

**CITY OF BROOKVILLE**  
**MONTGOMERY COUNTY**  
**REGULAR AUDIT**  
**JANUARY 1, 2021 – DECEMBER 31, 2021**





OHIO AUDITOR OF STATE  
KEITH FABER



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City Council  
City of Brookville  
301 Sycamore St.  
Brookville, OH 45309

We have reviewed the *Independent Auditor's Report* of the City of Brookville, Montgomery County, prepared by Wilson, Shannon & Snow, Inc., for the audit period January 1, 2021 through December 31, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads 'Keith Faber'.

Keith Faber  
Auditor of State  
Columbus, Ohio

**July 15, 2022**

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**CITY OF BROOKVILLE  
MONTGOMERY COUNTY**

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**CITY OF BROOKVILLE  
MONTGOMERY COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

City of Brookville  
Montgomery County  
301 Sycamore Street  
Brookville, Ohio 45309

To the City Council:

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brookville, Montgomery County, Ohio (the City), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City'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 business-type activities, each major fund, and the aggregate remaining fund information of the City of Brookville, Montgomery County, Ohio as of December 31, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General, Street Construction, Maintenance & Repair, and Local Fiscal Recovery funds for the 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 City, 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.

#### *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 City'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.

City of Brookville  
Montgomery County  
Independent Auditor's Report

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 City'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 City'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*, and schedules of net pension and other post-employment benefit liabilities/assets 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.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2022, on our consideration of the City'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 City'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 City's internal control over financial reporting and compliance.

*Wilson, Shannon & Sons, Inc.*

Newark, Ohio  
June 20, 2022



**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(UNAUDITED)**

The management's discussion and analysis of the City of Brookville's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2021. The intent of this discussion and analysis is to look at the City's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the City's financial performance.

**Financial Highlights**

Key financial highlights for 2021 are as follows:

- The total net position of the City increased \$1,784,135. Net position of governmental activities increased \$888,540 or 16.31% from 2020's net position. Net position of business-type activities increased \$895,595 or 36.30% from 2020's net position.
- General revenues accounted for \$3,814,218 or 65.90% of total governmental activities revenue. Program specific revenues accounted for \$1,973,557 or 34.10% of total governmental activities revenue.
- The City had \$4,899,235 in expenses related to governmental activities; \$1,973,557 of these expenses was offset by program specific charges for services and sales, grants or contributions. The remaining expenses of the governmental activities of \$2,925,678 were partially offset by general revenues (primarily property taxes, income taxes and unrestricted grants and entitlements) of \$3,814,218.
- The general fund had revenues and other financing sources of \$4,684,201 in 2021. This represents a decrease of \$51,103 from 2020's revenues and other financing sources. The expenditures and other financing uses of the general fund, which totaled \$4,873,290 in 2021, an increase of \$91,239 from 2020's expenditures and other financing uses. The net decrease in fund balance for the general fund was \$189,089 or 7.59%.
- The street construction maintenance and repair fund had revenues and other financing sources of \$961,607 in 2021. The expenditures of the street construction maintenance and repair fund totaled \$1,002,266 in 2021. The net decrease in fund balance for the street construction maintenance and repair fund was \$40,659.
- The capital improvement fund had revenues of \$197,564 in 2021. The expenditures of the capital improvement fund, totaled \$193,339 in 2021. The net increase in fund balance for the capital improvement fund was \$4,225.
- The local fiscal recovery fund was also a major fund during 2021. The local fiscal recovery fund had no revenues or expenditures. The amounts received from the federal government were reclassified on the GAAP basis to unearned revenue.
- Net position for the business-type activities, which are made up of the water, sewer, refuse and stormwater enterprise funds, increased in 2021 by \$895,595 from 2020's net position. This increase in net position was due primarily to water fund and sewer fund operating revenues exceeding operating expenses and due to the OPWC grant proceeds of \$99,993 booked as capital contributions in the water fund.
- In the general fund, the actual revenues and other financing sources came in \$147,925 higher than they were in the final budget and actual expenditures and other financing uses were \$509,574 less than the amount in the final budget.

**Using this Annual Financial Report**

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

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(UNAUDITED)

The statement of net position and statement of activities provide information about the activities of the City as a whole, presenting both an aggregate view of the City'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 City's most significant funds with all other nonmajor funds presented in total in one column.

**Reporting the City as a Whole**

***Statement of Net Position and the Statement of Activities***

While this document contains a large number of funds used by the City to provide programs and activities, the view of the City as a whole looks at all financial transactions and asks the question, "How did we do financially during 2021?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net position and the statement of activities, the City is divided into two distinct kinds of activities:

Governmental activities - Most of the City's programs and services are reported here including police, fire and rescue, street maintenance, fire capital improvements and general administration. These services are funded primarily by property and income taxes and intergovernmental revenues including federal and state grants and other shared revenues.

Business-type activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The City's water, sewer, refuse and stormwater operations are reported here.

**Reporting the City's Most Significant Funds**

***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds and proprietary funds.

Fund financial reports provide detailed information about the City's major funds. The City uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the City's most significant funds. The analysis of the City's major governmental and proprietary funds begins on page 12.

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(UNAUDITED)

***Governmental Funds***

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, the readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains a multitude of individual governmental funds. The City has segregated these funds into major funds and nonmajor funds. The City's major governmental funds are the general fund, the street construction maintenance and repair fund, the local fiscal recovery fund and the capital improvement fund. Information for major funds is presented separately in the governmental fund balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances. Data from the other governmental funds are combined into a single, aggregated presentation.

***Proprietary Funds***

The City maintains one type of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, refuse and stormwater management functions. The City reports the water, sewer and refuse funds as major enterprise funds and the stormwater fund as a nonmajor fund. These major funds are presented separately in the proprietary fund financial statements. The stormwater fund is considered nonmajor fund and is combined into a single, aggregated presentation in the proprietary fund financial statements.

***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City has no fiduciary funds.

***Notes to the Basic Financial Statements***

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

***Required Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's net pension and net OPEB asset/liability, along with contributions to the pension systems.

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(UNAUDITED)

**Government-Wide Financial Analysis**

The table below provides a summary of the City's assets, deferred inflows of resources, liabilities, deferred outflows of resources and net position at December 31, 2021 and 2020.

	Net Position					
	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>Assets</b>						
Current and other assets	\$ 4,628,771	\$ 4,482,498	\$ 2,643,833	\$ 2,097,766	\$ 7,272,604	\$ 6,580,264
Capital assets, net	15,370,071	15,492,790	4,415,561	4,498,231	19,785,632	19,991,021
Total assets	<b>19,998,842</b>	<b>19,975,288</b>	<b>7,059,394</b>	<b>6,595,997</b>	<b>27,058,236</b>	<b>26,571,285</b>
<b>Deferred outflows of resources</b>						
Pension	535,633	674,423	59,438	97,907	595,071	772,330
OPEB	374,242	473,393	25,668	65,475	399,910	538,868
Total deferred outflows	<b>909,875</b>	<b>1,147,816</b>	<b>85,106</b>	<b>163,382</b>	<b>994,981</b>	<b>1,311,198</b>
<b>Liabilities</b>						
Current liabilities	482,906	202,866	93,038	82,581	575,944	285,447
Long-term liabilities:						
Due within one year	563,518	553,199	196,812	200,379	760,330	753,578
Net pension liability	3,159,702	3,544,613	363,430	515,431	3,523,132	4,060,044
Net OPEB liability	349,805	1,149,270	-	337,889	349,805	1,487,159
Other amounts	8,499,063	9,046,483	2,811,083	2,986,343	11,310,146	12,032,826
Total liabilities	<b>13,054,994</b>	<b>14,496,431</b>	<b>3,464,363</b>	<b>4,122,623</b>	<b>16,519,357</b>	<b>18,619,054</b>
<b>Deferred inflows of resources</b>						
Property taxes	146,773	141,958	-	-	146,773	141,958
Pension	883,591	770,863	181,785	115,540	1,065,376	886,403
OPEB	485,901	264,934	135,283	53,742	621,184	318,676
Total deferred inflows	<b>1,516,265</b>	<b>1,177,755</b>	<b>317,068</b>	<b>169,282</b>	<b>1,833,333</b>	<b>1,347,037</b>
<b>Net Position</b>						
Net investment in capital assets	7,788,131	7,579,973	1,460,410	1,376,545	9,248,541	8,956,518
Restricted	792,386	915,995	-	-	792,386	915,995
Unrestricted (deficit)	(2,243,059)	(3,047,050)	1,902,659	1,090,929	(340,400)	(1,956,121)
Total net position	<b>\$ 6,337,458</b>	<b>\$ 5,448,918</b>	<b>\$ 3,363,069</b>	<b>\$ 2,467,474</b>	<b>\$ 9,700,527</b>	<b>\$ 7,916,392</b>

The net pension liability/asset is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB, the net pension asset, and the net OPEB asset.

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(UNAUDITED)

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability/asset or net OPEB liability. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability/asset and the net OPEB liability/asset to equal the City's proportionate share of each plan's collective:

1. Present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service.
2. Minus plan assets available to pay these benefits.

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability/asset and net OPEB asset/liability, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At December 31, 2021, the City's assets and deferred outflows exceeded liabilities and deferred inflows by \$9,700,527. At year-end, net position was \$6,337,458 and \$3,363,069 for the governmental activities and the business-type activities, respectively.

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(UNAUDITED)

Capital assets reported on the government-wide statements represent the largest portion of the City's assets. At year-end, capital assets represented 76.85% and 62.55% of total assets for the governmental activities and business-type activities, respectively. Capital assets include land, construction in progress, land improvements, buildings and improvements, equipment, vehicles, software and infrastructure. The City's net investment in capital assets at December 31, 2021, were \$7,788,131 and \$1,460,410 in the governmental activities and business-type activities, respectively. These capital assets are used to provide services to citizens and are not available for future spending. Although the City'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 City's net position, \$792,386 represents resources that are subject to external restriction on how they may be used.

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**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(UNAUDITED)

The following table shows the changes in net position for 2021 and 2020.

	Change in Net Position					
	Governmental Activities		Business-type Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<b>Revenues</b>						
Program revenues:						
Charges for services and sales	\$ 1,313,271	\$ 1,153,982	\$ 2,814,900	\$ 2,566,691	\$ 4,128,171	\$ 3,720,673
Operating grants and contributions	584,728	991,024	-	-	584,728	991,024
Capital grants and contributions	<u>75,558</u>	<u>188,933</u>	<u>99,993</u>	<u>-</u>	<u>175,551</u>	<u>188,933</u>
Total program revenues	<u>1,973,557</u>	<u>2,333,939</u>	<u>2,914,893</u>	<u>2,566,691</u>	<u>4,888,450</u>	<u>4,900,630</u>
General revenues:						
Property taxes	199,781	160,864	-	-	199,781	160,864
Income taxes	3,413,208	3,040,736	-	-	3,413,208	3,040,736
Unrestricted grants and entitlements	136,657	109,646	-	-	136,657	109,646
Investment earnings and change in investments	(13,095)	69,557	-	-	(13,095)	69,557
Miscellaneous	<u>77,667</u>	<u>274,930</u>	<u>4,382</u>	<u>392,028</u>	<u>82,049</u>	<u>666,958</u>
Total general revenues	<u>3,814,218</u>	<u>3,655,733</u>	<u>4,382</u>	<u>392,028</u>	<u>3,818,600</u>	<u>4,047,761</u>
Total revenues	<u>5,787,775</u>	<u>5,989,672</u>	<u>2,919,275</u>	<u>2,958,719</u>	<u>8,707,050</u>	<u>8,948,391</u>
<b>Expenses:</b>						
General government	601,855	1,167,580	-	-	601,855	1,167,580
Security of persons and property	2,937,651	3,151,956	-	-	2,937,651	3,151,956
Public health and welfare	1,664	120,102	-	-	1,664	120,102
Transportation	891,877	1,263,407	-	-	891,877	1,263,407
Leisure time activity	207,173	252,288	-	-	207,173	252,288
Economic development	-	25,000	-	-	-	25,000
Interest, fiscal & issuance costs	259,015	270,594	-	-	259,015	270,594
Water	-	-	1,100,440	1,041,384	1,100,440	1,041,384
Sewer	-	-	459,288	685,581	459,288	685,581
Refuse	-	-	422,690	352,302	422,690	352,302
Nonmajor enterprise	<u>-</u>	<u>-</u>	<u>41,262</u>	<u>48,738</u>	<u>41,262</u>	<u>48,738</u>
Total expenses	<u>4,899,235</u>	<u>6,250,927</u>	<u>2,023,680</u>	<u>2,128,005</u>	<u>6,922,915</u>	<u>8,378,932</u>
Increase (decrease) in net position before transfers	888,540	(261,255)	895,595	830,714	1,784,135	569,459
Transfers	<u>-</u>	<u>(23,265)</u>	<u>-</u>	<u>23,265</u>	<u>-</u>	<u>-</u>
Change in net position	888,540	(284,520)	895,595	853,979	1,784,135	569,459
Net position at beginning of year	<u>5,448,918</u>	<u>5,733,438</u>	<u>2,467,474</u>	<u>1,613,495</u>	<u>7,916,392</u>	<u>7,346,933</u>
Net position at end of year	<u>\$ 6,337,458</u>	<u>\$ 5,448,918</u>	<u>\$ 3,363,069</u>	<u>\$ 2,467,474</u>	<u>\$ 9,700,527</u>	<u>\$ 7,916,392</u>

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(UNAUDITED)

**Governmental Activities**

Governmental activities net position increased \$888,540 in 2021.

