projects	580,817
Classroom Facilities Maintenance	101,253
Student Activities	201,670
Federally Funded Programs	121,172
Food Service Operations	267,107
Other Purposes	1,827
Unrestricted	<u>(8,795,014)</u>
 Total Net Position	 <u><u>\$8,048,350</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, 2021

	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction:					
Regular	\$8,034,609	\$318,979	\$268,409	\$0	(\$7,447,221)
Special	2,190,287	18,308	1,022,485	0	(1,149,494)
Vocational	248,480	0	12,311	0	(236,169)
Other	18,881	0	0	0	(18,881)
Support Services:					
Pupil	1,393,194	0	227,302	0	(1,165,892)
Instructional Staff	1,044,525	0	360,615	0	(683,910)
General Administration	17,145	0	0	0	(17,145)
School Administration	1,485,806	0	16,557	0	(1,469,249)
Fiscal	262,214	0	225	0	(261,989)
Operations and Maintenance	1,999,799	0	431,479	0	(1,568,320)
Pupil Transportation	874,155	0	187,818	0	(686,337)
Central	60,074	0	5,400	0	(54,674)
Operation of Non-Instructional Services	776,949	50,563	604,172	0	(122,214)
Extracurricular Activities	715,675	231,421	4,497	10,000	(469,757)
Interest and Fiscal Charges	308,507	0	0	0	(308,507)
Totals	\$19,430,300	\$619,271	\$3,141,270	\$10,000	(15,659,759)

General Revenues:

Property Taxes Levied for:	
General Purposes	6,692,301
Debt Service Purposes	995,506
Capital Projects Purposes	466,417
Grants and Entitlements, Not Restricted	6,792,005
Revenue in Lieu of Taxes	45,052
Unrestricted Contributions	26,131
Investment Earnings	2,825
Other Revenues	353,494
Total General Revenues	15,373,731
Extraordinary Item, Tornado Damage	1,027,669
Change in Net Position	741,641
Net Position - Beginning of Year, Restated	7,306,709
Net Position - End of Year	\$8,048,350

See accompanying notes to the basic financial statements.

Brookville Local School District, Ohio
Balance Sheet
Governmental Funds
June 30, 2021

	General	Other Governmental Funds	Total Governmental Funds
Assets:			
Equity in Pooled Cash and Investments	\$10,036,828	\$2,062,654	\$12,099,482
Receivables (Net):			
Taxes	6,196,708	1,336,113	7,532,821
Intergovernmental	0	192,579	192,579
Interfund	270,855	0	270,855
Prepays	9,435	479	9,914
Inventory	0	6,434	6,434
Total Assets	<u>16,513,826</u>	<u>3,598,259</u>	<u>20,112,085</u>
Liabilities:			
Accrued Wages and Benefits	1,542,017	86,750	1,628,767
Compensated Absences	117,728	0	117,728
Interfund Payable	0	270,855	270,855
Total Liabilities	<u>1,659,745</u>	<u>357,605</u>	<u>2,017,350</u>
Deferred Inflows of Resources:			
Property Taxes	5,926,750	1,275,808	7,202,558
Grants	0	192,579	192,579
Total Deferred Inflows of Resources	<u>5,926,750</u>	<u>1,468,387</u>	<u>7,395,137</u>
Fund Balances:			
Nonspendable	9,435	479	9,914
Restricted	0	2,088,758	2,088,758
Assigned	1,284,253	0	1,284,253
Unassigned (Deficit)	7,633,643	(316,970)	7,316,673
Total Fund Balances	<u>8,927,331</u>	<u>1,772,267</u>	<u>10,699,598</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$16,513,826</u>	<u>\$3,598,259</u>	<u>\$20,112,085</u>

See accompanying notes to the basic financial statements.

Brookville Local School District, Ohio
 Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2021

Total Governmental Fund Balances		\$10,699,598
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		25,438,977
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Delinquent Property Taxes	139,880	
Intergovernmental	<u>192,579</u>	
		332,459
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.		
		(56,670)
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		(1,101,418)
Deferred outflow of resources associated with long-term liabilities are not reported in the funds.		
		140,547
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	3,289,953	
Deferred inflows of resources related to pensions	(220,757)	
Deferred outflows of resources related to OPEB	484,659	
Deferred inflows of resources related to OPEB	<u>(1,951,131)</u>	
		1,602,724
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	1,005,028	
Net Pension Liability	(17,840,920)	
Net OPEB Liability	(1,366,690)	
Other Amounts	<u>(10,805,285)</u>	
		<u>(29,007,867)</u>
Net Position of Governmental Activities		<u><u>\$8,048,350</u></u>

See accompanying notes to the basic financial statements.

