



**BROOKVILLE LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**SINGLE AUDIT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2022**



**BROOKVILLE LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY  
JUNE 30, 2022**

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**BROOKVILLE LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY  
JUNE 30, 2022**

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# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Brookville Local School District, Montgomery County, Ohio (the District), as of and for the fiscal year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 Brookville Local School District, Montgomery County, Ohio as of June 30, 2022, and the respective changes in financial position for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **Emphasis of Matter**

As discussed in Note 19 to the financial statements, the financial impact of COVID-19 and the continuing recovery measures may impact subsequent periods of the District. Our opinion is not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the *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 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards 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 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2023 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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 28, 2023

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**Brookville Local School District, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2022**  
**(Unaudited)**

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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, 2022. 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 2022 are as follows:

- Net position of governmental activities increased \$2,880,658 which represents a 36% increase from 2021.
- General revenues accounted for \$17,024,349 in revenue or 84% of all general and program revenues. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for \$3,217,246 or 16% of total general and program revenues of \$20,241,595.
- The District had \$18,004,265 in expenses related to governmental activities; \$3,217,246 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$17,024,349 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 2022?" 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, 2022**  
(Unaudited)

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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**

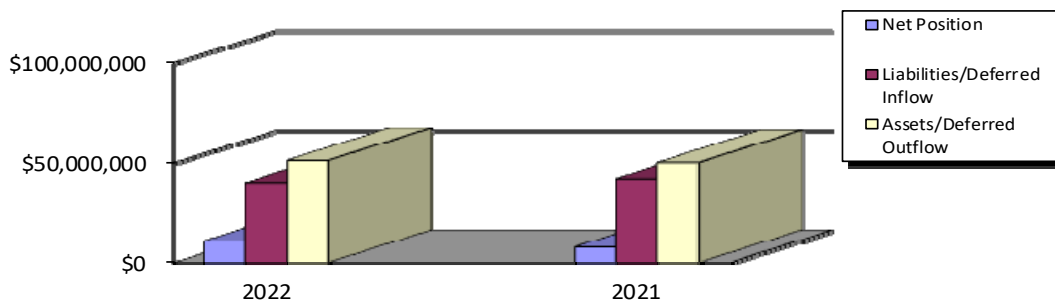
As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District's net position for 2022 compared to 2021:

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**Brookville Local School District, Ohio**  
**Management’s Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2022**  
(Unaudited)

**Table 1**  
**Net Position**

	Governmental Activities	
	2022	2021
<b>Assets:</b>		
Current and Other Assets	\$20,646,102	\$19,841,230
Net OPEB Asset	1,228,403	1,005,028
Capital Assets	24,402,382	25,438,977
<b>Total Assets</b>	<b>46,276,887</b>	<b>46,285,235</b>
<b>Deferred Outflows of Resources:</b>		
Deferred Charge on Refunding	127,770	140,547
OPEB	475,189	484,659
Pension	4,230,963	3,289,953
<b>Total Deferred Outflows of Resources</b>	<b>4,833,922</b>	<b>3,915,159</b>
<b>Liabilities:</b>		
Other Liabilities	1,801,149	1,685,437
Long-Term Liabilities	22,097,341	31,232,041
<b>Total Liabilities</b>	<b>23,898,490</b>	<b>32,917,478</b>
<b>Deferred Inflows of Resources:</b>		
Property Taxes	6,353,581	7,062,678
OPEB	2,156,149	1,951,131
Pension	7,773,581	220,757
<b>Total Deferred Inflows of Resources</b>	<b>16,283,311</b>	<b>9,234,566</b>
<b>Net Position:</b>		
Net Investment in Capital Assets	14,611,427	14,774,239
Restricted	2,721,421	2,069,125
Unrestricted	(6,403,840)	(8,795,014)
<b>Total Net Position</b>	<b>\$10,929,008</b>	<b>\$8,048,350</b>



Over time, net position can serve as a useful indicator of a government’s financial position. At June 30, 2022, the District’s assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$10,929,008.

**Brookville Local School District, Ohio**  
**Management’s Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2022**  
(Unaudited)

At year-end, capital assets represented 53% of total assets. Capital assets include land, buildings and improvements, and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2022, were \$14,611,427. 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, \$2,721,421 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 2021 to 2022 because of the current year depreciation being greater than current year additions. Long term liabilities decreased from 2021 to 2022 due to the net pension liability decreasing.

Table 2 shows the changes in net position for fiscal years 2022 and 2021.

**Table 2**  
**Changes in Net Position**

	Governmental Activities	
	2022	2021
Revenues:		
Program Revenues		
Charges for Services	\$775,036	\$619,271
Operating Grants and Contributions	2,432,210	3,141,270
Capital Grants and Contributions	10,000	10,000
General Revenues:		
Property Taxes	9,545,082	8,154,224
Grants and Entitlements not Restricted	7,326,818	6,792,005
Other	152,449	427,502
Total Revenues	<u>20,241,595</u>	<u>19,144,272</u>
Program Expenses:		
Instruction	9,417,510	10,492,257
Support Services:		
Pupil and Instructional Staff	2,402,129	2,437,719
School Administration, General		
Administration, Fiscal, and Business	1,823,989	1,765,165
Operations and Maintenance	1,640,445	1,999,799
Pupil Transportation	652,061	874,155
Central	172,868	60,074
Operation of Non-Instructional Services	868,105	776,949
Extracurricular Activities	738,984	715,675
Interest and Fiscal Charges	288,174	308,507
Total Program Expenses	<u>18,004,265</u>	<u>19,430,300</u>
Extraordinary Item, Tornado Damage	643,328	1,027,669
Change in Net Position	2,880,658	741,641
Beginning Net Position	<u>8,048,350</u>	<u>7,306,709</u>
Ending Net Position	<u><u>\$10,929,008</u></u>	<u><u>\$8,048,350</u></u>

**Brookville Local School District, Ohio**  
**Management’s Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2022**  
(Unaudited)

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**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 83% of the District’s revenues for governmental activities.

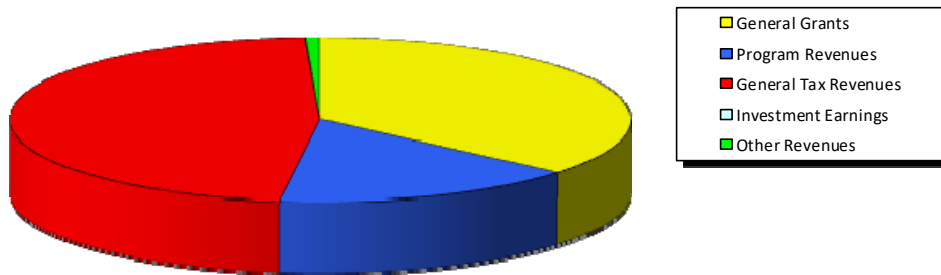
The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner 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 47% of revenue for governmental activities for the District in fiscal year 2022.