Security of persons and property which primarily supports the operations of the police and fire department accounted for \$2,937,651 or 59.96% of the total expenses of the City. Security of persons and property expenses were partially funded by \$1,002,234 in direct charges to users of the services, \$5,007 in operating grants and contributions and \$1,210 in capital grants and contributions. General government expenses totaled \$601,855. General government expenses were partially funded by \$125,042 in direct charges to users of the services.

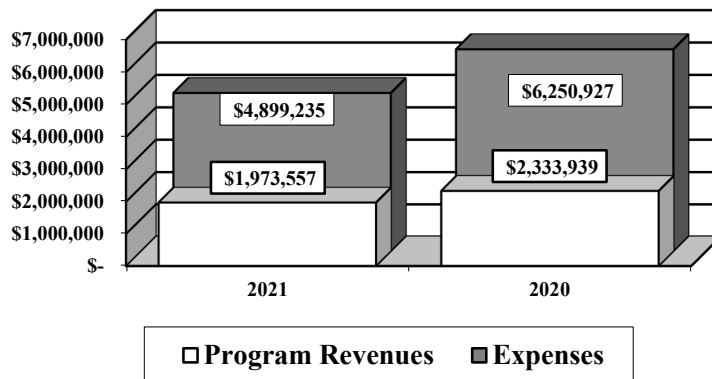
Expenses of the governmental activities decreased \$1,351,692 or 21.62%. This decrease is primarily the result of the decrease in OPEB expense for the Ohio Public Employees Retirement System (OPERS). On January 15, 2020, OPERS approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation which are reported by the City at December 31, 2021. These changes along with changes in assumptions related to an increase in discount rate from 3.16% to 6.00% significantly decreased the total OPEB liability for the measurement date December 31, 2020.

The State and federal government contributed to the City a total of \$584,728 in operating grants and contributions and \$75,558 in capital grants and contributions. These revenues are restricted to a particular program or purpose.

General revenues totaled \$3,814,218 and amounted to 65.90% of total governmental revenues. These revenues primarily consist of property and income tax revenue of \$3,612,989. The other primary source of general revenues is grants and entitlements not restricted to specific programs, including local government revenue, making up \$136,657.

The statement of activities shows the cost of program services and the charges for services and sales and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2021 compared to 2020. That is, it identifies the cost of these services supported by tax revenue and unrestricted state grants and entitlements.

**Governmental Activities - Program Revenues vs. Total Expenses**





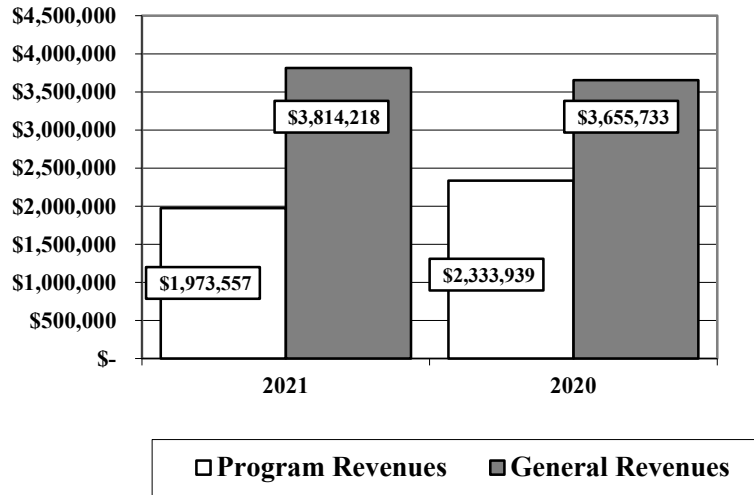
**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(UNAUDITED)**

	<b>Governmental Activities</b>			
	2021		2020	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Program Expenses:				
General government	\$ 601,855	\$ 476,813	\$ 1,167,580	\$ 975,956
Security of persons and property	2,937,651	1,929,200	3,151,956	2,083,840
Public health and welfare	1,664	(18,309)	120,102	(225,394)
Transportation	891,577	94,114	1,263,407	552,228
Leisure time activity	207,173	184,845	252,288	234,764
Economic development	-	-	25,000	25,000
Interest and fiscal charges	<u>259,015</u>	<u>259,015</u>	<u>270,594</u>	<u>270,594</u>
<b>Total</b>	<b><u>\$ 4,898,935</u></b>	<b><u>\$ 2,925,678</u></b>	<b><u>\$ 6,250,927</u></b>	<b><u>\$ 3,916,988</u></b>

The dependence upon general revenues for governmental activities is apparent, with 59.72% of expenses supported through taxes and other general revenues. The chart below illustrates the City’s program revenues versus general revenues for 2021.

**Governmental Activities – General and Program Revenues**



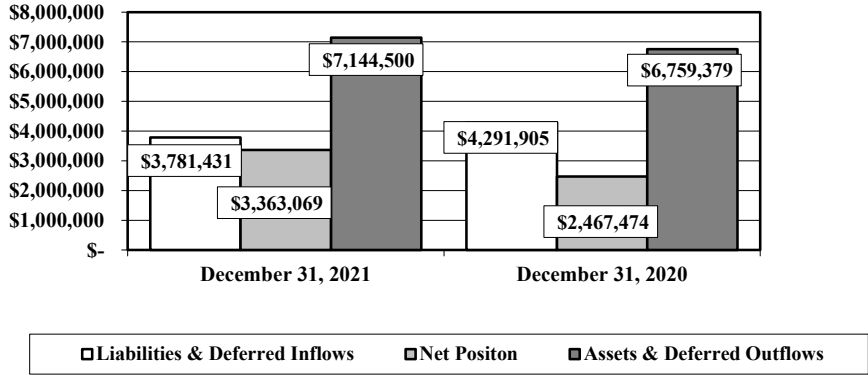
**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(UNAUDITED)

**Business-Type Activities**

Business-type activities include the water, sewer, refuse and stormwater enterprise funds. These programs had program revenues of \$2,914,893, general revenues of \$4,382, and expenses of \$2,023,680 for 2021. The graph below shows the business-type activities assets, deferred outflows, liabilities, deferred inflows and net position at year-end.

**Net Position in Business - Type Activities**



**Financial Analysis of the Government's Funds**

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

The City's governmental funds (as presented on the balance sheet) reported a combined fund balance of \$3,321,762 which is \$259,577 below last year's total of \$3,581,339. The schedule below indicates the fund balances and the total change in fund balances as of December 31, 2021 for all major and non-major governmental funds.

	Fund Balances 12/31/2021	Fund Balances 12/31/2020	Change
Major funds:			
General	\$ 2,303,800	\$ 2,492,889	\$ (189,089)
Street construction maintenance and repair	207,003	247,662	(40,659)
Capital improvement	539,802	535,577	4,225
Other nonmajor governmental funds	<u>271,157</u>	<u>305,211</u>	<u>(34,054)</u>
Total	<u>\$ 3,321,762</u>	<u>\$ 3,581,339</u>	<u>\$ (259,577)</u>

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

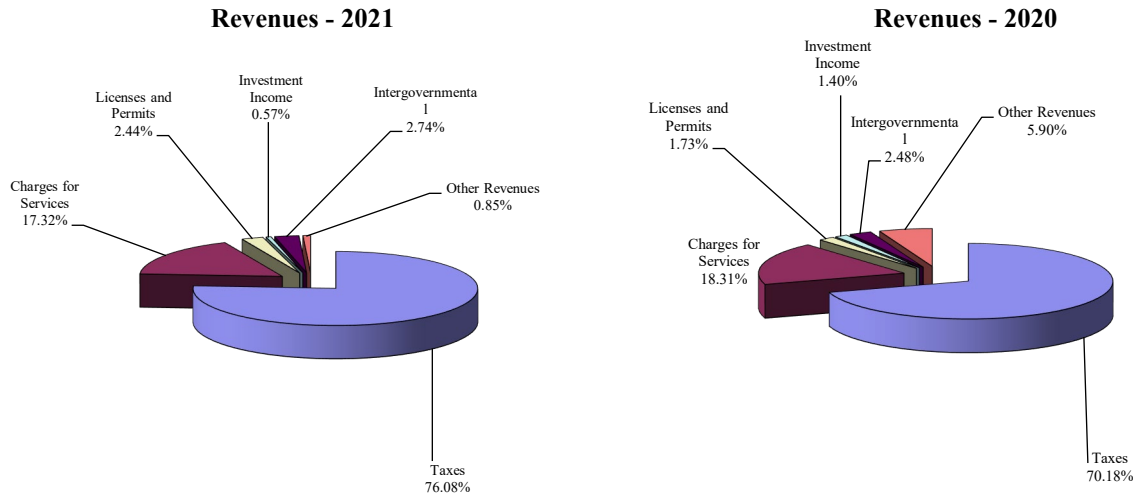
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(UNAUDITED)**

**General Fund**

The City's general fund balance decreased \$189,089. The table that follows assists in illustrating the revenues of the general fund.

	2021	2020	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<b><u>Revenues</u></b>			
Taxes	\$ 3,552,534	\$ 3,218,764	10.37 %
Charges for services	808,656	839,496	(3.67) %
Licenses, permits and fees	114,075	79,275	43.90 %
Investment income	26,547	64,343	(58.74) %
Intergovernmental	127,850	113,671	12.47 %
Other	<u>39,763</u>	<u>270,597</u>	(85.31) %
<b>Total</b>	<b><u>\$ 4,669,425</u></b>	<b><u>\$ 4,586,146</u></b>	<b>1.82 %</b>

The City's largest revenue source in the general fund was tax revenue, which represents 76.08% of all general fund revenue. Charges for service revenues decreased 3.67% due to fluctuations in receivables related to EMS billings. Tax revenues increased 10.37% due to an increase in income tax revenues. Revenues related to licenses, permits and fees increased 43.90% due to an increase in rent and park permits. Investment income decreased 58.74% due to a decrease in interest revenue received during the current year. The 12.47% increase in intergovernmental income is due to an increase in miscellaneous grants and aids. The 85.31% decrease in other revenue is due to the large Bureau of Workers Compensation refund the City received during the prior year.