Brookville Local School District, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Property and Other Taxes	\$6,706,873	\$1,446,671	\$8,153,544
Tuition and Fees	269,240	0	269,240
Investment Earnings	5,794	(1,916)	3,878
Intergovernmental	7,228,827	2,645,419	9,874,246
Extracurricular Activities	107,901	150,258	258,159
Charges for Services	36,803	50,563	87,366
Revenue in Lieu of Taxes	45,052	0	45,052
Other Revenues	349,239	44,892	394,131
Total Revenues	14,749,729	4,335,887	19,085,616
Expenditures:			
Current:			
Instruction:			
Regular	6,487,885	240,711	6,728,596
Special	1,648,771	423,797	2,072,568
Vocational	236,346	0	236,346
Other	18,596	0	18,596
Support Services:			
Pupil	1,135,796	236,980	1,372,776
Instructional Staff	654,084	357,648	1,011,732
General Administration	16,557	0	16,557
School Administration	1,392,090	14,365	1,406,455
Fiscal	242,267	13,173	255,440
Operations and Maintenance	1,138,313	380,917	1,519,230
Pupil Transportation	638,165	166,894	805,059
Central	54,674	5,400	60,074
Operation of Non-Instructional Services	196,998	547,505	744,503
Extracurricular Activities	425,748	242,463	668,211
Capital Outlay	185,067	1,226,198	1,411,265
Debt Service:			
Principal Retirement	0	816,703	816,703
Interest and Fiscal Charges	0	359,434	359,434
Total Expenditures	14,471,357	5,032,188	19,503,545
Excess of Revenues Over (Under) Expenditures	278,372	(696,301)	(417,929)
Other Financing Sources (Uses):			
Transfers In	0	136,148	136,148
Transfers (Out)	(40,000)	(96,148)	(136,148)
Total Other Financing Sources (Uses)	(40,000)	40,000	0
Extraordinary Item, Tornado Damage	0	1,027,669	1,027,669
Net Change in Fund Balances	238,372	371,368	609,740
Fund Balances - Beginning of Year, Restated	8,688,959	1,400,899	10,089,858
Fund Balances - End of Year	\$8,927,331	\$1,772,267	\$10,699,598

See accompanying notes to the basic financial statements.

Brookville Local School District, Ohio
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balances of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds \$609,740

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	1,009,437	
Depreciation Expense	(1,151,867)	
		(142,430)

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	1,325,030	
Pension Expense	(2,162,935)	
OPEB Contributions	39,179	
OPEB Expense	80,401	
		(718,325)

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

Delinquent Property Taxes	680	
Investment Earnings	(1,053)	
Intergovernmental	59,029	
		58,656

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. 816,703

In the statement of activities interest expense is accrued when incurred;
 whereas, in governmental funds an interest expenditure is reported
 when due. 2,531

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	66,370	
Amortization of Bond Premium	61,173	
Amortization of Deferred Charge on Refunding	(12,777)	
		114,766

Change in Net Position of Governmental Activities \$741,641

See accompanying notes to the basic financial statements.

Brookville Local School District, Ohio
Statement of Change in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2021

	Custodial Fund
Additions:	
Extracurricular Collections for OHSAA	<u>\$13,111</u>
Total Additions	<u>13,111</u>
Deductions:	
Extracurricular Distributions to OHSAA	<u>13,111</u>
Total Deductions	<u>13,111</u>
Change in Net Position	0
Net Position - Beginning of Year	<u>0</u>
Net Position - End of Year	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements.

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Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

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 67 noncertified and approximately 100 certified teaching personnel and administrative employees providing education to 1,501 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 Council Workers' Compensation Group Rating Plan

Jointly Governed Organizations:

- Southwestern Ohio Educational Purchasing Council
- Metropolitan Educational Technology Association
- Shared Resource 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, 2021

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 fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District has an OHSAA Events fund to account for assets and liabilities of OHSAA athletic events of the district.

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, 2021

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.

Custodial 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, 2021, and which are not intended to finance fiscal year 2021 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, 2021

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, and grants. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance year 2022 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 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.

Investments are reported at fair value which is based on quoted market prices.