**Governmental Activities**  
**Revenue Sources**

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Revenue Sources	2022	Percentage
General Grants	\$7,326,818	36.20%
Program Revenues	3,217,246	15.89%
General Tax Revenues	9,545,082	47.16%
Investment Earnings	7,954	0.04%
Other Revenues	144,495	0.71%
Total Revenue Sources	\$20,241,595	100.00%



Instruction comprises 52% of governmental program expenses. Support services expenses were 37% of governmental program expenses. All other expenses including interest and fiscal charges were 11%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Total revenues increased mostly due to an increase in property taxes in 2022 compared to 2021. Total expenses decreased 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, 2022**  
(Unaudited)

**Table 3**  
**Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2022	2021	2022	2021
Instruction	\$9,417,510	\$10,492,257	(\$7,827,463)	(\$8,851,765)
Support Services:				
Pupil and Instructional Staff	2,402,129	2,437,719	(2,310,721)	(1,849,802)
School Administration, General				
Administration, Fiscal, and Business	1,823,989	1,765,165	(1,823,989)	(1,748,383)
Operations and Maintenance	1,640,445	1,999,799	(1,640,445)	(1,568,320)
Pupil Transportation	652,061	874,155	(652,061)	(686,337)
Central	172,868	60,074	(167,468)	(54,674)
Operation of Non-Instructional Services	868,105	776,949	258,141	(122,214)
Extracurricular Activities	738,984	715,675	(334,839)	(469,757)
Interest and Fiscal Charges	288,174	308,507	(288,174)	(308,507)
Total Expenses	<u>\$18,004,265</u>	<u>\$19,430,300</u>	<u>(\$14,787,019)</u>	<u>(\$15,659,759)</u>

**The District’s Funds**

The District has one major governmental fund: the General Fund. Assets of the general fund comprised \$16,754,464 (79%) of the total \$21,267,761 governmental funds’ assets.

**General Fund:** Fund balance at June 30, 2022 was \$9,747,304, an increase in fund balance of \$819,973 from 2021. The increase in fund balance is mainly due to an increase in property tax revenues received from 2021 to 2022.

**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 2022, the District amended its general fund budget. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the Budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, the original budget basis revenue was \$14,854,982, compared to final budget estimates of \$15,095,748. The difference of \$240,766 was mainly due to the District underestimating intergovernmental revenues received.

The District’s ending unobligated cash balance was \$9,380,396.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2022, the District had \$24,402,382 invested in land, buildings and improvements, and equipment and vehicles. Table 4 shows fiscal year 2022 balances compared to fiscal year 2021:

**Brookville Local School District, Ohio**  
**Management’s Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2022**  
(Unaudited)

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

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	Governmental Activities	
	2022	2021
Land	\$935,308	\$935,308
Buildings and Improvements	22,160,706	23,233,726
Equipment and Vehicles	1,306,368	1,269,943
Total Net Capital Assets	<u>\$24,402,382</u>	<u>\$25,438,977</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, 2022, the District had \$9,918,725 in debt outstanding, \$815,000 due within one year. Table 5 summarizes debt outstanding.

**Table 5**  
**Outstanding Debt at Year End**

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	Governmental Activities	
	2022	2021
General Obligation Loan, Tax Anticipation Note and Refunding Bonds:		
2019 Permanent Improvement Levy Tax Anticipation Note	\$607,000	\$685,000
2018 Refunding Bonds:	8,700,000	9,415,000
Premium on Refunding Bonds	611,725	672,898
General Obligation Loan-Capital Improvements	0	32,387
Total General Obligation Loan, Tax Anticipation Note and Refunding Bonds	<u>\$9,918,725</u>	<u>\$10,805,285</u>

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

**For the Future**

In fiscal year (FY) 2021, the state of Ohio spent more on primary and secondary education than at any other time in state history. And state education spending will continue to increase.

FY 21 State General Revenue Fund (GRF) and Lottery Profit spending for primary and secondary education exceeded fiscal year 2010 funding by nearly \$2.2 billion, or 31.2 percent. Even including one-time federal stimulus dollars, Tangible Personal Property Tax (TPP) and Public Utility Deregulation Replacement (KwH) reimbursements and property tax relief, FY 21 funding exceeded that of FY 10 by \$1.27 billion, or 13.2 percent.

**Brookville Local School District, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2022**  
**(Unaudited)**

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FY 20 and FY 21 also brought a significant influx of federal coronavirus relief funding. This money, unlike federal relief dollars in FY 10 and FY 11, did not support state foundation payments. Across three different spending measures, the federal government has provided more than \$7 billion in federal coronavirus relief to support primary and secondary education.

Ohio's biennial budget for FY 22 and FY 23 continues the record investment of state dollars in primary and secondary education. Much of this money is distributed through a new foundation funding formula. State funding for primary and secondary education totaled \$10.88 billion in FY 21; is estimated at \$11.4 billion in FY 22, the first year of the state's biennium budget (a \$518.7 million increase); and is estimated at \$11.65 billion in FY 23, the second year of the state budget (a \$255.6 million increase). This represents nearly \$1.3 billion in new state spending during the biennium.

The GRF portion of these appropriations is \$8.27 billion in FY 22 and \$8.45 billion in FY 23. This represents growth of \$389.9 million, or 4.9%, in FY 22, and another \$175.5 million, or 2.1%, in FY 23. Lottery appropriations exceed \$1.3 billion in both fiscal years. State education spending in this biennium represents the largest commitment of state appropriations.

**Contacting the District's Financial Management**

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

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Brookville Local School District, Ohio  
Statement of Net Position  
June 30, 2022

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$11,956,105
Receivables (Net):	
Taxes	8,045,361
Intergovernmental	616,412
Prepays	8,926
Inventory	19,298
Net OPEB Asset	1,228,403
Nondepreciable Capital Assets	935,308
Depreciable Capital Assets, Net	<u>23,467,074</u>
 Total Assets	 <u>46,276,887</u>
Deferred Outflows of Resources:	
Deferred Charge on Refunding	127,770
Pension	4,230,963
OPEB	<u>475,189</u>
 Total Deferred Outflows of Resources	 <u>4,833,922</u>
Liabilities:	
Accrued Wages and Benefits	1,747,216
Accrued Interest Payable	53,933
Long-Term Liabilities:	
Due Within One Year	865,756
Due In More Than One Year:	
Net Pension Liability	9,804,216
Net OPEB Liability	1,234,376
Other Amounts	<u>10,192,993</u>
 Total Liabilities	 <u>23,898,490</u>
Deferred Inflows of Resources:	
Property Taxes	6,353,581
Pension	7,773,581
OPEB	<u>2,156,149</u>
 Total Deferred Inflows of Resources	 <u>16,283,311</u>
Net Position:	
Net Investment in Capital Assets	14,611,427
Restricted for:	
Debt Service	1,083,463
Capital Projects	682,037
Classroom Facilities Maintenance	81,760
Student Activities	237,486
Federally Funded Programs	703
Food Service Operations	633,395
Other Purposes	2,577
Unrestricted	<u>(6,403,840)</u>
 Total Net Position	 <u><u>\$10,929,008</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, 2022