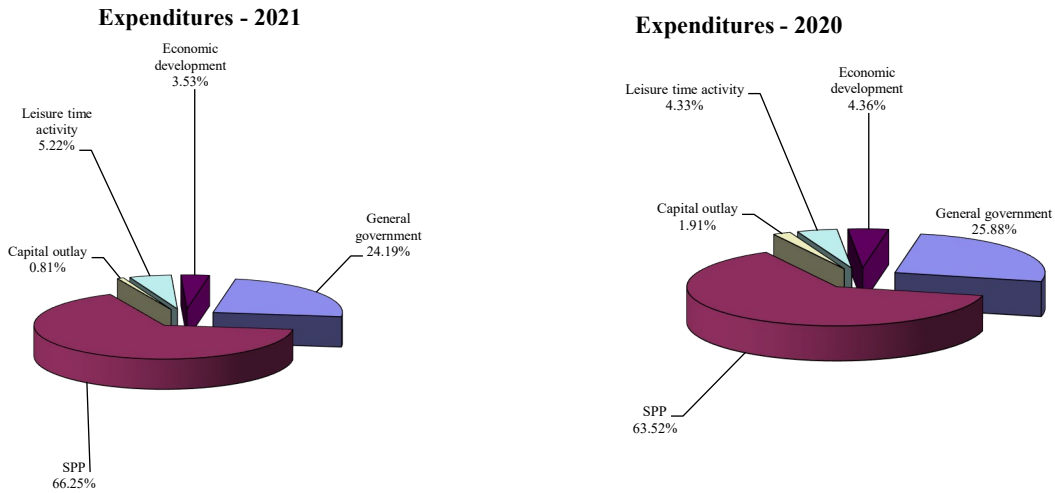
**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(UNAUDITED)**

The table that follows assists in illustrating the expenditures of the general fund.

	2021	2020	Percentage
	<u>Amount</u>	<u>Amount</u>	<u>Change</u>
<b><u>Expenditures</u></b>			
General government	\$ 992,840	\$ 1,009,237	(1.62) %
Security of persons and property	2,719,681	2,477,297	9.78 %
Leisure time activity	214,231	168,681	27.00 %
Economic development	145,000	170,000	(14.71) %
Capital outlay	<u>33,427</u>	<u>74,667</u>	(55.23) %
<b>Total</b>	<b><u>\$ 4,105,179</u></b>	<b><u>\$ 3,899,882</u></b>	<b>5.26 %</b>

Expenditures increased by 5.26% during 2021. Expenditures related to security of persons and property increased due to an increase in expenses related to the police and fire department. Expenditures related to leisure time activity increased due to an increase in expenditures related to the park department. Economic development expenditures decreased due to incentive payments made during the prior year. Capital outlay expenditures decreased due to a decrease in the amount spent on capital equipment and improvements during the current year.



***Budgeting Highlights***

The City's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the City's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity, then the appropriations can be adjusted accordingly.

Budgetary information is presented for the general fund, the street construction maintenance and repair fund and the local fiscal recovery fund. In the general fund, the actual revenues and financing sources came in \$147,925 higher than they were in the final budget and actual expenditures and other financing uses were \$509,574 less than the amount in the final budget. Original budgeted revenues and other financing sources increased \$359,000 from an original budget of \$4,113,807 to a final budget of \$4,472,807. Budgeted expenditures and other financing uses increased \$33,911 from an original budget of \$5,461,749 to a final budget of \$5,495,660.

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(UNAUDITED)

***Street Construction Maintenance and Repair Fund***

The street construction maintenance and repair fund had revenues and other financing sources of \$961,607 in 2021. The expenditures of the street construction maintenance and repair fund totaled \$1,002,266 in 2021. The net decrease in fund balance for the street construction maintenance and repair fund was \$40,659.

***Capital Improvement Fund***

The capital improvement fund had revenues of \$197,564 in 2021. The expenditures of the capital improvement fund, totaled \$193,339 in 2021. The net increase in fund balance for the capital improvement fund was \$4,225.

***Local Fiscal Recovery Fund***

The local fiscal recovery fund was also a major fund during 2021. The local fiscal recovery fund had no revenues or expenditures. The amounts received from the federal government were reclassified on the GAAP basis to unearned revenue.

***Proprietary Funds***

The City's enterprise funds provide the same type of information found in the government-wide financial statements for business-type activities, except in more detail.

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of 2021, the City had \$19,785,632 (net of accumulated depreciation) invested in land, land improvements, buildings and improvements, equipment, software, vehicles and infrastructure. Of this total, \$15,370,071 was reported in governmental activities and \$4,415,561 was reported in business-type activities. See Note 9 for further description of capital assets.

The following table shows 2021 balances compared to 2020.

**Capital Assets at December 31  
(Net of Depreciation)**

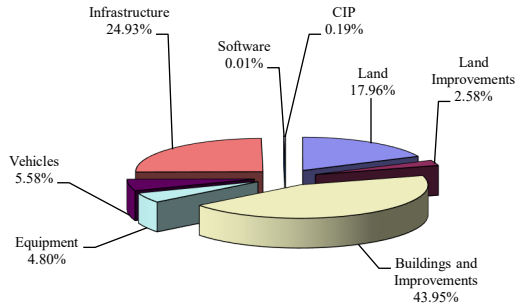
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Land	\$ 2,760,460	\$ 2,600,390	\$ 32,388	\$ 32,388	\$ 2,792,848	\$ 2,632,778
Land improvements	396,036	314,407	1,327,731	1,427,493	1,723,767	1,741,900
Buildings and improvements	6,754,292	6,917,915	510,196	520,950	7,264,488	7,438,865
Equipment	738,282	649,498	376,284	420,862	1,114,566	1,070,360
Software	1,500	4,210	-	-	1,500	4,210
Vehicles	858,235	774,550	17,439	42,104	875,674	816,654
Infrastructure	3,831,839	4,231,820	1,985,048	2,054,434	5,816,887	6,286,254
Construction in progress	<u>29,427</u>	<u>-</u>	<u>166,475</u>	<u>-</u>	<u>195,902</u>	<u>-</u>
Totals	<u>\$ 15,370,071</u>	<u>\$ 15,492,790</u>	<u>\$ 4,415,561</u>	<u>\$ 4,498,231</u>	<u>\$ 19,785,632</u>	<u>\$ 19,991,021</u>

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

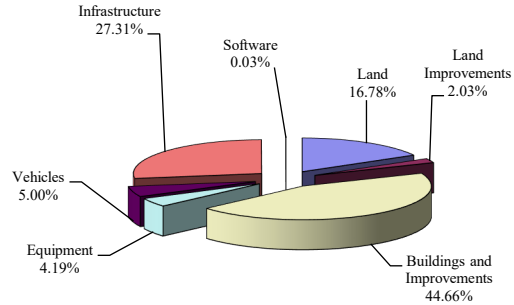
**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(UNAUDITED)**

The following graphs show the breakdown of governmental capital assets by category for 2021 and 2020.

**Capital Assets - Governmental Activities 2021**



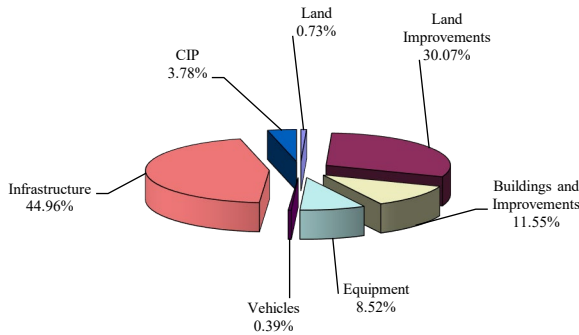
**Capital Assets - Governmental Activities 2020**



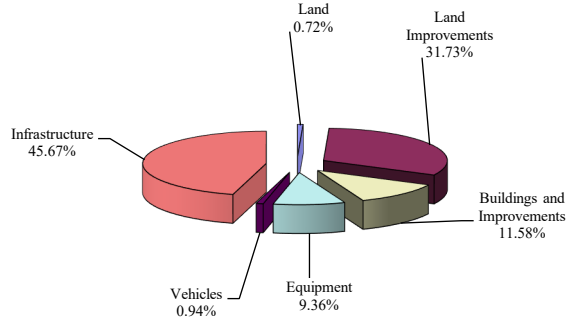
Building and improvements are the largest capital asset category for the City's governmental activities. The net book value of the City's building and improvements (cost less accumulated depreciation) represents approximately 43.95% of the City's total governmental capital assets.

The following graphs show the breakdown of business-type capital assets by category for 2021 and 2020.

**Capital Assets - Business - Type Activities 2021**



**Capital Assets - Business - Type Activities 2020**



The City's largest business-type capital asset category is infrastructure. The net book value of the City's infrastructure (cost less accumulated depreciation) represents approximately 44.96% of the City's total business-type capital assets.

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(UNAUDITED)

***Debt Administration***

The City had the following long-term obligations outstanding at December 31, 2021 and 2020:

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Note payable	\$ 328,000	\$ 401,000
Equipment lease obligation	162,175	209,935
State Infrastructure bank (SIB loan)	1,401,765	1,471,882
Bonds	5,690,000	5,830,000
Incentive payable	<u>629,590</u>	<u>774,590</u>
<b>Total long-term obligations</b>	<b><u>\$ 8,211,530</u></b>	<b><u>\$ 8,687,407</u></b>
	<u>Business-type Activities</u>	
	<u>2021</u>	<u>2020</u>
OPWC loans	\$ 1,720,115	\$ 1,831,455
OWDA loans	826,860	861,638
State Infrastructure bank (SIB loan)	<u>408,176</u>	<u>428,593</u>
<b>Total long-term obligations</b>	<b><u>\$ 2,955,151</u></b>	<b><u>\$ 3,121,686</u></b>

See Note 12 to the basic financial statements for detail on the City's long-term obligations.

**Economic Conditions and Outlook**

The City of Brookville, a Charter government, operates under the Mayor-Council-Manager form of government. The City is in Montgomery County in southwestern Ohio, approximately 12 miles west of the I-70/75 interchange. It was incorporated as a village in 1874 and became the Municipality of Brookville, with a new charter, on January 1, 1979. The City attained city status with the 2000 census.

The City is an attractive planned community located along the I-70 corridor. The City is accessible to some of the largest markets in the United States and Canada. The community is located within the largest 90-minute air market in America and the eighth largest 90-minute road market. The City is located just west of the core of a national network of 25 interstate highways and major state routes referred to as the "Crossroads of America".

The City is now home to approximately 6,000 residents. The City considers itself a suburban city, with the space of country and amenities of a city, as well as a few special features you'd expect in a much larger community. The housing character clearly reflects the hometown charm. Recreational opportunities are endless in the Brookville region. The five city parks comprised of 120 acres of green space and neighboring Sycamore State Park make the City one of the most popular "walkable communities." The City offers a tremendous opportunity for everyone who lives, visits, works and shops in the community.

The City offers commercial, industrial and retail opportunities that developers compete for and quality neighborhoods that homeowners wish for, making it one of the best kept secrets in Montgomery County. Brookville takes pride in its low crime rates, excellent fire and EMS response times, exceptional paved streets and exquisitely maintained green space and park systems.

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2021  
(UNAUDITED)

A 2.00% local income tax and successful efforts to secure state, local and federal grants have enabled the City to provide excellent public service to its constituents and to maintain municipal infrastructure, while continually improving the overall appearance of the community. In 2021, income tax receipts exceeded \$3 million for the ninth consecutive year. The City's tax base includes a good mix of industrial, commercial, medical, service, retail, government and education segments.

The City has two industrial parks, Mosier Industrial Park located in the northeast corner of the City is home to 17 businesses and NorthBrook Industrial Park located along Interstate 70 in the northwest corner of the City is home to 3 businesses. The NorthBrook Industrial Park has shovel ready sites available for new construction and expansion.

Four new businesses opened their doors in our community in 2021. General Motors finished construction of their manufacturing facility for the manufacturing of Duramax engines and began production. Pak-Rite Industries moved into the vacant Payless building on Collective Way. The old Fire Station became home to a service/part provider for General Motors called Production Services Management, Inc. The fourth business to open their doors was Freedom First Credit Union in September of 2021.

The City continues to see employment growth despite the slow economy; the City continues to carefully monitor two primary sources of revenue, local income taxes and shared intergovernmental (state) revenue. To stabilize the impact of the fluctuations in these revenue streams, City Council continues to pursue economic development and job creation to maintain the community's reputation for high public safety standards and adoption of a budget designed to promote long-term fiscal stability. A strong and sound economy is vital to maintaining and improving the quality of life in the City.