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 2021 amounted to \$5,794 and (\$1,916) 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, 2021 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, 2021

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, 2021 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 and Vehicles	5 - 20

Long-Term Obligations

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

<u>Obligation</u>	<u>Fund</u>
General Obligation Loan, 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, 2021

Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. 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 \$2,069,125, 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, 2021

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 2021 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, 2021

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, 2021

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, 2021, the entire amount of the District's bank balance of \$5,093,650 was covered by the FDIC.

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, 2021, the District had the following investments:

	<u>Fair Value</u>	<u>Fair Value Hierarchy</u>	<u>Weighted Average Maturity (Years)</u>
Money Market Fund	\$7,167,370	Level 1	0.00
Total Fair Value	<u>\$7,167,370</u>		

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, 2021.

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 was rated Aaa by Moody's.

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, 100% are in Money Market Fund.

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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 and Preble Counties. 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, 2021, are available to finance fiscal year 2022 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, 2021. 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 2021 receipts were based, were as follows:

<u>2020 Second Half Collections</u>		<u>2021 First Half Collections</u>	
Agricultural/Residential and Other Real Estate	\$197,974,230	Agricultural/Residential and Other Real Estate	\$221,145,590
Public Utility Personal	<u>6,693,710</u>	Public Utility Personal	<u>6,827,070</u>
Total Assessed Value	<u>\$204,667,940</u>	Total Assessed Value	<u>\$227,972,660</u>
	\$73.53		\$73.11

Note 4 – Receivables

Receivables at June 30, 2021 consisted of taxes, intergovernmental, and interfund.

Brookville Local School District, Ohio
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Note 5 - Capital Assets

Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at June 30, 2021:

	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	517,265	650,253	1,167,518	0
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	38,611,988	1,169,948	0	39,781,936
Equipment and Vehicles	6,440,558	356,754	0	6,797,312
Totals at Historical Cost	<u>46,505,119</u>	<u>2,176,955</u>	<u>1,167,518</u>	<u>47,514,556</u>
Less Accumulated Depreciation:				
Buildings and Improvements	15,527,158	1,021,052	0	16,548,210
Equipment and Vehicles	5,396,554	130,815	0	5,527,369
Total Accumulated Depreciation	<u>20,923,712</u>	<u>1,151,867</u>	<u>0</u>	<u>22,075,579</u>
Governmental Activities Capital Assets, Net	<u>\$25,581,407</u>	<u>\$1,025,088</u>	<u>\$1,167,518</u>	<u>\$25,438,977</u>

Depreciation expenses were charged to governmental functions as follows:

Instruction:	
Regular	\$1,028,600
Special	633
Vocational	102
Support Services:	
Pupil	2,184
Instructional Staff	19,923
School Administration	271
Fiscal	388
Operations and Maintenance	32,108
Pupil Transportation	31,547
Operation of Non-Instructional Services	16,614
Extracurricular Activities	19,497
Total Depreciation Expense	<u>\$1,151,867</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
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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 is 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

District 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, 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’

Brookville Local School District, Ohio
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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:

	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.

Changes in Benefits between Measurement Date and the Fiscal Year End

In September 2020, the Board of Trustees approved a 0.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2021. The effects of these changes are unknown.

Funding Policy

Plan members are required to contribute 10 percent of their annual covered salary and the District 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, 2021, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2021, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was \$297,086 for fiscal year 2021. Of this amount \$29,743 is reported as accrued wages and benefits.

Plan Description - State Teachers Retirement System (STRS)

Plan Description

District 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

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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.

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. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year 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.

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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 2021 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2021, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$1,027,944 for fiscal year 2021. Of this amount \$171,321 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, 2020, 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	\$4,004,151	\$13,836,769	\$17,840,920
Proportion of the Net Pension Liability:			
Current Measurement Date	0.06053860%	0.05718514%	
Prior Measurement Date	<u>0.05999010%</u>	<u>0.05659093%</u>	
Change in Proportionate Share	0.00054850%	0.00059421%	
Pension Expense	\$447,074	\$1,715,861	\$2,162,935

At June 30 2021, 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	\$7,778	\$31,046	\$38,824
Changes of assumptions	0	742,767	742,767
Net difference between projected and actual earnings on pension plan investments	254,182	672,884	927,066
Changes in employer proportionate share of net pension liability	23,384	232,882	256,266
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>297,086</u>	<u>1,027,944</u>	<u>1,325,030</u>
Total Deferred Outflows of Resources	<u>\$582,430</u>	<u>\$2,707,523</u>	<u>\$3,289,953</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$0	\$88,477	\$88,477
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>0</u>	<u>132,280</u>	<u>132,280</u>
Total Deferred Inflows of Resources	<u>\$0</u>	<u>\$220,757</u>	<u>\$220,757</u>

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\$1,325,030 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2022	\$15,730	\$425,035	\$440,765
2023	84,085	253,812	337,897
2024	105,949	450,027	555,976
2025	79,580	329,948	409,528
Total	\$285,344	\$1,458,822	\$1,744,166

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, 2020, 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

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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.