	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
<b>Governmental Activities:</b>					
Instruction:					
Regular	\$7,288,237	\$265,179	\$368,134	\$0	(\$6,654,924)
Special	1,925,363	18,548	936,841	0	(969,974)
Vocational	167,639	0	1,345	0	(166,294)
Other	36,271	0	0	0	(36,271)
Support Services:					
Pupil	1,534,981	0	59,065	0	(1,475,916)
Instructional Staff	867,148	0	32,343	0	(834,805)
General Administration	20,490	0	0	0	(20,490)
School Administration	1,379,916	0	0	0	(1,379,916)
Fiscal	423,260	0	0	0	(423,260)
Business	323	0	0	0	(323)
Operations and Maintenance	1,640,445	0	0	0	(1,640,445)
Pupil Transportation	652,061	0	0	0	(652,061)
Central	172,868	0	5,400	0	(167,468)
Operation of Non-Instructional Services	868,105	97,164	1,029,082	0	258,141
Extracurricular Activities	738,984	394,145	0	10,000	(334,839)
Interest and Fiscal Charges	288,174	0	0	0	(288,174)
<b>Totals</b>	<b>\$18,004,265</b>	<b>\$775,036</b>	<b>\$2,432,210</b>	<b>\$10,000</b>	<b>(14,787,019)</b>

General Revenues:

Property Taxes Levied for:	
General Purposes	7,929,044
Debt Service Purposes	1,170,791
Capital Projects Purposes	445,247
Grants and Entitlements, Not Restricted	7,326,818
Revenue in Lieu of Taxes	9,640
Unrestricted Contributions	13,100
Investment Earnings	7,954
Other Revenues	121,755
<b>Total General Revenues</b>	<b>17,024,349</b>
Extraordinary Item, Tornado Damage	643,328
<b>Change in Net Position</b>	<b>2,880,658</b>
Net Position - Beginning of Year	8,048,350
<b>Net Position - End of Year</b>	<b>\$10,929,008</b>

See accompanying notes to the basic financial statements.

Brookville Local School District, Ohio  
Balance Sheet  
Governmental Funds  
June 30, 2022

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$9,425,583	\$2,530,522	\$11,956,105
<b>Receivables (Net):</b>			
Taxes	6,699,387	1,345,974	8,045,361
Intergovernmental	0	616,412	616,412
Interfund	621,326	333	621,659
Prepays	8,168	758	8,926
Inventory	0	19,298	19,298
<b>Total Assets</b>	<b>16,754,464</b>	<b>4,513,297</b>	<b>21,267,761</b>
<b>Liabilities:</b>			
Accrued Wages and Benefits	1,594,344	152,872	1,747,216
Compensated Absences	32,941	0	32,941
Interfund Payable	0	621,659	621,659
<b>Total Liabilities</b>	<b>1,627,285</b>	<b>774,531</b>	<b>2,401,816</b>
<b>Deferred Inflows of Resources:</b>			
Property Taxes	5,379,875	1,113,442	6,493,317
<b>Total Deferred Inflows of Resources</b>	<b>5,379,875</b>	<b>1,113,442</b>	<b>6,493,317</b>
<b>Fund Balances:</b>			
Nonspendable	8,168	758	8,926
Restricted	0	2,752,196	2,752,196
Assigned	1,539,747	0	1,539,747
Unassigned (Deficit)	8,199,389	(127,630)	8,071,759
<b>Total Fund Balances</b>	<b>9,747,304</b>	<b>2,625,324</b>	<b>12,372,628</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$16,754,464</b>	<b>\$4,513,297</b>	<b>\$21,267,761</b>

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, 2022

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Total Governmental Fund Balances		\$12,372,628
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		24,402,382
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Delinquent Property Taxes		139,736
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.		
		(53,933)
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		(1,107,083)
Deferred outflow of resources associated with long-term liabilities are not reported in the funds.		
		127,770
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	4,230,963	
Deferred inflows of resources related to pensions	(7,773,581)	
Deferred outflows of resources related to OPEB	475,189	
Deferred inflows of resources related to OPEB	(2,156,149)	
		(5,223,578)
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	1,228,403	
Net Pension Liability	(9,804,216)	
Net OPEB Liability	(1,234,376)	
Other Amounts	(9,918,725)	
		(19,728,914)
Net Position of Governmental Activities		<u>\$10,929,008</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, 2022

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Property and Other Taxes	\$7,913,756	\$1,631,470	\$9,545,226
Tuition and Fees	257,475	0	257,475
Investment Earnings	6,819	1,135	7,954
Intergovernmental	7,619,584	2,332,023	9,951,607
Extracurricular Activities	142,040	268,604	410,644
Charges for Services	547	97,164	97,711
Revenue in Lieu of Taxes	9,640	0	9,640
Other Revenues	93,583	60,478	154,061
<b>Total Revenues</b>	<b>16,043,444</b>	<b>4,390,874</b>	<b>20,434,318</b>
Expenditures:			
Current:			
Instruction:			
Regular	6,543,537	254,911	6,798,448
Special	1,631,048	507,729	2,138,777
Vocational	190,553	0	190,553
Other	37,757	0	37,757
Support Services:			
Pupil	1,489,643	147,253	1,636,896
Instructional Staff	789,358	38,966	828,324
General Administration	21,212	0	21,212
School Administration	1,534,582	0	1,534,582
Fiscal	420,482	24,839	445,321
Business	323	0	323
Operations and Maintenance	1,267,096	332,383	1,599,479
Pupil Transportation	682,247	0	682,247
Central	58,652	119,488	178,140
Operation of Non-Instructional Services	100,583	769,651	870,234
Extracurricular Activities	460,927	314,904	775,831
Capital Outlay	0	506,327	506,327
Debt Service:			
Principal Retirement	0	825,387	825,387
Interest and Fiscal Charges	0	339,307	339,307
<b>Total Expenditures</b>	<b>15,228,000</b>	<b>4,181,145</b>	<b>19,409,145</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>815,444</b>	<b>209,729</b>	<b>1,025,173</b>
Other Financing Sources (Uses):			
Proceeds from Sale of Capital Assets	4,529	0	4,529
Transfers In	0	96,148	96,148
Transfers (Out)	0	(96,148)	(96,148)
<b>Total Other Financing Sources (Uses)</b>	<b>4,529</b>	<b>0</b>	<b>4,529</b>
Extraordinary Item, Tornado Damage	0	643,328	643,328
<b>Net Change in Fund Balances</b>	<b>819,973</b>	<b>853,057</b>	<b>1,673,030</b>
Fund Balances - Beginning of Year	8,927,331	1,772,267	10,699,598
Fund Balances - End of Year	\$9,747,304	\$2,625,324	\$12,372,628

See accompanying notes to the basic financial statements.