In 2016, the City issued its first Official Statement in connection with issuing \$6,300,000 General Obligation (Limited Tax) Fire Station Bonds for the construction of a new fire station. S&P Global Ratings Services assigned its municipal bond rating of "AA". A municipal bond insurance policy was issued by Build America Mutual Assurance Company (BAM).

An application for a rating on the Bonds in the absence of bond insurance was made only to Moody's Investors Service, Inc., which assigned a rating of "A1" to the Bonds prior to the City's decision to purchase bond insurance.

In 2021, the City completed and submitted its Annual Information Filing, which provides annual financial information and operating data agreed to be provided under the Continuing Disclosure Agreement.

**Contacting the City's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information please contact: Michelle M. Brandt, Director of Finance, 301 Sycamore Street, Brookville, Ohio 45309.



**BASIC  
FINANCIAL STATEMENTS**

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**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET POSITION  
DECEMBER 31, 2021

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents	\$ 2,596,502	\$ 1,684,968	\$ 4,281,470
Receivables:			
Income taxes	631,716	-	631,716
Real and other taxes	154,621	-	154,621
Accounts	145,833	873,218	1,019,051
Accrued interest	5,884	-	5,884
Special assessments	2,046	3,749	5,795
Due from other governments	292,797	1,341	294,138
Prepayments	97,025	17,983	115,008
Materials and supplies inventory	32,235	18,771	51,006
Net OPEB asset	107,978	43,171	151,149
Assets held for resale	560,556	-	560,556
Net pension asset	1,578	632	2,210
Capital assets:			
Land and construction in progress	2,789,887	198,863	2,988,750
Depreciable capital assets, net	12,580,184	4,216,698	16,796,882
Total capital assets, net	<u>15,370,071</u>	<u>4,415,561</u>	<u>19,785,632</u>
Total assets	<u>19,998,842</u>	<u>7,059,394</u>	<u>27,058,236</u>
<b>Deferred outflows of resources:</b>			
Pension	535,633	59,438	595,071
OPEB	374,242	25,668	399,910
Total deferred outflows of resources	<u>909,875</u>	<u>85,106</u>	<u>994,981</u>
Total assets and deferred outflows of resources .	<u>20,908,717</u>	<u>7,144,500</u>	<u>28,053,217</u>
<b>Liabilities:</b>			
Accounts payable	16,968	70,501	87,469
Accrued wages and benefits payable	87,634	17,487	105,121
Due to other governments	1,081	-	1,081
Pension and postemployment benefits obligation payable	32,155	5,050	37,205
Accrued interest payable	37,414	-	37,414
Unearned revenue	307,654	-	307,654
Long-term liabilities:			
Due within one year	563,518	196,812	760,330
Due in more than one year:			
Net pension liability	3,159,702	363,430	3,523,132
Net OPEB liability	349,805	-	349,805
Other amounts due in more than one year	8,499,063	2,811,083	11,310,146
Total liabilities	<u>13,054,994</u>	<u>3,464,363</u>	<u>16,519,357</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year	146,773	-	146,773
Pension	883,591	181,785	1,065,376
OPEB	485,901	135,283	621,184
Total deferred inflows of resources	<u>1,516,265</u>	<u>317,068</u>	<u>1,833,333</u>
Total liabilities and deferred inflows of resources.	<u>14,571,259</u>	<u>3,781,431</u>	<u>18,352,690</u>
<b>Net position:</b>			
Net investment in capital assets	7,788,131	1,460,410	9,248,541
Restricted for:			
Capital projects	742,219	-	742,219
Other purposes	50,167	-	50,167
Unrestricted (deficit)	<u>(2,243,059)</u>	<u>1,902,659</u>	<u>(340,400)</u>
Total net position	<u>\$ 6,337,458</u>	<u>\$ 3,363,069</u>	<u>\$ 9,700,527</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Governmental activities:</b>				
Current:				
General government	\$ 601,855	\$ 125,042	\$ -	\$ -
Security of persons and property	2,937,651	1,002,234	5,007	1,210
Public health and welfare	1,664	-	19,973	-
Transportation	891,877	163,667	559,748	74,348
Leisure time activity	207,173	22,328	-	-
Interest and fiscal charges	259,015	-	-	-
Total governmental activities	<u>4,899,235</u>	<u>1,313,271</u>	<u>584,728</u>	<u>75,558</u>
<b>Business-type activities:</b>				
Water	1,100,440	1,477,635	-	99,993
Sewer	459,288	762,144	-	-
Refuse	422,690	486,956	-	-
Nonmajor enterprise fund	41,262	88,165	-	-
Total business-type activities	<u>2,023,680</u>	<u>2,814,900</u>	<u>-</u>	<u>99,993</u>
Total primary government	<u>\$ 6,922,915</u>	<u>\$ 4,128,171</u>	<u>\$ 584,728</u>	<u>\$ 175,551</u>

**General revenues:**

- Property taxes levied for:
  - General purposes
- Income taxes levied for:
  - General purposes
- Grants and entitlements not restricted to specific programs
- Investment earnings
- Decrease in investments
- Miscellaneous

Total general revenues

Change in net position

**Net position at beginning of year**

**Net position at end of year**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue  
and Changes in Net Position**

<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (476,813)	\$ -	\$ (476,813)
(1,929,200)	-	(1,929,200)
18,309	-	18,309
(94,114)	-	(94,114)
(184,845)	-	(184,845)
(259,015)	-	(259,015)
<u>(2,925,678)</u>	<u>-</u>	<u>(2,925,678)</u>
-	477,188	477,188
-	302,856	302,856
-	64,266	64,266
-	46,903	46,903
<u>-</u>	<u>891,213</u>	<u>891,213</u>
<u>(2,925,678)</u>	<u>891,213</u>	<u>(2,034,465)</u>
199,781	-	199,781
3,413,208	-	3,413,208
136,657	-	136,657
25,072	-	25,072
(38,167)	-	(38,167)
77,667	4,382	82,049
<u>3,814,218</u>	<u>4,382</u>	<u>3,818,600</u>
888,540	895,595	1,784,135
5,448,918	2,467,474	7,916,392
<u>\$ 6,337,458</u>	<u>\$ 3,363,069</u>	<u>\$ 9,700,527</u>

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2021

	General	Street Construction Maintenance & Repair	Local Fiscal Recovery	Capital Improvement
<b>Assets:</b>				
Equity in pooled cash and cash equivalents	\$ 1,687,043	\$ 164,522	\$ 307,654	\$ 179,246
Receivables:				
Income taxes	631,716	-	-	-
Real and other taxes	154,621	-	-	-
Accounts	128,473	-	-	-
Accrued interest	5,878	6	-	-
Special assessments	-	2,046	-	-
Interfund loans	200,000	-	-	-
Due from other governments	73,689	219,108	-	-
Prepayments	83,289	13,326	-	-
Materials and supplies inventory	17,485	14,750	-	-
Assets held for resale	-	-	-	560,556
Total assets	<u>\$ 2,982,194</u>	<u>\$ 413,758</u>	<u>\$ 307,654</u>	<u>\$ 739,802</u>
<b>Liabilities:</b>				
Accounts payable	\$ 15,989	\$ 979	\$ -	\$ -
Accrued wages and benefits payable	72,305	15,329	-	-
Interfund loans payable	-	-	-	200,000
Due to other governments	1,081	-	-	-
Pension and postemployment benefits obligation payable	27,080	5,075	-	-
Unearned revenue	-	-	307,654	-
Total liabilities	<u>116,455</u>	<u>21,383</u>	<u>307,654</u>	<u>200,000</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year	146,773	-	-	-
Delinquent property tax revenue not available	7,848	-	-	-
Accrued interest not available	2,514	-	-	-
Special assessments revenue not available	-	2,046	-	-
Miscellaneous revenue not available	11,461	-	-	-
Income tax revenue not available	340,268	-	-	-
Other nonexchange transactions not available	53,075	183,326	-	-
Total deferred inflows of resources	<u>561,939</u>	<u>185,372</u>	<u>-</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>678,394</u>	<u>206,755</u>	<u>307,654</u>	<u>200,000</u>
<b>Fund balances:</b>				
Nonspendable	100,774	28,076	-	-
Restricted	-	178,927	-	539,802
Committed	-	-	-	-
Assigned	1,477,212	-	-	-
Unassigned	725,814	-	-	-
Total fund balances	<u>2,303,800</u>	<u>207,003</u>	<u>-</u>	<u>539,802</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,982,194</u>	<u>\$ 413,758</u>	<u>\$ 307,654</u>	<u>\$ 739,802</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 258,037	\$ 2,596,502
-	631,716
-	154,621
17,360	145,833
-	5,884
-	2,046
-	200,000
-	292,797
410	97,025
-	32,235
-	560,556
<u>\$ 275,807</u>	<u>\$ 4,719,215</u>
\$ -	\$ 16,968
-	87,634
-	200,000
-	1,081
-	32,155
-	307,654
<u>-</u>	<u>645,492</u>
-	146,773
-	7,848
-	2,514
-	2,046
4,650	16,111
-	340,268
-	236,401
<u>4,650</u>	<u>751,961</u>
<u>4,650</u>	<u>1,397,453</u>
410	129,260
252,817	971,546
17,930	17,930
-	1,477,212
-	725,814
<u>271,157</u>	<u>3,321,762</u>
<u>\$ 275,807</u>	<u>\$ 4,719,215</u>

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
DECEMBER 31, 2021

<b>Total governmental fund balances</b>		\$	3,321,762
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			15,370,071
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Income taxes receivable	\$	340,268	
Real and other taxes receivable		7,848	
Accounts receivable		16,111	
Intergovernmental receivable		236,401	
Special assessments receivable		2,046	
Investment income receivable		2,514	
Total		605,188	605,188
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(37,414)
Unamortized premiums on bond issuances are not recognized in the funds.			(712,898)
The net pension asset is not available to pay for current period expenditures; therefore, the asset is not reported in the governmental funds.			1,578
The net pension liability is not due and payable in the current period; therefore, liability and related deferred inflows are not reported in governmental funds.			
Deferred outflows of resources		535,633	
Deferred inflows of resources		(883,591)	
Net pension liability		(3,159,702)	
Total		(3,507,660)	(3,507,660)
The net OPEB asset is not available to pay for current period expenditures; therefore, the asset is not reported in the governmental funds.			107,978
The net OPEB liability is not available to pay for current period expenditures and are not due and payable in the current period, respectively; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows of resources		374,242	
Deferred inflows of resources		(485,901)	
Net OPEB liability		(349,805)	
Total		(461,464)	(461,464)
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the funds.			
Compensated absences		(138,153)	
Bonds payable		(5,690,000)	
Capital lease payable		(162,175)	
Note payable		(328,000)	
Incentive payable		(629,590)	
Loans payable		(1,401,765)	
Total		(8,349,683)	(8,349,683)
<b>Net position of governmental activities</b>		\$	6,337,458