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.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	1.85%
US Stocks	22.50%	5.75%
Non-US Stocks	22.50%	6.50%
Fixed Income	19.00%	2.85%
Private Equity	12.00%	7.60%
Real Assets	17.00%	6.60%
Multi-Asset Strategies	5.00%	6.65%
Total	100.00%	

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 earnings 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 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Proportionate share of the net pension liability	\$5,485,197	\$4,004,151	\$2,761,524

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Changes in Actuarial Assumptions between Measurement Date and the Fiscal Year End

Based on a new experience study for the five years ending June 30, 2020, the SERS Board lowered the investment rate of return from 7.50 percent to 7.00 percent, lowered inflation from 3.00 percent to 2.40 percent, reduced wage inflation from 3.50 percent to 3.25 percent, reduced COLA from 2.50 percent to 2.00 percent, along with certain other changes for the actuarial valuation as of June 30, 2021. The effects of these changes are unknown.

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, 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
Discount Rate of Return	7.45%
Payroll Increases	3.00%
Cost-of-Living Adjustments (COLA)	0%, effective July 1, 2017

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 June 30, 2020, 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>	

*10 Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25%, but 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.

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Discount Rate

The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. 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, 2020. 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, 2020.

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

The following table presents the County's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the District's 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	\$19,701,150	\$13,836,769	\$8,867,194

Changes in Actuarial Assumptions between Measurement Date and the Fiscal Year End

The STRS Board approved a change in the discount rate from 7.45 percent to 7.00 percent for the June 30, 2021 valuation. The effect on the net pension liability is unknown.

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 Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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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 2021, 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 2021, this amount was \$23,000. 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 collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the District's surcharge obligation was \$39,179.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$39,179 for fiscal year 2021. Of this amount, \$39,179 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. 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 the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability (Asset), OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability (asset) was based on the District'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:

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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$1,366,690	\$0	\$1,366,690
Proportionate Share of the Net OPEB (Asset)	0	(1,005,028)	(1,005,028)
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.06288470%	0.05718514%	
Prior Measurement Date	<u>0.06147670%</u>	<u>0.05659093%</u>	
Change in Proportionate Share	0.00140800%	0.00059421%	
OPEB Expense	(\$8,162)	(\$72,239)	(\$80,401)

At June 30 2021, reported deferred outflows of resources and deferred inflows of resources related to OPEB 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	\$17,950	\$64,398	\$82,348
Changes of assumptions	232,973	16,590	249,563
Net difference between projected and actual earnings on OPEB plan investments	15,399	35,223	50,622
Changes in proportion and differences between District contributions and proportionate share of contributions	56,434	6,513	62,947
Contributions subsequent to the measurement date	<u>39,179</u>	<u>0</u>	<u>39,179</u>
Total Deferred Outflows of Resources	<u>\$361,935</u>	<u>\$122,724</u>	<u>\$484,659</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$695,058	\$200,187	\$895,245
Changes of assumptions	34,424	954,609	989,033
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>19,925</u>	<u>46,928</u>	<u>66,853</u>
Total Deferred Inflows of Resources	<u>\$749,407</u>	<u>\$1,201,724</u>	<u>\$1,951,131</u>

\$39,179 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, 2022. 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:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2022	(\$87,965)	(\$272,007)	(\$359,972)
2023	(86,850)	(248,166)	(335,016)
2024	(87,032)	(239,802)	(326,834)
2025	(82,104)	(226,031)	(308,135)
2026	(61,158)	(44,567)	(105,725)
Thereafter	<u>(21,542)</u>	<u>(48,427)</u>	<u>(69,969)</u>
Total	<u>(\$426,651)</u>	<u>(\$1,079,000)</u>	<u>(\$1,505,651)</u>

Brookville Local School District, Ohio
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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.

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, 2020, are presented below:

Inflation	3.00%
Wage Increases	3.50% to 18.20%
Investment Rate of Return	7.50% net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	2.45%
Prior Measurement Date	3.13%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Measurement Date	2.63%
Prior Measurement Date	3.22%
Medical Trend Assumption:	
Medicare	5.25% to 4.75%
Pre-Medicare	7.00% to 4.75%

Mortality rates 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

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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.