Brookville Local School District, Ohio  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes  
 in Fund Balance of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2022

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Net Change in Fund Balances - Total Governmental Funds \$1,673,030

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	232,007	
Depreciation Expense	<u>(1,198,272)</u>	(966,265)

Governmental funds only report the disposal of assets to the  
 extent proceeds are received from the sale. In the statement  
 of activities, a gain or loss is reported for each disposal. The  
 amount of the proceeds must be removed and the gain or loss  
 on the disposal of capital assets must be recognized. This is the  
 amount of the difference between the proceeds and the gain or loss. (70,330)

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	1,401,038	
Pension Expense	23,852	
OPEB Contributions	37,487	
OPEB Expense	<u>103,714</u>	1,566,091

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

Delinquent Property Taxes	(144)	
Intergovernmental	<u>(192,579)</u>	(192,723)

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. 825,387

In the statement of activities interest expense is accrued when incurred;  
 whereas, in governmental funds an interest expenditure is reported  
 when due. 2,737

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	(5,665)	
Amortization of Bond Premium	61,173	
Amortization of Deferred Charge on Refunding	<u>(12,777)</u>	42,731

Change in Net Position of Governmental Activities \$2,880,658

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, 2022

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	Custodial Fund
Additions:	
Extracurricular Collections for OHSAA	<u>\$10,214</u>
Total Additions	<u>10,214</u>
Deductions:	
Extracurricular Distributions to OHSAA	<u>10,214</u>
Total Deductions	<u>10,214</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, 2022**

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**Note 1 - Summary of Significant Accounting Policies**

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**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 63 noncertified and approximately 106 certified teaching personnel and administrative employees providing education to 1,470 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
- META Solutions
- 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, 2022**

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**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, 2022**

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**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, 2022, and which are not intended to finance fiscal year 2022 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, 2022**

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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, and OPEB. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance year 2023 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and 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 2022 amounted to \$6,819 and 1,135 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, 2022 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, 2022**

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**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, 1993 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. 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, 2022**

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**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 \$2,721,421, 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, 2022**

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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 2022 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**

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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.

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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**  
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**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, 2022, the entire amount of the District’s bank balance of \$5,012,808 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, 2022, the District had the following investments:

	<u>Fair Value</u>	<u>Fair Value Hierarchy</u>	<u>Weighted Average Maturity (Years)</u>
Money Market Fund	\$7,173,795	Level 1	0.00
Total Fair Value	<u>\$7,173,795</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, 2022.

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.

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

**Note 3 – Property Taxes**

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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, 2022, are available to finance fiscal year 2023 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, 2022. 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 2022 receipts were based, were as follows:

<u>2021 Second Half Collections</u>		<u>2022 First Half Collections</u>	
Agricultural/Residential and Other Real Estate	\$221,145,590	Agricultural/Residential and Other Real Estate	\$223,674,140
Public Utility Personal	<u>6,827,070</u>	Public Utility Personal	<u>7,214,120</u>
Total Assessed Value	<u>\$227,972,660</u>	Total Assessed Value	<u>\$230,888,260</u>
	\$73.11		\$73.01

**Note 4 – Receivables**

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Receivables at June 30, 2022 consisted of taxes, intergovernmental, and interfund.

**Brookville Local School District, Ohio**  
**Notes to the Basic Financial Statements**  
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**Note 5 - Capital Assets**

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**Governmental Activities Capital Assets**

Summary by category of changes in governmental activities capital assets at June 30, 2022:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
<b><i>Capital Assets, not being depreciated:</i></b>				
Land	\$935,308	\$0	\$0	\$935,308
<b><i>Capital Assets, being depreciated:</i></b>				
Buildings and Improvements	39,781,936	49,728	133,395	39,698,269
Equipment and Vehicles	<u>6,797,312</u>	<u>182,279</u>	<u>62,604</u>	<u>6,916,987</u>
Totals at Historical Cost	<u>47,514,556</u>	<u>232,007</u>	<u>195,999</u>	<u>47,550,564</u>
<b>Less Accumulated Depreciation:</b>				
Buildings and Improvements	16,548,210	1,059,396	70,043	17,537,563
Equipment and Vehicles	<u>5,527,369</u>	<u>138,876</u>	<u>55,626</u>	<u>5,610,619</u>
Total Accumulated Depreciation	<u>22,075,579</u>	<u>1,198,272</u>	<u>125,669</u>	<u>23,148,182</u>
Governmental Activities Capital Assets, Net	<u>\$25,438,977</u>	<u>(\$966,265)</u>	<u>\$70,330</u>	<u>\$24,402,382</u>

Depreciation expenses were charged to governmental functions as follows:

Instruction:	
Regular	\$1,070,039
Special	659
Vocational	106
Support Services:	
Pupil	2,272
Instructional Staff	20,726
School Administration	282
Fiscal	404
Operations and Maintenance	33,402
Pupil Transportation	32,818
Operation of Non-Instructional Services	17,283
Extracurricular Activities	20,281
Total Depreciation Expense	<u>\$1,198,272</u>

**Note 6 - Defined Benefit Pension Plans**

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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’ fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**Brookville Local School District, Ohio**  
**Notes to the Basic Financial Statements**  
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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; 2.20% for the first thirty years of service and 2.50% 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. 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. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.50% and with a floor of 0.00%. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 0.50% COLA for calendar year 2021 and 2.50% for 2022.

**Funding Policy**

Plan members are required to contribute 10.00% of their annual covered salary and the District is required to contribute 14.00% 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 10.00% for plan members and 14.00% 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, 2022, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2022, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was \$305,030 for fiscal year 2022. Of this amount \$34,603 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 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](http://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.

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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 2.20% 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 0.00% 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 years of service credit and age 65, or 35 years of service credit and at least age 60.