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2021

	General	Street Construction Maintenance & Repair	Capital Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Municipal income taxes	\$ 3,355,059	\$ -	\$ -	\$ -	\$ 3,355,059
Real and other taxes	197,475	-	-	-	197,475
Charges for services	808,656	78,890	75,000	222,223	1,184,769
Licenses, permits and fees	114,075	-	-	-	114,075
Intergovernmental	127,850	451,594	116,140	109,454	805,038
Special assessments	-	3,877	6,424	-	10,301
Investment income	26,547	32	-	-	26,579
Rental income	53,775	-	-	-	53,775
Donations	24,155	-	-	1,210	25,365
Decrease in fair value of investments	(38,167)	-	-	-	(38,167)
Other	-	12,939	-	5,007	17,946
<b>Total revenues</b>	<b>4,669,425</b>	<b>547,332</b>	<b>197,564</b>	<b>337,894</b>	<b>5,752,215</b>
<b>Expenditures:</b>					
Current:					
General government	992,840	-	-	-	992,840
Security of persons and property	2,719,681	-	-	2,753	2,722,434
Public health and welfare	-	-	-	20,464	20,464
Transportation	-	811,549	-	-	811,549
Leisure time activity	214,231	-	-	-	214,231
Economic development	145,000	-	-	-	145,000
Capital outlay	33,427	77,066	193,339	232,079	535,911
Debt service:					
Principal retirement	-	70,117	-	260,760	330,877
Interest and fiscal charges	-	43,534	-	246,209	289,743
<b>Total expenditures</b>	<b>4,105,179</b>	<b>1,002,266</b>	<b>193,339</b>	<b>762,265</b>	<b>6,063,049</b>
Excess (deficiency) of revenues over (under) expenditures	564,246	(454,934)	4,225	(424,371)	(310,834)
<b>Other financing sources (uses):</b>					
Sale of capital assets	12,282	27,775	-	11,200	51,257
Transfers in	2,494	386,500	-	468,111	857,105
Transfers (out)	(768,111)	-	-	(88,994)	(857,105)
<b>Total other financing sources (uses)</b>	<b>(753,335)</b>	<b>414,275</b>	<b>-</b>	<b>390,317</b>	<b>51,257</b>
Net change in fund balances	(189,089)	(40,659)	4,225	(34,054)	(259,577)
<b>Fund balances at beginning of year</b>	<b>2,492,889</b>	<b>247,662</b>	<b>535,577</b>	<b>305,211</b>	<b>3,581,339</b>
<b>Fund balances at end of year</b>	<b>\$ 2,303,800</b>	<b>\$ 207,003</b>	<b>\$ 539,802</b>	<b>\$ 271,157</b>	<b>\$ 3,321,762</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2021

<b>Net change in fund balances - total governmental funds</b>	\$	(259,577)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays in the current period.		
Capital asset additions	\$ 754,107	
Current year depreciation	(876,826)	
Total		(122,719)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Income taxes	58,149	
Real and other taxes	2,306	
Charges for services	4,650	
Licenses, permits and fees	(260)	
Intergovernmental revenues	(52,283)	
Special assessments	(524)	
Investment income	(1,478)	
Total		10,560
Repayment of bond, note, loan, incentives and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
		475,877
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items contributed to more interest being reported in the statement of activities:		
Decrease in accrued interest payable	920	
Amortization of bond premium	29,808	
Total		30,728
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	306,795	
OPEB	6,578	
		313,373
Except for amounts reported as deferred inflows/outflows, changes in the net pension asset/liability and net OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(171,865)	
OPEB	580,747	
		408,882
Some expenses reported in the statement of activities, such as compensated absences and incentive payable, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		31,416
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>888,540</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Municipal income taxes	\$ 2,982,856	\$ 3,243,160	\$ 3,350,419	\$ 107,259
Real and other taxes	175,015	190,288	196,581	6,293
Charges for services	654,076	711,156	734,675	23,519
Licenses, permits and fees	61,079	66,410	68,606	2,196
Intergovernmental	112,749	122,588	126,642	4,054
Investment income	29,431	32,000	33,058	1,058
Rental income	47,876	52,053	53,775	1,722
Total revenues	<u>4,063,082</u>	<u>4,417,655</u>	<u>4,563,756</u>	<u>146,101</u>
<b>Expenditures:</b>				
Current:				
General government	1,168,492	1,168,492	979,518	188,974
Security of persons and property	3,004,057	3,034,057	2,731,500	302,557
Economic development	145,000	145,000	145,000	-
Capital outlay	55,000	55,000	21,957	33,043
Total expenditures	<u>4,372,549</u>	<u>4,402,549</u>	<u>3,877,975</u>	<u>524,574</u>
Excess of revenues over expenditures	<u>(309,467)</u>	<u>15,106</u>	<u>685,781</u>	<u>670,675</u>
<b>Other financing sources (uses):</b>				
Sale of capital assets	3,990	4,339	4,482	143
Advances in	44,515	48,399	50,000	1,601
Advances (out)	-	(200,000)	(200,000)	-
Transfers in	2,220	2,414	2,494	80
Transfers (out)	(1,089,200)	(893,111)	(908,111)	(15,000)
Total other financing sources (uses)	<u>(1,038,475)</u>	<u>(1,037,959)</u>	<u>(1,051,135)</u>	<u>(13,176)</u>
Net change in fund balances	(1,347,942)	(1,022,853)	(365,354)	657,499
<b>Fund balance at beginning of year</b>	1,905,566	1,905,566	1,905,566	-
<b>Prior year encumbrances appropriated</b>	59,679	59,679	59,679	-
<b>Fund balance at end of year</b>	<u>\$ 617,303</u>	<u>\$ 942,392</u>	<u>\$ 1,599,891</u>	<u>\$ 657,499</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
STREET CONSTRUCTION, MAINTENANCE AND REPAIR FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Charges for services	\$ 74,695	\$ 81,683	\$ 77,588	\$ (4,095)
Intergovernmental	434,855	475,536	451,695	(23,841)
Special assessments	3,732	4,082	3,877	(205)
Investment income	32	35	33	(2)
Other	12,457	13,622	12,939	(683)
Total revenues	<u>525,771</u>	<u>574,958</u>	<u>546,132</u>	<u>(28,826)</u>
<b>Expenditures:</b>				
Current:				
Transportation	839,796	864,796	814,786	50,010
Capital outlay	103,000	123,000	77,066	45,934
Debt service:				
Principal retirement	68,150	68,150	70,117	(1,967)
Interest and fiscal charges	45,600	45,600	43,534	2,066
Total expenditures	<u>1,056,546</u>	<u>1,101,546</u>	<u>1,005,503</u>	<u>96,043</u>
Excess of expenditures over revenues	<u>(530,775)</u>	<u>(526,588)</u>	<u>(459,371)</u>	<u>67,217</u>
<b>Other financing sources:</b>				
Sale of capital assets	26,739	29,241	27,775	(1,466)
Transfers in	372,090	406,901	386,500	(20,401)
Total other financing sources	<u>398,829</u>	<u>436,142</u>	<u>414,275</u>	<u>(21,867)</u>
Net change in fund balances	(131,946)	(90,446)	(45,096)	45,350
<b>Fund balance at beginning of year</b>	199,964	199,964	199,964	-
<b>Prior year encumbrances appropriated</b>	4,316	4,316	4,316	-
<b>Fund balance at end of year</b>	<u>\$ 72,334</u>	<u>\$ 113,834</u>	<u>\$ 159,184</u>	<u>\$ 45,350</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
LOCAL FISCAL RECOVERY FUND  
FOR THE YEAR ENDED DECEMBER 31, 2021

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Intergovernmental	\$ -	\$ 308,000	\$ 307,654	\$ (346)
Total revenues	<u>-</u>	<u>308,000</u>	<u>307,654</u>	<u>(346)</u>
Net change in fund balances	-	308,000	307,654	(346)
<b>Fund balance at beginning of year</b>	-	-	-	-
<b>Fund balance at end of year</b>	<u>\$ -</u>	<u>\$ 308,000</u>	<u>\$ 307,654</u>	<u>\$ (346)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
DECEMBER 31, 2021

	<b>Business-type Activities - Enterprise Funds</b>				<b>Total</b>
	<b>Water</b>	<b>Sewer</b>	<b>Refuse</b>	<b>Nonmajor Enterprise Fund</b>	
<b>Assets:</b>					
Current assets:					
Equity in pooled cash and cash equivalents	\$ 614,432	\$ 815,346	\$ 223,355	\$ 31,835	\$ 1,684,968
Receivables:					
Accounts	454,386	218,037	157,840	42,955	873,218
Special assessments	1,357	786	1,462	144	3,749
Due from other governments	542	641	91	67	1,341
Prepayments	5,896	8,336	2,156	1,595	17,983
Materials and supplies inventory	18,339	432	-	-	18,771
Total current assets	<u>1,094,952</u>	<u>1,043,578</u>	<u>384,904</u>	<u>76,596</u>	<u>2,600,030</u>
Noncurrent assets:					
Net pension asset	256	303	46	27	632
Net OPEB asset	17,505	20,701	3,128	1,837	43,171
Capital assets:					
Land and construction in progress	138,165	50,038	-	10,660	198,863
Depreciable capital assets, net	1,715,520	2,491,021	10,157	-	4,216,698
Total capital assets, net	<u>1,853,685</u>	<u>2,541,059</u>	<u>10,157</u>	<u>10,660</u>	<u>4,415,561</u>
Total noncurrent assets	<u>1,871,446</u>	<u>2,562,063</u>	<u>13,331</u>	<u>12,524</u>	<u>4,459,364</u>
Total assets	<u>2,966,398</u>	<u>3,605,641</u>	<u>398,235</u>	<u>89,120</u>	<u>7,059,394</u>
<b>Deferred outflows of resources:</b>					
Pension	21,942	25,948	4,201	7,347	59,438
OPEB	8,977	10,628	1,778	4,285	25,668
Total deferred outflows of resources	<u>30,919</u>	<u>36,576</u>	<u>5,979</u>	<u>11,632</u>	<u>85,106</u>
Total assets and deferred outflows of resources	<u>2,997,317</u>	<u>3,642,217</u>	<u>404,214</u>	<u>100,752</u>	<u>7,144,500</u>
<b>Liabilities:</b>					
Current liabilities:					
Accounts payable	70,501	-	-	-	70,501
Accrued wages and benefits payable	7,122	8,445	1,167	753	17,487
Compensated absences payable - current	8,319	9,775	1,767	929	20,790
OWDA loans payable	35,900	-	-	-	35,900
Pension and postemployment benefits obligation payable	2,097	2,485	351	117	5,050
OPWC loans payable	15,282	103,806	-	-	119,088
Other loans payable	13,093	7,941	-	-	21,034
Total current liabilities	<u>152,314</u>	<u>132,452</u>	<u>3,285</u>	<u>1,799</u>	<u>289,850</u>
Long-term liabilities:					
Compensated absences payable	13,087	15,564	1,938	1,365	31,954
OWDA loans payable	790,960	-	-	-	790,960
OPWC loans payable	232,800	1,368,227	-	-	1,601,027
Other loans payable	240,978	146,164	-	-	387,142
Net pension liability	147,364	174,267	26,335	15,464	363,430
Total long-term liabilities	<u>1,425,189</u>	<u>1,704,222</u>	<u>28,273</u>	<u>16,829</u>	<u>3,174,513</u>
Total liabilities	<u>1,577,503</u>	<u>1,836,674</u>	<u>31,558</u>	<u>18,628</u>	<u>3,464,363</u>
<b>Deferred inflows of resources:</b>					
Pension	73,444	86,305	14,991	7,045	181,785
OPEB	54,597	64,247	10,827	5,612	135,283
Total deferred inflows of resources	<u>128,041</u>	<u>150,552</u>	<u>25,818</u>	<u>12,657</u>	<u>317,068</u>
Total liabilities and deferred inflows of resources	<u>1,705,544</u>	<u>1,987,226</u>	<u>57,376</u>	<u>31,285</u>	<u>3,781,431</u>
<b>Net position:</b>					
Net investment in capital assets	524,672	914,921	10,157	10,660	1,460,410
Unrestricted	767,101	740,070	336,681	58,807	1,902,659
Total net position	<u>\$ 1,291,773</u>	<u>\$ 1,654,991</u>	<u>\$ 346,838</u>	<u>\$ 69,467</u>	<u>\$ 3,363,069</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2021