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	2.00%	1.85%
US Stocks	22.50%	5.75%
Non-US Stocks	22.50%	6.50%
Fixed Income	19.00%	2.85%
Private Equity	12.00%	7.60%
Real Assets	17.00%	6.60%
Multi-Asset Strategies	5.00%	6.65%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability at June 30, 2019, was 3.22 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 2.45 percent, as of June 30, 2020 (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 (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care

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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 (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
Proportionate share of the net OPEB liability	\$1,672,795	\$1,366,690	\$1,123,338
	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	\$1,076,165	\$1,366,690	\$1,755,198

Changes in Actuarial Assumptions between Measurement Date and the Fiscal Year End

Based on a new experience study for the five years ending June 30, 2020, the SERS Board reduced the wage growth assumption from 3.50 percent to 3.25 percent and increased the health care rate of return from 5.25 percent to 7.00 percent. The effects of these changes are unknown.

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, 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	5.00% initial, 4% ultimate
Medicare	-6.69% initial, 4% ultimate
Prescription Drug	
Pre-Medicare	6.50% initial, 4% ultimate
Medicare	11.87% 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, 2020, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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Since the prior measurement date, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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:

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%	

*10 Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25%, but 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, 2020. The projection of cash flows used to determine the discount rate assumes 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, 2020. 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, 2020.

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, 2020, 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.

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	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Proportionate share of the net OPEB (asset)	(\$874,440)	(\$1,005,028)	(\$1,115,827)
	1% Decrease	Current Trend Rate	1% Increase
Proportionate share of the net OPEB (asset)	(\$1,108,950)	(\$1,005,028)	(\$878,436)

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, 2021 is as follows:

	Beginning Balance	Issued	Retired	Ending Balance	Due In One Year
Governmental Activities:					
Bonds, Loan and Note:					
General Obligation Loan-Capital Improvements	\$74,090	\$0	\$41,703	\$32,387	\$32,387
2018 Refunding Bonds	10,115,000	0	700,000	9,415,000	715,000
Premium	734,071	0	61,173	672,898	0
2019 Permanent Improvement Levy Tax Anticipation Note	760,000	0	75,000	685,000	78,000
Subtotal Bonds, Loan, and Note	11,683,161	0	877,876	10,805,285	825,387
Compensated Absences	1,185,425	71,172	37,451	1,219,146	146,442
Subtotal Bonds and Other Amounts	12,868,586	71,172	915,327	12,024,431	971,829
Net Pension Liability:					
STRS	12,514,744	1,322,025	0	13,836,769	0
SERS	3,589,313	414,838	0	4,004,151	0
Total Net Pension Liability	16,104,057	1,736,863	0	17,840,920	0
Net OPEB Liability					
SERS	1,546,010	0	179,320	1,366,690	0
Total OPEB Liability	1,546,010	0	179,320	1,366,690	0
Total Long-Term Obligations	\$30,518,653	\$1,808,035	\$1,094,647	\$31,232,041	\$971,829

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.

Brookville Local School District, Ohio
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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, 2021 follows:

Fiscal Year Ending June 30	Refunding Bonds		Permanent Improvement Levy Tax Note		General Obligation Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
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	850,000	235,800	87,000	8,890	0	0
2027-2031	4,770,000	632,000	274,000	11,648	0	0
2032	700,000	14,000	0	0	0	0
Total	<u>\$9,415,000</u>	<u>\$2,043,181</u>	<u>\$685,000</u>	<u>\$79,394</u>	<u>\$32,387</u>	<u>\$1,307</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, 2021, the reserve activity (cash-basis) was as follows:

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	Capital Acquisition Reserve
Set-aside Reserve Balance as of June 30, 2020	\$0
Current Year Set-aside Requirement	274,077
Qualified Disbursements	(377,276)
Current Year Offsets	0
Total	<u>(\$103,199)</u>
Set-Aside Reserve Balance as of June 30, 2021	<u>\$0</u>
Carried Forward as of June 30, 2021	<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, 2021, consisted of the following interfund receivable and interfund payable and transfers in and out:

	Interfund		Transfers	
	Receivable	Payable	In	Out
General	\$270,855	\$0	\$0	\$40,000
Other Governmental Funds	0	270,855	136,148	96,148
Total	<u>\$270,855</u>	<u>\$270,855</u>	<u>\$136,148</u>	<u>\$136,148</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 2021 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 Council 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 Council.