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

The DC Plan allows members to place all their member contributions and 9.53% of the 14.00% 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% of the 14.00% 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, 12.00% of the 14.00% member rate is deposited into the member's DC account and the remaining 2.00% 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 50 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 on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**Funding Policy**

Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2022 employer and employee

**Brookville Local School District, Ohio**  
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contribution rate of 14.00% was equal to the statutory maximum rates. For fiscal year 2022, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$1,096,008 for fiscal year 2022. Of this amount \$182,668 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, 2021, 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	\$2,354,917	\$7,449,299	\$9,804,216
Proportion of the Net Pension Liability:			
Current Measurement Date	0.06382390%	0.05826184%	
Prior Measurement Date	<u>0.06053860%</u>	<u>0.05718514%</u>	
Change in Proportionate Share	0.00328530%	0.00107670%	
Pension Expense	\$25,251	(\$49,103)	(\$23,852)

At June 30 2022, 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	\$227	\$230,148	\$230,375
Changes of assumptions	49,588	2,066,569	2,116,157
Changes in proportion and differences between District contributions and proportionate share of contributions	132,053	351,340	483,393
Contributions subsequent to the measurement date	<u>305,030</u>	<u>1,096,008</u>	<u>1,401,038</u>
Total Deferred Outflows of Resources	<u>\$486,898</u>	<u>\$3,744,065</u>	<u>\$4,230,963</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$61,073	\$46,692	\$107,765
Net difference between projected and actual earnings on pension plan investments	1,212,851	6,419,870	7,632,721
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>0</u>	<u>33,095</u>	<u>33,095</u>
Total Deferred Inflows of Resources	<u>\$1,273,924</u>	<u>\$6,499,657</u>	<u>\$7,773,581</u>

\$1,401,038 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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Fiscal Year Ending June 30:	SERS	STRS	Total
2023	(\$212,839)	(\$967,694)	(\$1,180,533)
2024	(218,573)	(768,408)	(986,981)
2025	(288,372)	(889,899)	(1,178,271)
2026	(372,272)	(1,225,599)	(1,597,871)
Total	(\$1,092,056)	(\$3,851,600)	(\$4,943,656)

**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, 2021, compared with June 30, 2020, are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.40%	3.00%
Future Salary Increases, including inflation	3.25% to 13.58%	3.50% to 18.20%
COLA or Ad Hoc COLA	2.00%, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	2.50%
Investment Rate of Return	7.00% net of system expenses	7.50% net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

Mortality rates for 2021 were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for



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males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.30% for males and set forward 3 years and adjusted 106.80% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Mortality rates for 2020 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, 120.00% of male rates, and 110.00% of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90.00% for male rates and 100.00% 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, 2020.

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 rebalancing uncorrelated asset classes.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	-0.33%
US Equity	24.75%	5.72%
Non-US Equity Developed	13.50%	6.55%
Non-US Equity Emerging	6.75%	8.54%
Fixed Income/Global Bonds	19.00%	1.14%
Private Equity	11.00%	10.03%
Real Estate/Real Assets	16.00%	5.41%
Multi-Asset Strategy	4.00%	3.47%
Private Debt/Private Credit	3.00%	5.28%
Total	100.00%	

**Discount Rate**

The total pension liability for 2021 was calculated using the discount rate of 7.00%. The discount rate for 2020 was 7.50%. 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 (7.00%). 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.

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**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 7.00%, 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 (6.00%), or one percentage point higher (8.00%) than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	\$3,918,003	\$2,354,917	\$1,036,698

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the June 30, 2021, actuarial valuation compared to those used in the June 30, 2020, actuarial valuation are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.50%	2.50%
Projected Salary Increases	12.50% at age 20 to 2.50% at age 65	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.00% net of investments expense, including inflation	7.45% net of investments expense, including inflation
Discount Rate of Return	7.00%	7.45%
Payroll Increases	3.00%	3.00%
Cost-of-Living Adjustments (COLA)	0.00%	0.00%

Post-retirement mortality rates are based on the RP-2014 Annuitant Mortality Table with 50.00% of rates through age 69, 70.00% of rates between ages 70 and 79, 90.00% of rates between ages 80 and 84, and 100.00% 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 90.00% of rates for males and 100.00% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2021, 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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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%, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021, and was 7.45% 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, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2021.

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

The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00%, 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 (6.00%) or one-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	\$13,949,750	\$7,449,299	\$1,956,433

**Changes Between the Measurement Date and the Reporting date**

In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. These demographic measures include retirement, salary increase, disability/termination and mortality assumptions. In March 2022, the STRS Board approved benefit plan

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changes to take effect on July 1, 2022. These changes include a one-time three percent cost-of-living increase (COLA) to be paid to eligible benefit recipients and the elimination of the age 60 requirement for retirement age and service eligibility that was set to take effect in 2026. The effect on the net pension liability is unknown.

**Note 7 - Defined Benefit OPEB Plans**

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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. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. 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](http://www.ohsers.org) under Employers/Audit Resources.

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

**Funding Policy**

State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14.00% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2022, 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 2022, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.00% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.50% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the District's surcharge obligation was \$37,487.

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The surcharge, added to the allocated portion of the 14.00% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$37,487 for fiscal year 2022. Of this amount, \$37,487 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](http://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 14.00% of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to post-employment health care.

**Net OPEB Liabilities (Assets), 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, 2021, 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$1,234,376	\$0	\$1,234,376
Proportionate Share of the Net OPEB (Asset)	0	(1,228,403)	(1,228,403)
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.06522180%	0.05826184%	
Prior Measurement Date	<u>0.06288470%</u>	<u>0.05718514%</u>	
Change in Proportionate Share	0.00233710%	0.00107670%	
OPEB Expense	(\$4,791)	(\$98,923)	(\$103,714)

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At June 30 2022, 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	\$13,158	\$43,740	\$56,898
Changes of assumptions	193,644	78,466	272,110
Changes in proportion and differences between District contributions and proportionate share of contributions	102,915	5,779	108,694
Contributions subsequent to the measurement date	<u>37,487</u>	<u>0</u>	<u>37,487</u>
Total Deferred Outflows of Resources	<u>\$347,204</u>	<u>\$127,985</u>	<u>\$475,189</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$614,776	\$225,066	\$839,842
Changes of assumptions	169,037	732,834	901,871
Net difference between projected and actual earnings on OPEB plan investments	26,817	340,492	367,309
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>14,082</u>	<u>33,045</u>	<u>47,127</u>
Total Deferred Inflows of Resources	<u>\$824,712</u>	<u>\$1,331,437</u>	<u>\$2,156,149</u>

\$37,487 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, 2023. 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>
2023	(\$122,343)	(\$348,652)	(\$470,995)
2024	(122,531)	(340,131)	(462,662)
2025	(117,548)	(326,263)	(443,811)
2026	(95,822)	(141,482)	(237,304)
2027	(44,728)	(48,132)	(92,860)
Thereafter	<u>(12,023)</u>	<u>1,208</u>	<u>(10,815)</u>
Total	<u>(\$514,995)</u>	<u>(\$1,203,452)</u>	<u>(\$1,718,447)</u>

**Actuarial Assumptions - SERS**

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2021, compared with June 30, 2020, are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.40%	3.00%
Future Salary Increases, Including Inflation Wage Increases	3.25% to 13.58%	3.50% to 18.20%
Investment Rate of Return	7.00% net of investment expense, including inflation	7.50% net of investment expense, including inflation
Municipal Bond Index Rate:		
Measurement Date	1.92%	2.45%
Prior Measurement Date	2.45%	3.13%
Single Equivalent Interest Rate (SEIR), net of plan investment expense, including price inflation:		
Measurement Date	2.27%	2.63%
Prior Measurement Date	2.63%	3.22%
Medical Trend Assumption:		
Medicare	5.125% to 4.40%	5.25% to 4.75%
Pre-Medicare	6.75% to 4.40%	7.00% to 4.75%

For 2021, mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.30% for males and set forward 3 years and adjusted 106.80% for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.50% for males and adjusted 122.50% for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

For 2020, mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120.00% of male rates and 110.00% of female rates. RP-2000 Disabled Mortality Table with 90.00% for male rates and 100.00% for female rates set back five years.