	<b>Business-type Activities - Enterprise Funds</b>				<b>Total</b>
	<b>Water</b>	<b>Sewer</b>	<b>Refuse</b>	<b>Nonmajor Enterprise Fund</b>	
<b>Operating revenues:</b>					
Charges for services	\$ 1,440,135	\$ 726,144	\$ 486,956	\$ 88,165	\$ 2,741,400
Tap-in fees	37,500	36,000	-	-	73,500
Other operating revenues	3,528	690	105	59	4,382
<b>Total operating revenues</b>	<u>1,481,163</u>	<u>762,834</u>	<u>487,061</u>	<u>88,224</u>	<u>2,819,282</u>
<b>Operating expenses:</b>					
Personal services	80,398	96,881	10,198	22,246	209,723
Contract services	851,357	144,596	390,592	18,077	1,404,622
Materials and supplies	9,444	14,153	2,263	939	26,799
Depreciation	123,974	197,710	19,629	-	341,313
Other	-	-	8	-	8
<b>Total operating expenses</b>	<u>1,065,173</u>	<u>453,340</u>	<u>422,690</u>	<u>41,262</u>	<u>1,982,465</u>
<b>Operating income</b>	<u>415,990</u>	<u>309,494</u>	<u>64,371</u>	<u>46,962</u>	<u>836,817</u>
<b>Nonoperating revenue (expense):</b>					
Interest and fiscal charges	(35,267)	(4,835)	-	-	(40,102)
Gain (loss) on sale of capital assets	-	(1,113)	-	-	(1,113)
Capital contributions	99,993	-	-	-	99,993
<b>Total nonoperating revenue (expense)</b>	<u>64,726</u>	<u>(5,948)</u>	<u>-</u>	<u>-</u>	<u>58,778</u>
<b>Change in net position</b>	480,716	303,546	64,371	46,962	895,595
<b>Net position at beginning of year</b>	<u>811,057</u>	<u>1,351,445</u>	<u>282,467</u>	<u>22,505</u>	<u>2,467,474</u>
<b>Net position at end of year</b>	<u>\$ 1,291,773</u>	<u>\$ 1,654,991</u>	<u>\$ 346,838</u>	<u>\$ 69,467</u>	<u>\$ 3,363,069</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2021

	<b>Business-type Activities - Enterprise Funds</b>				
	<b>Water</b>	<b>Sewer</b>	<b>Refuse</b>	<b>Nonmajor Enterprise Fund</b>	<b>Total</b>
<b>Cash flows from operating activities:</b>					
Cash received from customers	\$ 1,363,663	\$ 692,255	\$ 458,526	\$ 62,941	\$ 2,577,385
Cash received from tap-in fees	37,500	36,000	-	-	73,500
Cash received from other operations	3,027	96	14	-	3,137
Cash payments for personal services	(213,427)	(252,236)	(37,638)	(22,326)	(525,627)
Cash payments for contract services	(841,700)	(149,402)	(390,678)	(18,162)	(1,399,942)
Cash payments for materials and supplies	(10,167)	(14,124)	(2,263)	(939)	(27,493)
Net cash provided by operating activities	<u>338,896</u>	<u>312,589</u>	<u>27,961</u>	<u>21,514</u>	<u>700,960</u>
<b>Cash flows from capital and related financing activities:</b>					
Acquisition of capital assets	(138,165)	(110,931)	-	(10,660)	(259,756)
Capital contributions	99,993	-	-	-	99,993
Principal retirement on loans	(62,770)	(111,514)	-	-	(174,284)
Interest and fiscal charges	(35,267)	(4,835)	-	-	(40,102)
Proceeds of loans	7,749	-	-	-	7,749
Net cash used in capital and related financing activities	<u>(128,460)</u>	<u>(227,280)</u>	<u>-</u>	<u>(10,660)</u>	<u>(366,400)</u>
Net increase in cash and cash equivalents	210,436	85,309	27,961	10,854	334,560
<b>Cash and cash equivalents at beginning of year</b>	403,996	730,037	195,394	20,981	1,350,408
<b>Cash and cash equivalents at end of year</b>	<u>\$ 614,432</u>	<u>\$ 815,346</u>	<u>\$ 223,355</u>	<u>\$ 31,835</u>	<u>\$ 1,684,968</u>
<b>Reconciliation of operating income to net cash provided by operating activities:</b>					
Operating income	\$ 415,990	\$ 309,494	\$ 64,371	\$ 46,962	\$ 836,817
Adjustments:					
Depreciation	123,974	197,710	19,629	-	341,313
Changes in assets, deferred inflow, liabilities and deferred outflows:					
(Increase) in accounts receivable	(78,096)	(34,939)	(29,275)	(25,313)	(167,623)
Decrease (increase) in materials and supplies inventory	(591)	71	-	-	(520)
(Increase) in prepayments	(1,130)	(671)	(48)	(100)	(1,949)
Decrease in special assessment receivable	1,624	1,050	845	89	3,608
(Increase) in net pension asset	(249)	(295)	(45)	(26)	(615)
(Increase) in net OPEB asset	(17,505)	(20,701)	(3,128)	(1,837)	(43,171)
(Increase) in intergovernmental receivable	(501)	(594)	(83)	(59)	(1,237)
Decrease in deferred outflows - pension	11,460	14,060	2,997	9,952	38,469
Decrease in deferred outflows - OPEB	14,104	17,181	3,024	5,498	39,807
Increase in accrued wages and benefits	1,229	1,499	13	132	2,873
Increase in pension obligation payable	597	717	59	46	1,419
Increase (decrease) in accounts payable	10,518	(4,353)	-	-	6,165
(Decrease) in compensated absences payable	(4,792)	(5,560)	(1,334)	(606)	(12,292)
(Decrease) in net pension liability	(61,019)	(71,502)	(13,861)	(5,619)	(152,001)
(Decrease) in net OPEB liability	(136,605)	(161,113)	(26,350)	(13,821)	(337,889)
Increase in deferred inflows - pension	26,286	30,922	6,465	2,572	66,245
Increase in deferred inflows - OPEB	33,602	39,613	4,682	3,644	81,541
Net cash provided by operating activities	<u>\$ 338,896</u>	<u>\$ 312,589</u>	<u>\$ 27,961</u>	<u>\$ 21,514</u>	<u>\$ 700,960</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 1 - DESCRIPTION OF THE CITY**

The City of Brookville (the “City”) 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 City operates under a council-manager government and provides the following services: police protection, fire and EMS services, water, sewer, refuse and stormwater utility services, street maintenance and repair, parks and recreation, as well as other services.

Management believes the financial statements included in this report represent all of the funds of the City over which the City officials have direct operating control.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements (BFS) of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the City’s accounting policies are described below.

**A. Reporting Entity**

For financial reporting purposes, the City’s BFS include all funds, agencies, boards, commissions, and departments for which the City is financially accountable. Financial accountability, as defined by the GASB, exists if the City appoints a voting majority of an organization’s Governing Board and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific burdens on, the City. The City may also be financially accountable for governmental organizations with a separately elected Governing Board, a Governing Board appointed by another government, or a jointly appointed Board that is fiscally dependent on the City. The City also took into consideration other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City’s basic financial statements to be misleading or incomplete.

The primary government consists of all funds and departments which provide various services including police protection, fire and EMS services, street maintenance and repair, parks and recreation, water, sewer, refuse and stormwater services. Council and the City Manager are directly responsible for these activities. The accompanying financial statements present the City, which has no component units.

**B. Basis of Presentation - Fund Accounting**

The City’s BFS consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements which provide a more detailed level of financial information.

***Government-Wide Financial Statements*** - The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the City that are governmental and those that are considered business-type activities.

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

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

**C. Fund Accounting**

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

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

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Street construction, maintenance and repair fund - This fund accounts for all transactions relating to street maintenance and construction.

Local fiscal recovery fund - The local fiscal recovery fund accounts for monies received from the federal government as part of the American Rescue Plan Act of 2021. This Act provides additional relief to address the continued impact of the COVID-19 pandemic.

Capital improvement fund - The capital improvement fund accounts for all transactions relating to the construction and improvements other than those financed by proprietary funds.

Other governmental funds of the City are used to account for (a) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (b) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

***Proprietary Funds*** - Proprietary fund reporting focuses on changes in net position, financial position and cash flows.

***Enterprise funds*** - The enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The following are the City's major enterprise funds:

***Water fund*** - The water fund accounts for the distribution to its residential and commercial users located within the City.

***Sewer fund*** - The sewer fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

***Refuse fund*** - The refuse fund accounts for the operations providing refuse removal to the residents and commercial users located within the City.

The other enterprise fund of the City is used to account for stormwater operations.

***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. Custodial funds are custodial in nature (assets plus deferred outflows of resources equals liabilities plus deferred inflows of resources) and do not involve measurement of results of operations. The City has no fiduciary funds.

**D. Measurement Focus and Basis of Accounting**

***Government-Wide Financial Statements*** - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the City are included on the statement of net position.

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

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary activities.

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the City's proprietary funds are charges for services and sales. Operating expenses for the enterprise funds include personnel and other expenses related to the operations of the enterprise activities. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

**E. Basis of Accounting**

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

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

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned (See Note 7). Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, State-levied locally shared taxes (including gasoline tax, local government funds and permissive tax), fines and forfeitures, fees and special assessments.

**Deferred Outflows of Resources and Deferred Inflows of Resources** - In addition to assets, the government-wide statement of net position will 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. For the City, see Notes 14 and 15 for deferred outflows of resources related the City's net pension liability, net pension asset, net OPEB asset, and net OPEB liability, respectively.

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements 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 City, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2021, but which were levied to finance 2022 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes, but is not limited to, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the City, see Notes 14 and 15 for deferred inflows of resources related to the City's net pension liability, net pension asset, net OPEB asset, and net OPEB liability, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

**F. Budgetary Data**

The budgetary process is prescribed by provisions of the Ohio Revised Code (ORC) and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The Montgomery County Commissioners waived the requirement to file a tax budget for 2021. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources. All funds, other than custodial funds, are legally required to be budgeted and appropriated.

The County Budget Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources which states the projected revenue of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to January 1, the City must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding year and need not be reappropriated.

Appropriation budgets are legally required for each fund at the object level. This is known as the legal level of budgetary control. Appropriation modifications outside the legal level of budgetary control must be approved by City Council. A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31.

An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified and the fund balance at the beginning of the year.

**G. Cash and Cash Equivalents**

Cash balances of the City's funds are pooled and invested in investments in order to provide improved cash management. Individual fund integrity is maintained through City records. Each fund's interest in the pooled bank accounts is presented as "equity in pooled cash and cash equivalents" on the financial statements.

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

During 2021, investments were limited to federal agency securities, negotiable certificates of deposit, investments in State Treasury Asset Reserve of Ohio (STAR Ohio) and U.S. Government money markets. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

During 2021, the City invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Interest income is distributed to the funds according to charter and statutory requirements. Interest revenue earned and credited to the general fund during 2021 amounted to \$26,547, which included \$14,834 assigned from other funds of the City.

For purpose of the statement of cash flows and for presentation on the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the City are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the City's investment account at year end is provided in Note 4.

**H. Inventories of Materials and Supplies**

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

**I. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The City maintains a capitalization threshold of \$5,000. The City's infrastructure consists of culverts, curbs, sidewalks, storm sewers, streets, irrigation systems, and water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets is also capitalized for business-type activities.

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-type Activities Estimated Lives</u>
Land improvements	20 years	20 years
Buildings and improvements	20-50 years	20-50 years
Equipment	5-20 years	5-20 years
Software	5 - 10 years	5 - 10 years
Vehicles	8-10 years	8-10 years
Infrastructure	20 years	20 years

**J. Compensated Absences**

Compensated absences of the City consist of vacation leave and sick leave to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the City and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for sick leave is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service or any employee with at least twenty years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16. Sick leave benefits were accrued using the "vesting" method.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus applicable additional salary related payments. City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation at various rates. Payment of vacation and sick leave is dependent upon many factors; therefore, timing of future payments is not readily determinable. However, management believes that sufficient resources will be made available for the payment of vacation and sick leave when such payments become due.

The entire compensated absence liability is reported on the government-wide financial statements.

On governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported. For proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**K. Accrued Liabilities and Long-Term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, long-term notes, loans, incentive payables and capital lease obligations are recognized as a liability on the governmental fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

**L. Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

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

**M. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

*Restricted* - Fund balance is reported as restricted when constraints are placed on the use of resources that are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

*Committed* - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (legislation) of City Council (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless City Council removes or changes the specified use by taking the same type of action (legislation) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.



**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of City Council, which includes giving the Finance Director the authority to constrain monies for intended purposes.

*Unassigned* - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The City applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

**N. Estimates**

The preparation of the BFS in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the BFS and accompanying notes. Actual results may differ from those estimates.

**O. Net Position**

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available. Net position restricted for other purposes consists primarily of street construction maintenance and repair and programs to enhance the security of persons and property.

**P. Prepayments**

Payments made to vendors for services that will benefit beyond December 31, 2021 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditures/expense in the year in which it was consumed.