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 260 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 2021, the District paid \$66,334 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 2021, the District paid \$26,841 to META. Financial information can be obtained from the Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

Shared Resource Center Regional Council of Governments - The District participates in the Shared Resource 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 2021, the District paid \$141,526 to the Shared Resource 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
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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, 2021, if applicable, cannot be determined at this time.

Note 15 – Accountability

The following funds had deficit fund balances at June 30, 2021:

Other Governmental Funds:	Deficit
Title I	\$27,120
IDEA Part B	120,798
Title II-A	25,567
CARES	2,597
Disaster Recovery - Tornado	140,594

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:

Fund Balances	General	Other Governmental Funds	Total
Nonspendable:			
Prepays	\$9,435	\$479	\$9,914
Total Nonspendable	9,435	479	9,914
Restricted for:			
Athletics	0	111,780	111,780
Miscellaneous Federal Grants	0	112,907	112,907
Food Service	0	278,491	278,491
Health Care	0	1,827	1,827
Student Activity	0	89,890	89,890
Classroom Facilities Maintenance	0	101,253	101,253
Debt Service	0	832,591	832,591
Permanent Improvement	0	560,019	560,019
Total Restricted	0	2,088,758	2,088,758
Assigned to:			
Budgetary Resources	790,018	0	790,018
Public School Support	154,272	0	154,272
Encumbrances	339,963	0	339,963
Total Assigned	1,284,253	0	1,284,253
Unassigned (Deficit)	7,633,643	(316,970)	7,316,673
Total Fund Balance	\$8,927,331	\$1,772,267	\$10,699,598

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

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 \$644,607.

Note 18 – Implementation of New Accounting Principles and Restatement of Net Position/Fund Balance

New Accounting Principles

For fiscal year 2021, the District implemented GASB Statement No. 84, Fiduciary Activities and related guidance from (GASB) Implementation Guide No. 2019-2, Fiduciary Activities, and GASB Statement No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and GASB Statements No. 61.

GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the District will no longer be reporting agency funds. The District reviewed its agency funds and certain funds will be reported in the new fiduciary fund classification of custodial funds, while other funds have been reclassified as governmental funds. If applicable, fund reclassifications resulted in the restatement of the District’s financial statements.

GASB Statement No. 90 improves consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations. This Statement also provides guidance for reporting a component unit if a government acquires a 100 percent equity interest in that component unit. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the District.

Restatement of Fund Balance/Net Position

The implementation of GASB 84 had the following effect on fund balance as reported at June 30, 2020:

	Other Governmental Funds
	<u> </u>
Fund Balance, June 30, 2020	\$1,255,112
Adjustments-Presentation Changes:	
GASB Statement No. 84	<u>145,787</u>
Restated Fund Balance, June 30, 2020	<u><u>\$1,400,899</u></u>

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2021

The implementation of the GASB 84 pronouncement had the following effect on the net position as reported at June 30, 2020:

	Governmental Activities
	<u> </u>
Net Position, June 30, 2020	\$7,160,922
Adjustments-Presentation Changes:	
GASB Statement No. 84	<u>145,787</u>
Restated Net Position, June 30, 2020	<u><u>\$7,306,709</u></u>

Note 19 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2021, the District received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

Note 20 – Subsequent Events

For fiscal year 2022, District foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the District were funded to the District who, in turn, made the payment to the educating school.

For fiscal year 2021, the District reported \$315,072 in revenues and expenditures/expenses related to these programs. This new funding system calculates a unique base cost and a unique "per-pupil local capacity amount" for each District. The District's state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

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 Eight 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
2021	0.06053860%	\$4,004,151	\$2,122,350	188.67%	68.55%
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 the 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
2021	\$297,086	(\$297,086)	\$0	\$2,122,043	14.00%
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%

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 Eight 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
2021	0.05718514%	\$13,836,769	\$6,818,486	202.93%	75.50%
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 the 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
2021	\$1,027,944	(\$1,027,944)	\$0	\$7,342,457	14.00%
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%

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 Five 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
2021	0.06288470%	\$1,366,690	\$2,122,350	64.40%	18.17%
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 the District's Contributions for Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Six 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
2021	\$39,179	(\$39,179)	\$0	\$2,122,043	1.85%
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 Five 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
2021	0.05718514%	(\$1,005,028)	\$6,818,486	(14.74%)	182.13%
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 the District's Contributions for Net OPEB (Asset)/Liability
 State Teachers Retirement System of Ohio
 Last Six 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
2021	\$0	\$0	\$0	\$7,342,457	0.00%
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, 2021