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The most recent experience study was completed for the five year period ended June 30, 2020.

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 2015 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, 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, 2020 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	-0.33%
US Equity	24.75%	5.72%
Non-US Equity Developed	13.50%	6.55%
Non-US Equity Emerging	6.75%	8.54%
Fixed Income/Global Bonds	19.00%	1.14%
Private Equity	11.00%	10.03%
Real Estate/Real Assets	16.00%	5.41%
Multi-Asset Strategy	4.00%	3.47%
Private Debt/Private Credit	3.00%	5.28%
Total	100.00%	

**Discount Rate**

The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.27%. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.63%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2020 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 1.92% at June 30, 2021 and 2.45% at June 30, 2020.



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**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 (1.27%) and higher (3.27%) than the current discount rate (2.27%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate.

	1% Decrease (1.27%)	Current Discount Rate (2.27%)	1% Increase (3.27%)
Proportionate share of the net OPEB liability	\$1,529,541	\$1,234,376	\$998,577
	1% Decrease (5.75% decreasing to 3.40%)	Current Trend Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
Proportionate share of the net OPEB liability	\$950,368	\$1,234,376	\$1,613,723

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the June 30, 2021, actuarial valuation and the June 30, 2020 actuarial valuation are presented below:

	June 30, 2021	June 30, 2020
Projected salary increases	12.50% at age 20 to 2.50% at age 65	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.00%, net of investment expenses, including inflation	7.45%, net of investment expenses, including inflation
Payroll Increases	3.00%	3.00%
Discount Rate of Return	7.00%	7.45%
Health Care Cost Trends:		
Medical		
Pre-Medicare	5.00% initial, 4.00% ultimate	5.00% initial, 4.00% ultimate
Medicare	-16.18% initial, 4.00% ultimate	-6.69% initial, 4.00% ultimate
Prescription Drug		
Pre-Medicare	6.50% initial, 4.00% ultimate	6.50% initial, 4.00% ultimate
Medicare	29.98% initial, 4.00% ultimate	11.87% initial, 4.00% 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 50.00% of rates through age 69, 70.00% of rates between ages 70 and 79, 90.00% of rates between ages 80 and 84, and 100.00% 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

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90.00% of rates for males and 100.00% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.10% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The 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%, and is net of 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 7.00% as of June 30, 2021, and was 7.45% 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, 2021. Therefore, the long-term expected rate of return on health care plan investments of 7.00% was used to measure the total OPEB liability as of June 30, 2021.

**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, 2021, calculated using the current period discount rate assumption of 7.00%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) 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 (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net OPEB (asset)	(\$1,036,582)	(\$1,228,403)	(\$1,388,641)
	1% Decrease	Current Trend Rate	1% Increase
Proportionate share of the net OPEB (asset)	(\$1,382,148)	(\$1,228,403)	(\$1,038,284)

**Changes Between the Measurement Date and the Reporting date**

In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. The effect on the net OPEB liability (asset) is unknown.

**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, 2022 is as follows:

	Beginning Balance	Issued	Retired	Ending Balance	Due In One Year
<b>Governmental Activities:</b>					
Bonds, Loan and Note:					
General Obligation Loan-Capital Improvements	\$32,387	\$0	\$32,387	\$0	\$0
2018 Refunding Bonds	9,415,000	0	715,000	8,700,000	735,000
Premium	672,898	0	61,173	611,725	0
2019 Permanent Improvement					
Levy Tax Anticipation Note	685,000	0	78,000	607,000	80,000
Subtotal Bonds, Loan, and Note	10,805,285	0	886,560	9,918,725	815,000
Compensated Absences	1,219,146	67,320	146,442	1,140,024	50,756
Subtotal Bonds and Other Amounts	12,024,431	67,320	1,033,002	11,058,749	865,756
Net Pension Liability	17,840,920	0	8,036,704	9,804,216	0
Net OPEB Liability	1,366,690	0	132,314	1,234,376	0
Total Long-Term Obligations	\$31,232,041	\$67,320	\$9,202,020	\$22,097,341	\$865,756

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

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

**Permanent Improvement Levy Tax Note**

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

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**General Obligation Loan**

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

**Advanced Refunded Bonds**

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

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

**Principal and Interest Requirements**

A summary of the District's future long-term debt funding requirements, including principal and interest payments as of June 30, 2022 follows:

Fiscal Year Ending June 30	Refunding Bonds		Permanent Improvement Levy Tax Note	
	Principal	Interest	Principal	Interest
2023	\$735,000	\$300,400	\$80,000	\$15,876
2024	815,000	277,550	82,000	13,608
2025	830,000	261,100	84,000	11,284
2026	850,000	235,800	87,000	8,890
2027	880,000	201,200	89,000	6,426
2028-2032	4,590,000	444,800	185,000	5,222
Total	<u>\$8,700,000</u>	<u>\$1,720,850</u>	<u>\$607,000</u>	<u>\$61,306</u>

**Note 9 - Statutory Reserves**

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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, 2022, the reserve activity (cash-basis) was as follows:

**Brookville Local School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

	Capital Acquisition Reserve
Set-aside Reserve Balance as of June 30, 2021	\$0
Current Year Set-aside Requirement	263,304
Qualified Disbursements	(276,417)
Current Year Offsets	0
Total	<u>(\$13,113)</u>
Set-Aside Reserve Balance as of June 30, 2022	<u>\$0</u>
Carried Forward as of June 30, 2022	<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, 2022, consisted of the following interfund receivable and interfund payable and transfers in and out:

	Interfund		Transfers	
	Receivable	Payable	In	Out
General	\$621,326	\$0	\$0	\$0
Other Governmental Funds	333	621,659	96,148	96,148
Total	<u>\$621,659</u>	<u>\$621,659</u>	<u>\$96,148</u>	<u>\$96,148</u>

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

**Note 11 - Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During fiscal year 2022 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	\$25,000
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	25,000
Arthur J. Gallagher and Company	Pollution	25,000

**Brookville Local School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

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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**

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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**

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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 2022, the District paid \$79,239 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

META Solutions - The District is a member of META Solutions (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 11 members. During fiscal year 2022, the District paid \$39,734 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 2022, the District paid \$70,517 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**

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**Grants**

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

**Brookville Local School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

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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, 2022, if applicable, cannot be determined at this time.