**Q. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2021.

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**R. Assets Held for Resale**

As part of the economic development program, the City has acquired land within its Industrial Park. The City's intent is for the land to be sold to businesses to promote economic development within the City. Transactions are conducted through the City's Capital Improvement Fund.

**S. Pensions/Other Postemployment Benefits (OPEB)**

For purposes of measuring the net pension/OPEB liability, net pension asset, net OPEB asset, deferred outflows of resources and deferred inflows of resources related 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.

**NOTE 3 - ACCOUNTABILITY**

**Change in Accounting Principles**

For 2021, the City has implemented GASB Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period."

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. GASB Statement No. 89 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. GASB Statement No. 89 also reiterates that 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 City.

For 2021, the City has applied GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance" to GASB Statement Nos. 91, 92 and 93, which were originally due to be implemented in 2021 and to GASB Statement No. 87, which was originally due to be implemented in 2020. GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The following pronouncements are postponed by one year and the City has elected delaying implementation until the fiscal year ended December 31, 2022:

- Statement No. 91, *Conduit Debt Obligations*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

The following pronouncements are postponed by eighteen months and the City has elected delaying implementation until the fiscal year ended December 31, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 4 - DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the City into three categories.

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, 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 that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, 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 items (1) or (2), above 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, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
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.

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

Protection of the 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 City 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 Director of Finance or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**A. Cash on Hand**

At year end, the City had \$200 in undeposited cash on hand which is included on the financial statements of the City as part of “equity in pooled cash and cash equivalents”.

**B. Deposits with Financial Institutions**

At December 31, 2021, the carrying amount of all City deposits was \$597,556 and the bank balance of all City deposits was \$679,401. Of the bank balance, \$250,000 was covered by the FDIC and \$429,401 was covered by the Ohio Pooled Collateral System. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City’s 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 percent of the deposits being secured, or (2) participation in the 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 percent of the deposits being secured or a rate set by the Treasurer of State. For 2021 the City’s financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**C. Investments**

As of December 31, 2021, the City had the following investments and maturities:

Measurement/ Investment Type	Measurement Amount	Investment Maturity			
		6 months or less	7 to 12 months	13 to 18 months	Greater than 24 months
<i>Fair Value:</i>					
Negotiable CD's	\$ 1,265,193	\$ 226,984	\$ 280,887	\$ 102,600	\$ 654,722
FNMA	244,637	-	-	-	244,637
FHLB	497,720	-	-	-	497,720
<i>Amortized cost:</i>					
U.S. Government money market mutual funds	113,226	113,226	-	-	-
STAR Ohio	<u>1,562,938</u>	<u>1,562,938</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 3,683,714</u></b>	<b><u>\$ 1,903,148</u></b>	<b><u>\$ 280,887</u></b>	<b><u>\$ 102,600</u></b>	<b><u>\$ 1,397,079</u></b>

The weighted average maturity of investments is 1.27 years.

The City's investments in federal agency securities (FNMA and FHLB) and Negotiable CD's are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs). The City's investments in U.S. Government money market mutual funds are valued at amortized cost.

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the City's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* The City's investments in federal agency securities were rated AA+ and Aaa by Standard and Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAM money market rating. The City's U.S. Government money market mutual funds were rated AAAM by Standard & Poor's. The negotiable CDs are fully covered by the FDIC. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The City's investment policy limits investments to those authorized by State statute.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Concentration of Credit Risk:* The City places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the City at December 31, 2021:

<u>Measurement/ Investment Type</u>	<u>Measurement Amount</u>	<u>% of Total</u>
Fair Value:		
Negotiable CD's	\$ 1,265,193	34.35
FNMA	244,637	6.64
FHLB	497,720	13.51
Amortized Cost:		
U.S. Government money market mutual funds	113,226	3.07
STAR Ohio	<u>1,562,938</u>	<u>42.43</u>
Total	<u>\$ 3,683,714</u>	<u>100.00</u>

**D. Reconciliation of Cash and Investments to the Statement of Net Position**

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of December 31, 2021:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 597,556
Investments	3,683,714
Cash on hand	<u>200</u>
Total	<u>\$ 4,281,470</u>
 <u>Cash and investments per statement of net position</u>	
Governmental activities	\$ 2,596,502
Business-type activities	<u>1,684,968</u>
Total	<u>\$ 4,281,470</u>

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 5 - INTERFUND TRANSFERS**

- A. Interfund transfers for the year ended December 31, 2021, consisted of the following, as reported in the fund financial statements:

Transfers from general fund to:

Street construction, maintenance and repair fund	\$ 300,000
Nonmajor governmental funds	468,111

Transfers from nonmajor governmental fund to:

General fund	2,494
Street construction, maintenance and repair fund	<u>86,500</u>
Total transfers	<u><u>\$ 857,105</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

During the current year, the FEMA fund (a nonmajor governmental fund) transferred \$2,494 and \$86,500 to the general fund and street construction, maintenance and repair fund, respectively. The purpose of these transfers was to reimburse funds that originally paid FEMA project expenses.

Interfund transfers between governmental funds are eliminated for reporting on the government-wide financial statements.

All transfers were in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

- B. Interfund loans consisted of the following at December 31, 2021, as reported on the fund financial statements:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Capital improvement fund	<u><u>\$ 200,000</u></u>

The interfund loans are expected to be repaid once the anticipated revenues are received by the borrowing funds. Interfund balances between governmental funds are eliminated for reporting on the statement of net position.

**NOTE 6 - PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revaluated every six years. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 6 - PROPERTY TAXES – (Continued)**

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2021 public utility property taxes became a lien December 31, 2020, are levied after October 1, 2021, and are collected in 2022 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes described previously.

The County Treasurer collects property taxes on behalf of all taxing districts in the County, including the City of Brookville. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes, delinquent tangible personal property taxes and other outstanding delinquencies which are measurable as of December 31, 2021 and for which there is an enforceable legal claim. In the governmental funds, the current portion receivable has been offset by a deferred inflow since the current taxes were not levied to finance 2021 operations and the collection of delinquent taxes has been offset by a deferred inflow since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is a deferred inflow.

The full tax rate for all City operations for the year ended December 31, 2021 was 1.3 mills per \$1,000 of assessed value. The assessed values of real and public utility property upon which 2021 property tax receipts were based are as follows:

Real property tax	\$ 126,358,620
Public utility personal property	<u>3,360,360</u>
Total assessed value	<u><u>\$ 129,718,980</u></u>

**NOTE 7 - LOCAL INCOME TAX**

The 2.0 percent City income tax, which is not subject to renewal, is levied on substantially all income earned within the City. In addition, the residents of the City are required to pay City income tax on income they earn outside the City; however, full credit is allowed for all income taxes these residents pay to other municipalities as long as the City they work in has an income tax that is equal to or greater than the City's 2.0 percent. If a resident works in an entity, where the tax is less than 2.0 percent or there is no income tax, they will have to pay the difference. Employers within the city are required to withhold income tax on employee compensation and remit the tax to the City quarterly. Major employers are required to remit withholdings to the City monthly. Corporations and self-employed individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually with the City. Income tax revenue is reported to the extent that it is measurable and available to finance current operations at December 31, 2021. Income tax revenue for 2021 was \$3,355,059 as reported in the fund financial statements. Income tax revenue is reported in the general fund.

**NOTE 8 - RECEIVABLES**

Receivables at December 31, 2021, consisted of taxes, accounts (billings for user charged services), special assessments, accrued interest and intergovernmental receivables arising from grants, entitlements and shared revenue. All intergovernmental receivables have been classified as “due from other governments” on the BFS. Receivables have been recorded to the extent that they are measurable at December 31, 2021.



**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 8 – RECEIVABLES – (Continued)**

A summary of the items of receivables reported on the statement of net position follows:

**Governmental activities:**

Income taxes	\$ 631,716
Real and other taxes	154,621
Accounts	145,833
Accrued interest	5,884
Special assessments	2,046
Due from other governments	292,797

**Business-type activities:**

Accounts	873,218
Special assessments	3,749
Due from other governments	1,341

Receivables have been disaggregated on the face of the BFS. The only receivables not expected to be collected within the subsequent year are the special assessments which are collected over the life of the assessment.

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**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 9 - CAPITAL ASSETS**

A. Governmental activities capital asset activity for the year ended December 31, 2021, was as follows:

<b><u>Governmental activities:</u></b>	Balance			Balance
	<u>12/31/20</u>	<u>Additions</u>	<u>Disposals</u>	<u>12/31/21</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 2,600,390	\$ 160,070	\$ -	\$ 2,760,460
Construction in progress	<u>-</u>	<u>29,427</u>	<u>-</u>	<u>29,427</u>
Total capital assets, not being depreciated	<u>2,600,390</u>	<u>189,497</u>	<u>-</u>	<u>2,789,887</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,996,549	110,234	-	2,106,783
Buildings and improvements	8,570,290	11,000	-	8,581,290
Equipment	1,467,675	182,454	-	1,650,129
Software	50,963	-	-	50,963
Vehicles	2,869,522	260,922	(171,530)	2,958,914
Infrastructure	<u>7,999,616</u>	<u>-</u>	<u>-</u>	<u>7,999,616</u>
Total capital assets, being depreciated	<u>22,954,615</u>	<u>564,610</u>	<u>(171,530)</u>	<u>23,347,695</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(1,682,142)	(28,605)	-	(1,710,747)
Buildings and improvements	(1,652,375)	(174,623)	-	(1,826,998)
Equipment	(818,177)	(93,670)	-	(911,847)
Software	(46,753)	(2,710)	-	(49,463)
Vehicles	(2,094,972)	(177,237)	171,530	(2,100,679)
Infrastructure	<u>(3,767,796)</u>	<u>(399,981)</u>	<u>-</u>	<u>(4,167,777)</u>
Total accumulated depreciation	<u>(10,062,215)</u>	<u>(876,826)</u>	<u>171,530</u>	<u>(10,767,511)</u>
Total capital assets, being depreciated, net	<u>12,892,400</u>	<u>(312,216)</u>	<u>-</u>	<u>12,580,184</u>
Governmental activities capital assets, net	<u>\$ 15,492,790</u>	<u>\$ (122,719)</u>	<u>\$ -</u>	<u>\$ 15,370,071</u>

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 9 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental activities as follows:

**Governmental activities:**

General government	\$ 71,461
Security of persons and property	324,661
Transportation	430,554
Leisure time activity	<u>50,150</u>
Total depreciation expense - governmental activities	<u>\$ 876,826</u>

**B.** Business-type activities capital asset activity for the year ended December 31, 2021 was as follows:

<b><u>Business-type activities:</u></b>	<u>Balance</u> <u>12/31/20</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>12/31/21</u>
<i>Capital assets, not being depreciated:</i>				
Land	\$ 32,388	\$ -	\$ -	\$ 32,388
Construction in progress	<u>-</u>	<u>166,475</u>	<u>-</u>	<u>166,475</u>
Total capital assets, not being depreciated	<u>32,388</u>	<u>166,475</u>	<u>-</u>	<u>198,863</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	10,765,561	-	-	10,765,561
Buildings and improvements	593,799	-	-	593,799
Equipment	842,555	20,063	(1,452)	861,166
Vehicles	223,094	-	-	223,094
Infrastructure	<u>2,815,471</u>	<u>73,218</u>	<u>-</u>	<u>2,888,689</u>
Total capital assets, being depreciated	<u>15,240,480</u>	<u>93,281</u>	<u>(1,452)</u>	<u>15,332,309</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(9,338,068)	(99,762)	-	(9,437,830)
Buildings and improvements	(72,849)	(10,754)	-	(83,603)
Equipment	(421,693)	(63,528)	339	(484,882)
Vehicles	(180,990)	(24,665)	-	(205,655)
Infrastructure	<u>(761,037)</u>	<u>(142,604)</u>	<u>-</u>	<u>(903,641)</u>
Total accumulated depreciation	<u>(10,774,637)</u>	<u>(341,313)</u>	<u>339</u>	<u>(11,115,611)</u>
Total capital assets, being depreciated, net	<u>4,465,843</u>	<u>(248,032)</u>	<u>(1,113)</u>	<u>4,216,698</u>
Business-type activities capital assets, net	<u>\$ 4,498,231</u>	<u>\$ (81,557)</u>	<u>\$ (1,113)</u>	<u>\$ 4,415,561</u>

**CITY OF BROOKVILLE  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 9 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to the enterprise funds as follows:

**Business-type activities:**

Water	\$ 123,974
Sewer	197,710
Refuse	<u>19,629</u>
Total depreciation expense - business-type activities	<u><u>\$ 341,313</u></u>

**NOTE 10 - VACATION AND SICK LEAVE LIABILITY**

Vacation and sick leave accumulated by governmental fund type employees has been recorded on the statement of net position to the extent they were not paid using current expendable available resources. Vacation and sick leave earned by proprietary funds type employees is expensed when earned and has been recorded in the fund. Upon retirement from City service, fully vested employees are entitled to a percentage of their accumulated sick leave based on their years of service. At December 31, 2021, vested benefits for vacation leave for governmental fund type employees, net of amounts paid using current expendable available resources, totaled \$75,530 and vested benefits for sick leave, totaled \$62,623. For proprietary fund types, vested benefits for vacation leave totaled \$20,790 and vested benefits for sick leave totaled \$31,954 at December 31, 2021. Included in the vested benefits for sick leave figures is an additional liability to accrue and record termination (severance) payments for employees expected to become eligible to retire in the future in accordance with GASB Statement No. 16.