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$6,243,939	\$6,080,405	\$6,523,864	\$443,459
Revenue in lieu of taxes	43,119	41,990	45,052	3,062
Tuition and Fees	176,351	171,732	184,257	12,525
Investment Earnings	11,378	11,080	11,888	808
Intergovernmental	6,918,654	6,737,448	7,228,827	491,379
Extracurricular Activities	49,044	47,760	51,243	3,483
Other Revenues	305,635	297,630	319,337	21,707
Total Revenues	13,748,120	13,388,045	14,364,468	976,423
Expenditures:				
Current:				
Instruction:				
Regular	6,784,819	6,784,819	6,379,145	405,674
Special	1,698,081	1,698,081	1,596,550	101,531
Vocational	222,693	222,693	209,378	13,315
Adult/Continuing	45	47	42	5
Other	19,734	19,734	18,554	1,180
Support Services:				
Pupil	1,277,013	1,277,013	1,200,659	76,354
Instructional Staff	721,853	721,853	678,692	43,161
General Administration	19,205	19,205	18,057	1,148
School Administration	1,476,435	1,476,435	1,388,157	88,278
Fiscal	256,135	256,135	240,820	15,315
Business	346	346	325	21
Operations and Maintenance	1,197,109	1,197,109	1,125,532	71,577
Pupil Transportation	664,307	664,307	624,587	39,720
Central	58,396	58,396	54,904	3,492
Operation of Non-Instructional Services	161,326	161,326	151,680	9,646
Extracurricular Activities	440,214	440,214	413,893	26,321
Capital Outlay	196,836	196,836	185,067	11,769
Total Expenditures	15,194,547	15,194,549	14,286,042	908,507
Excess of Revenues Over (Under) Expenditures	(1,446,427)	(1,806,504)	78,426	1,884,930
Other financing sources (uses):				
Proceeds from Sale of Assets	3,704	3,607	3,870	263
Advances In	442,976	431,374	462,835	31,461
Advances (Out)	(288,603)	(288,603)	(271,347)	17,256
Transfers (Out)	(42,544)	(42,544)	(40,000)	2,544
Total Other Financing Sources (Uses)	115,533	103,834	155,358	51,524
Net Change in Fund Balance	(1,330,894)	(1,702,670)	233,784	1,936,454
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	9,246,827	9,246,827	9,246,827	0
Fund Balance - End of Year	\$7,915,933	\$7,544,157	\$9,480,611	\$1,936,454

See accompanying notes to the required supplementary information.

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Brookville Local School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2021

Note 1 – Budgetary Process

All funds, except custodial 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 statements 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 statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2021.

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 budgetary basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budgetary basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budgetary basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budgetary 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 (budgetary basis).

Brookville Local School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2021

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

Net Change in Fund Balance	
	General
GAAP Basis	\$238,372
Revenue Accruals	(176,913)
Expenditure Accruals	318,122
Funds Budgeted Elsewhere	(20,783)
Advances In	462,835
Advances (Out)	(271,347)
Encumbrances	(316,502)
Budgetary Basis	\$233,784

Note 2 - Net Pension Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

2020-2021: 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 change in the Consumer Price 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:

2018-2021: 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%.

Brookville Local School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2021

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

2019-2021: 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:

2019-2021: 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:

2017-2021: There were no changes in benefit terms from the amounts reported for these fiscal years.

Changes in Assumptions:

2021: 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	3.22%
Measurement Date	2.63%
- (2) Municipal Bond Index Rate:

Brookville Local School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2021

Prior Measurement Date	3.13%
Measurement Date	2.45%
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Prior Measurement Date	3.22%
Measurement Date	2.63%

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 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:

Brookville Local School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2021

- (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:

2021: There was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year end 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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.

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:

Brookville Local School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2021

2021: There were changes in assumptions during the measurement year, which decreased the total OPEB liability by approximately \$76 million. The assumption changes included changes in healthcare costs and trends.