**School Foundation**

School district foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, ODE adjustments for fiscal year 2022 are finalized. As a result, the net impact of the FTE adjustments on the fiscal year 2022 financial statements was insignificant.

**Note 15 – Accountability**

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The following funds had deficit fund balances at June 30, 2022:

<u>Other Governmental Funds:</u>	<u>Deficit</u>
Title I	\$18,634
IDEA Part B	36,402
American Rescue Plan Act	71,968

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.

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**Brookville Local School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

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**Note 16 – Fund Balances**

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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	\$8,168	\$758	\$8,926
<b>Total Nonspendable</b>	<b>8,168</b>	<b>758</b>	<b>8,926</b>
Restricted for:			
Athletics	0	158,226	158,226
IDEA early Childhood	0	333	333
Food Service	0	635,331	635,331
Health Care	0	2,577	2,577
Student Activity	0	79,260	79,260
Classroom Facilities Maintenance	0	81,760	81,760
Debt Service	0	1,118,440	1,118,440
Permanent Improvement	0	676,269	676,269
<b>Total Restricted</b>	<b>0</b>	<b>2,752,196</b>	<b>2,752,196</b>
Assigned to:			
Budgetary Resources	949,886	0	949,886
Public School Support	155,147	0	155,147
Encumbrances	434,714	0	434,714
<b>Total Assigned</b>	<b>1,539,747</b>	<b>0</b>	<b>1,539,747</b>
Unassigned (Deficit)	8,199,389	(127,630)	8,071,759
<b>Total Fund Balance</b>	<b>\$9,747,304</b>	<b>\$2,625,324</b>	<b>\$12,372,628</b>

**Note 17 – Tax Abatements Entered Into by Other Governments**

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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 \$673,526.



**Brookville Local School District, Ohio**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

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**Note 18 – Implementation of New Accounting Principles**

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For fiscal year 2022, the School District implemented GASB Statement No. 87, Leases and related guidance from (GASB) Implementation Guide No. 2019-3, and GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period.

GASB Statement No. 87 sets out to improve the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The implementation of GASB Statement No. 87 did not have an effect on the financial statements of the School District.

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the School District.

**Note 19 – COVID-19**

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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 2022, the School District received COVID-19 funding. The financial impact of COVID-19 and the continuing recovery measures may impact subsequent periods of the School District. The impact on the School District's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

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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 Nine 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
2022	0.06382390%	\$2,354,917	\$2,122,043	110.97%	82.86%
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
2022	\$305,030	(\$305,030)	\$0	\$2,178,786	14.00%
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%

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 Nine 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
2022	0.05826184%	\$7,449,299	\$7,342,457	101.46%	87.78%
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
2022	\$1,096,008	(\$1,096,008)	\$0	\$7,828,629	14.00%
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%

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 Six 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
2022	0.06522180%	\$1,234,376	\$2,122,043	58.17%	24.08%
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 Seven 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
2022	\$37,487	(\$37,487)	\$0	\$2,178,786	1.72%
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 Six 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
2022	0.05826184%	(\$1,228,403)	\$7,342,457	(16.73%)	174.73%
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 Seven 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
2022	\$0	\$0	\$0	\$7,828,629	0.00%
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, 2022

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$6,967,982	\$6,861,069	\$6,864,202	\$3,133
Revenue in lieu of taxes	9,239	9,646	9,640	(6)
Tuition and Fees	171,351	178,904	178,790	(114)
Investment Earnings	6,535	6,824	6,819	(5)
Intergovernmental	7,302,532	7,624,446	7,619,584	(4,862)
Extracurricular Activities	63,337	66,129	66,087	(42)
Other Revenues	73,007	76,225	76,177	(48)
Total Revenues	<u>14,593,983</u>	<u>14,823,243</u>	<u>14,821,299</u>	<u>(1,944)</u>
Expenditures:				
Current:				
Instruction:				
Regular	6,674,374	6,770,683	6,616,933	153,750
Special	1,613,499	1,636,781	1,599,613	37,168
Vocational	218,362	221,513	216,483	5,030
Other	38,085	38,634	37,757	877
Support Services:				
Pupil	1,479,161	1,500,505	1,466,431	34,074
Instructional Staff	790,904	802,316	784,097	18,219
General Administration	21,396	21,705	21,212	493
School Administration	1,530,010	1,552,087	1,516,842	35,245
Fiscal	421,107	427,184	417,483	9,701
Business	654	663	648	15
Operations and Maintenance	1,346,905	1,366,340	1,335,313	31,027
Pupil Transportation	884,921	897,690	877,305	20,385
Central	48,789	49,493	48,369	1,124
Operation of Non-Instructional Services	120,330	122,066	119,294	2,772
Extracurricular Activities	456,505	463,092	452,576	10,516
Total Expenditures	<u>15,645,002</u>	<u>15,870,752</u>	<u>15,510,356</u>	<u>360,396</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,051,019)</u>	<u>(1,047,509)</u>	<u>(689,057)</u>	<u>358,452</u>
Other financing sources (uses):				
Proceeds from Sale of Assets	4,341	4,532	4,529	(3)
Advances In	256,658	267,973	267,802	(171)
Total Other Financing Sources (Uses)	<u>260,999</u>	<u>272,505</u>	<u>272,331</u>	<u>(174)</u>
Net Change in Fund Balance	(790,020)	(775,004)	(416,726)	358,278
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	<u>9,797,122</u>	<u>9,797,122</u>	<u>9,797,122</u>	<u>0</u>
Fund Balance - End of Year	<u>\$9,007,102</u>	<u>\$9,022,118</u>	<u>\$9,380,396</u>	<u>\$358,278</u>

See accompanying notes to the required supplementary information.

**Brookville Local School District, Ohio**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2022**

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**Note 1 – Budgetary Process**

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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 schedule reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary schedule reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2022.

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, 2022**

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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

	<u>General</u>
GAAP Basis	\$819,973
Revenue Accruals	(1,222,145)
Expenditure Accruals	135,402
Advances In	267,802
Encumbrances	(417,758)
Budgetary Basis	<u><u>(\$416,726)</u></u>

**Note 2 - Net Pension Liability**

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**School Employees Retirement System (SERS)**

**Changes in Benefit Terms:**

2022: Cost of Living Adjustments (COLA) increased from 0.50% to 2.50%.

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 3.00% annual increase to a Cost of Living Adjustments (COLA) based on the changed in the Consumer Price Index Index (CPI-W), with a cap of 2.50% and a floor of 0.00%.

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

**Changes in Assumptions:**

2022: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.00% to 2.40%,
- (2) Payroll growth assumption was reduced from 3.50% to 1.75%,
- (3) Assumed real wage growth was increased from 0.50% to 0.85%,
- (4) Cost of Living Adjustments (COLA) was reduced from 2.50% to 2.00%,
- (5) The discount rate was reduced from 7.50% to 7.00%,
- (6) Rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience, and,
- (7) Mortality among active members, service retirees and beneficiaries, and disabled members were updated.

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:

**Brookville Local School District, Ohio**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2022**

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

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

**State Teachers Retirement System (STRS)**

**Changes in Benefit Terms:**

2019-2022: 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:**

2022: There were changes in assumptions since the prior measurement date, which the discount rate was adjusted to 7.00% from 7.45%.

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.

**Brookville Local School District, Ohio**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2022**

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**Note 3 - Net OPEB (Asset)/Liability**

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**School Employees Retirement System (SERS)**

**Changes in Benefit Terms:**

2017-2022: There were no changes in benefit terms from the amounts reported for these fiscal years.

**Changes in Assumptions:**

2022: 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 2.63%
  - Measurement Date 2.27%
- (2) Investment Rate of Return:
  - Prior Measurement Date 7.50%
  - Measurement Date 7.00%
- (3) Assumed Rate of Inflation:
  - Prior Measurement Date 3.00%
  - Measurement Date 2.40%
- (4) Payroll Growth Assumption:
  - Prior Measurement Date 3.50%
  - Measurement Date 1.75%
- (5) Assumed Real Wage Growth:
  - Prior Measurement Date 0.50%
  - Measurement Date 0.85%
- (6) Municipal Bond Index Rate:
  - Prior Measurement Date 2.45%
  - Measurement Date 1.92%
- (7) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
  - Prior Measurement Date 2.63%
  - Measurement Date 2.27%
- (8) Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- (9) Rate of health care participation for future retirees and spouses was updated to reflect recent.
- (10) Mortality among active members was updated to the following:
  - a. PUB-2010 General Amount Weighted Below Median Employee mortality table.
- (11) Mortality among service retired members was updated to the following:
  - a. PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.
- (12) Mortality among beneficiaries was updated to the following:
  - a. PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.
- (13) Mortality among disabled member was updated to the following:

**Brookville Local School District, Ohio**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2022**

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- a. PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.

(14) Mortality rates are projected using a fully generational projection with Scale MP-2020.

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:
- |                        |       |
|------------------------|-------|
| 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% |
|------------------|-------|



**Brookville Local School District, Ohio**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2022**

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	Fiscal Year 2017	2.98%
(2) Municipal Bond Index Rate:		
	Fiscal Year 2018	3.56%
	Fiscal Year 2017	2.92%
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:		
	Fiscal Year 2018	3.63%
	Fiscal Year 2017	2.98%

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

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

**State Teachers Retirement System (STRS)**

**Changes in Benefit Terms:**

2022: The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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

**Brookville Local School District, Ohio**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2022**

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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 2.10% to 1.90% 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:**

2022: There were changes in assumptions since the prior measurement date, which the discount rate was adjusted to 7.00% from 7.45%.

2021: There were changes in assumptions during the measurement year, which decreased the total OPEB liability by approximately \$0.26 billion. 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% to 4.13% 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% to 7.45%. 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.

**BROOKVILLE LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal Assistance Listing Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>(1) Total Federal Expenditures</b>	<b>Non-Cash Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program	10.555	N/A		\$37,315
Cash Assistance				
School Breakfast Program	10.553	N/A	\$80,141	
National School Lunch Program	10.555	N/A	619,055	
COVID-19 Special Milk Program for Children	10.556	N/A	27,218	
Total Child Nutrition Cluster			<u>726,414</u>	<u>37,315</u>
Total U.S. Department of Agriculture			<u><b>726,414</b></u>	<u><b>37,315</b></u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<i>Passed Through Ohio Department of Education</i>				
Title I Grants to Local Educational Agencies	84.010	N/A	186,388	
Special Education Cluster (IDEA)				
Special Education Grants to States	84.027	N/A	315,881	
COVID-19 Special Education Grants to States	84.027X	N/A	70,921	
Total Special Education Grants to States			<u>386,802</u>	
Special Education Preschool Grants	84.173	N/A	10,896	
COVID-19 Special Education Preschool Grants	84.173X	N/A	5,249	
Total Special Education Preschool Grants			<u>16,145</u>	
Total Special Education Cluster (IDEA)			<u>402,947</u>	
Supporting Effective Instruction State Grants	84.367	N/A	33,480	
Student Support and Academic Enrichment Program	84.424	N/A	12,456	
COVID-19 Education Stabilization Fund:				
Elementary and Secondary School Emergency Relief Fund	84.425D	N/A	269,507	
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	N/A	83,574	
Total COVID-19 Education Stabilization Fund			<u>353,081</u>	
Total U.S. Department of Education			<u><b>988,352</b></u>	
<b>Total Expenditures of Federal Awards</b>			<u><b>\$ 1,714,766</b></u>	<u><b>\$ 37,315</b></u>

(1) - There were no amounts passed through to subrecipients.  
N/A - No agency pass-through or other identifying number was available for this program.

*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, 2022**

**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, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D - CHILD NUTRITION CLUSTER**

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

**NOTE E – FOOD DONATION PROGRAM**

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

# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

## 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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Brookville Local School District, Montgomery County, (the District) as of and for the fiscal year ended June 30, 2022, 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 28, 2023, wherein we noted the financial impact of COVID-19 and the continuing recovery measures may impact subsequent periods of the District.

### ***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. *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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 28, 2023

# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

## 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 Each Major Federal Program

#### *Opinion on Each Major Federal Program*

We have audited Brookville Local School District's, Montgomery County, Ohio (District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Brookville Local School District's major federal programs for the fiscal year ended June 30, 2022. Brookville Local School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Brookville Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2022.

#### *Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by 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). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

#### *Responsibilities of Management for Compliance*

The District's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.



Brookville Local School District  
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Compliance Required by the Uniform Guidance  
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Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 28, 2023

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**BROOKVILLE LOCAL SCHOOL DISTRICT  
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2022**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	COVID-19 Education Stabilization Fund: Elementary and Secondary School Emergency Relief Fund (AL #84.425D) and American Rescue Plan Elementary and Secondary School Emergency Relief Fund (AL #84.425U)  Special Education Cluster (IDEA)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	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

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# OHIO AUDITOR OF STATE KEITH FABER



**BROOKVILLE LOCAL SCHOOL DISTRICT**

**MONTGOMERY COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 3/30/2023**

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](http://www.ohioauditor.gov)