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 EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal Assistance Listing Number	Pass Through Entity Identifying Number	(1) Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed through Ohio Department of Education</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution)			
National School Lunch Program	10.555	N/A	\$ 36,185
Cash Assistance			
National School Lunch Program	10.555	N/A	457,170
COVID-19 National School Lunch Program	10.555	N/A	9,382
Total National School Lunch Program			<u>502,737</u>
School Breakfast Program	10.553	N/A	54,283
COVID-19 School Breakfast Program	10.553	N/A	894
Total School Breakfast Program			<u>55,177</u>
Total Child Nutrition Cluster and U.S. Department of Agriculture			<u>557,914</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	N/A	273,500
Special Education Preschool Grants	84.173	N/A	12,967
Total Special Education Cluster (IDEA)			<u>286,467</u>
Title I Grants to Local Educational Agencies	84.010	N/A	197,359
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	N/A	40,885
Student Support and Academic Enrichment Program	84.424	N/A	14,276
COVID-19 Education Stabilization Fund	84.425D	N/A	142,632
Disaster Recovery Assistance for Education	84.938	N/A	202,537
Total U.S. Department of Education			<u>884,156</u>
U.S. DEPARTMENT OF THE TREASURY			
<i>Passed through Ohio Department of Education</i>			
COVID-19 Coronavirus Relief Fund	21.019	N/A	72,062
<i>Passed through Montgomery County, Ohio</i>			
COVID-19 Coronavirus Relief Fund	21.019	N/A	650,000
<i>Passed through Montgomery County Educational Service Center</i>			
COVID-19 Coronavirus Relief Fund	21.019	N/A	34,163
Total COVID-19 Coronavirus Relief Fund and U.S. Department of the Treasury			<u>756,225</u>
Total Expenditures of Federal Awards			<u>\$ 2,198,295</u>

N/A - No agency pass-through or other identifying number was available for this program.

(1) - There were no amounts passed through to subrecipients.

The accompanying notes are an integral part of this schedule.

**BROOKVILLE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Brookville Local School District (the District) under programs of the federal government for the fiscal year ended June 30, 2021. 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 change 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.



**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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 10, 2022, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We also noted the financial impact of COVID-19 and the continuing emergency measures which 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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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*.

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

March 10, 2022



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH 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 Programs

We have audited 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 programs for the fiscal year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

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 program.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal programs 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 programs. However, our audit does not provide a legal determination of the District's compliance.

Opinion on the Major Federal Programs

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 programs for the fiscal year ended June 30, 2021.

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 each 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

March 10, 2022

**BROOKVILLE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2021**

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)?	No
(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):	Child Nutrition Cluster AL #21.019 – Coronavirus Relief Fund
(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?	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

4. OTHER – FINDINGS FOR RECOVERY

We identified the following other issue related to a Finding for Recovery Repaid Under Audit. This issue did not impact our GAGAS or Single Audit Compliance and Controls reports.

FINDING NUMBER 2021-001

Finding for Recovery Repaid Under Audit

Agreement to Provide Services between the Shared Resource Center (SRC) and Brookville Local School District, adopted by the Board of Education on July 20, 2020, facilitates the appointment of Tiffany Hiser as the Treasurer of the Board for a period commencing July 1, 2020 through July 31, 2022, unless the Agreement is otherwise earlier terminated. Section 5 of the Agreement outlines the compensation for services from July 1, 2020 through June 30, 2021 as \$97,180, plus the annual sum of \$12,500 for benefits, and 25% of the service fee (calculated at \$24,295) for overall total compensation of \$133,975 for fiscal year 2021 services. During fiscal year 2021, the District paid the SRC a total of \$135,878 for the Treasurer's services, which resulted in a total overpayment of \$1,903.

In accordance with the forgoing facts, and pursuant to **Ohio Rev. Code § 117.28**, a finding for recovery for public money illegally expended is hereby issued against the Shared Resource Center in the amount of \$1,903 and in favor of the Brookville Local School District's General Fund.

The SRC credited the District's December 2021 Treasurer Services Invoice #SRC22088 in the amount of \$1,903 to refund the overpayment.

The District should implement procedures to review invoices prior to payment to verify payments are made in accordance with approved agreements. Failure to do so could result in additional overpayments in future years.

Officials' Response:

The District will continue to review all invoices for accuracy before payment.

Brookville Local School District



Timothy L. Hopkins
Superintendent
(937) 833-2181

Nicholas S. Martin
Treasurer
(937) 833-5582

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS **2 CFR 200.511(b)** **June 30, 2021**

Finding Number	Finding Summary	Status	Additional Information
2020-001	The District's financial statements were misstated	Partially corrected – Repeated in Management letter	The District will review and work closely with GAAP consultants to make sure that the financial statements are more accurately converted in the future.

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

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 3/31/2022

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