**NOTE 11 - CAPITAL LEASES - LESSEE DISCLOSURE**

During the prior year, the City entered into a capital lease agreement for a medic ambulance. At inception, capital lease transactions are accounted for as a capital outlay expenditure and other financing source in the appropriate fund.

Capital assets consisting of vehicles have been capitalized in the amount of \$250,117. This amount represents the present value of the minimum lease payments at the time of acquisition of \$245,117 and an additional \$5,000 received as a trade-in. Accumulated depreciation as of December 31, 2021 was \$37,518, leaving a current book value of \$212,599. A corresponding liability was recorded on the statement of net position. Principal payments in 2021 totaled \$47,760 and were made from the fire capital improvement fund.

**CITY OF BROOKVILLE  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 11 - CAPITAL LEASES - LESSEE DISCLOSURE - (Continued)**

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of December 31, 2021.

Year Ending <u>December 31,</u>	Governmental <u>Activities</u>
2022	\$ 51,718
2023	51,718
2024	51,718
2025	<u>12,928</u>
Total future minimum lease payments	168,082
Less: amount representing interest	<u>(5,907)</u>
Present value of net minimum lease payments	<u>\$ 162,175</u>

**NOTE 12 - LONG-TERM OBLIGATIONS**

A. During 2021, the following changes occurred in governmental activities long-term obligations.

<b>Governmental activities:</b>	Balance <u>12/31/20</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>12/31/21</u>	Amounts Due in <u>One Year</u>
Note payable - direct borrowing	\$ 401,000	\$ -	\$ (73,000)	\$ 328,000	\$ 77,000
State infrastructure bank (SIB loan) - direct borrowing	1,471,882	-	(70,117)	1,401,765	72,236
Capital lease obligation	209,935	-	(47,760)	162,175	48,752
General obligation bonds - series 2016	5,830,000	-	(140,000)	5,690,000	145,000
Incentive payable	774,590	-	(145,000)	629,590	145,000
Net pension liability	3,544,613	-	(384,911)	3,159,702	-
Net OPEB liability	1,149,270	11,440	(810,905)	349,805	-
Compensated absences	<u>169,569</u>	<u>75,530</u>	<u>(106,946)</u>	<u>138,153</u>	<u>75,530</u>
Total governmental activities long-term obligations	<u>\$ 13,550,859</u>	<u>\$ 86,970</u>	<u>\$ (1,778,639)</u>	11,859,190	<u>\$ 563,518</u>
				Add: unamortized premium 712,898	
				<u>\$ 12,572,088</u>	
				Total on statement of net position	

Compensated absences: Compensated absences are reported on the statement of net position and will be paid from the fund from which the employee's salaries are paid, which will primarily be the general fund and the street construction, maintenance, and repair fund.

Capital lease obligation: See Note 11 for detail.

Net pension liability and net OPEB liability: See Notes 14 and 15 for details. The City pays obligations related to employee compensation from the fund benefiting from their service, which for the City, is primarily the general fund.

**CITY OF BROOKVILLE  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

Note payable: In 2006, the City entered into a 20 year note to provide long-term financing for the industrial park. A portion of the note, \$700,000, bears a fixed rate of 4.62% while the remaining \$465,000 is variable. The notes are scheduled to mature on January 1, 2026; however, the City consistently pays the principal and interest prior to the due date. Payments of principal and interest on the note are made from the debt service fund (a nonmajor governmental fund). This loan is a direct borrowing that has terms negotiated between the City and the creditor.

State Infrastructure Bank (SIB) Loan payable: In 2017, the City entered into a debt financing arrangement through the State Infrastructure Bank (SIB) to fund improvements for the City. At December 31, 2021, the City had outstanding borrowings of \$1,401,765 in the street construction, maintenance and repair fund, \$254,071 in the water fund and \$154,105 in the sewer fund. Semi-annual payments, due in June and December, began in 2019. The payments are repaid from the street construction, maintenance and repair fund and from the water and sewer fund. The loan bears a 3% interest rate and matures on June 1, 2037.

General obligation bonds - series 2016: In 2016, the City issued \$6,300,000 in bonds, with a variable interest rate, for the purpose of financing the construction of a fire station. The payments are made from the bond retirement fund (a nonmajor governmental fund). Interest payments on the bonds are due on June 1 and December 1 each year. The final maturity date is December 1, 2045. The bonds are general obligations of the City for which the full faith and credit of the City is pledged for repayment.

Incentive payable: In 2019, the City entered into a purchase and sale agreement with RJ Property Holdings, LLC and into a development agreement with General Motors. The agreements were entered into to bring economic development into the City. General Motors entered into an agreement with RJ Property Holdings, LLC pursuant to which General Motors has acquired an option to purchase certain property within the City. Under the various agreements, the City agreed to pay various incentives to both RJ Property Holdings, LLC and to General Motors. The incentive payable to RJ Property Holdings, LLC includes a \$10,000 per year acre incentive in which the City will pay \$125,000 annually until 2023. The incentive payable to General Motors includes a \$20,000 annually payment in which the City will pay until 2034. Incentive payments are recorded as economic development expenses in the general fund.

The following is the summary of the City's future annual principal and interest requirements for the OPWC loan, note payables, loan payable, general obligation bonds and the state infrastructure bank (SIB) loan:

Year Ending December 31,	Incentive Payable	Note Payable		
	Principal	Principal	Interest	Total
2022	\$ 145,000	\$ 77,000	\$ 13,626	\$ 90,626
2023	145,000	80,000	10,165	90,165
2024	140,290	84,000	6,927	90,927
2025	20,000	87,000	3,523	90,523
2026	20,000	-	-	-
2027 - 2031	100,000	-	-	-
2032 - 2034	59,300	-	-	-
Total	\$ 629,590	\$ 328,000	\$ 34,241	\$ 362,241

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FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

Year Ending <u>December 31,</u>	General Obligation Bonds		
	Principal	Interest	Total
2022	\$ 145,000	\$ 227,600	\$ 372,600
2023	150,000	221,800	371,800
2024	160,000	215,800	375,800
2025	165,000	209,400	374,400
2026	175,000	202,800	377,800
2027 - 2031	955,000	905,600	1,860,600
2032 - 2036	1,170,000	698,000	1,868,000
2037 - 2041	1,415,000	445,400	1,860,400
2042 - 2045	1,355,000	138,200	1,493,200
Total	\$ 5,690,000	\$ 3,264,600	\$ 8,954,600

Year Ending <u>December 31,</u>	State Infrastructure Bank (SIB) loan					
	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 72,236	\$ 41,515	\$ 113,751	\$ 21,034	\$ 12,089	\$ 33,123
2023	74,419	39,332	113,751	21,670	11,453	33,123
2024	76,669	37,083	113,752	22,325	10,798	33,123
2025	78,986	34,765	113,751	23,000	10,123	33,123
2026	81,373	32,377	113,750	23,694	9,428	33,122
2027 - 2031	445,281	123,476	568,757	129,660	35,954	165,614
2032 - 2035	516,766	51,990	568,756	150,476	15,139	165,615
2036 - 2037	56,035	841	56,876	16,317	245	16,562
Total	\$ 1,401,765	\$ 361,379	\$ 1,763,144	\$ 408,176	\$ 105,229	\$ 513,405

**CITY OF BROOKVILLE  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

B. During 2021, the following changes occurred in the City's business-type long-term liabilities.

<b>Business-type activities:</b>	<u>Interest Rate</u>	<u>Balance 12/31/20</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/21</u>	<u>Amounts Due in One Year</u>
<u>OPWC loans - direct borrowings</u>						
Wastewater treatment plant - CD25Q Maple Street Waterline Replacement - CD27T Wastewater treatment plant	0.00%	\$ 1,444,589	\$ -	\$ (96,306)	\$ 1,348,283	\$ 96,306
Phase II - Imp #CDO4U Arlington Road Water Main	0.00%	155,665	-	(9,730)	145,935	9,729
Loop - #CDO4V	0.00%	131,250	-	(7,500)	123,750	7,500
Walnut Street Waterline Replacement - #CD12Y	0.00%	99,951	-	(5,553)	94,398	5,553
		-	7,749	-	7,749	-
<b>Total OPWC loans</b>		<u>1,831,455</u>	<u>7,749</u>	<u>(119,089)</u>	<u>1,720,115</u>	<u>119,088</u>
<u>OWDA loan - direct borrowings</u>						
200,000 Gallon Elevated Tank - #8000	3.20%	861,638	-	(34,778)	826,860	35,900
<b>Total OWDA loans</b>		<u>861,638</u>	<u>-</u>	<u>(34,778)</u>	<u>826,860</u>	<u>35,900</u>
<u>Other long-term obligations</u>						
State Infrastructure Bank (SIB) loan - direct borrowing		428,593	-	(20,417)	408,176	21,034
Net pension liability		515,431	-	(152,001)	363,430	-
Net OPEB liability		337,889	-	(337,889)	-	-
Compensated absences		65,036	20,790	(33,082)	52,744	20,790
<b>Total business-type activities long-term obligations</b>		<u>\$ 4,040,042</u>	<u>\$ 28,539</u>	<u>\$ (697,256)</u>	<u>\$ 3,371,325</u>	<u>\$ 196,812</u>

OPWC loans payable: The City has entered into five debt financing arrangements through the Ohio Public Works Commission (OPWC) to fund wastewater treatment plant improvements and waterline replacements. The amounts due to the OPWC are payable solely from water and sewer revenues. The loan agreements function similar to a line-of-credit agreement. At December 31, 2021, the City has outstanding borrowings of \$248,082 in the water fund and \$1,472,033 in the sewer fund. The final OPWC loan matures on January 1, 2040. The loan agreements require semi-annual payments based on the actual amount loaned. These payments are reflected in the future maturities of principal and interest table and are subject to revision if the total amount is not drawn down.

In the event of default, the OPWC may (1) charge an 8% default interest rate from the date of the default to the date of the payment and charge the City for all costs incurred by the OPWC in curing the default, (2) in accordance with Ohio Revised Code 164.05, direct the county treasurer of the county in which the City is located to pay the amount of the default from funds that would otherwise be appropriated to the City from such county's undivided local government fund pursuant to ORC 5747.51-5747.53, or (3) at its discretion, declare the entire principal amount of loan then remaining unpaid, together with all accrued interest and other charges, become immediately due and payable.



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**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

The following is the summary of the City's future debt service principal and interest requirements for the OPWC loans. The Walnut Street Waterline Replacement loan is currently "open" meaning the final disbursements have not yet been made from OPWC. As of the date of this report, amortization schedule is not yet available.

Year Ending December 31,	<u>OPWC Loan</u>	
	<u>Principal</u>	
2022	\$	119,088
2023		119,088
2024		119,088
2025		119,088
2026		119,088
2027 - 2031		595,441
2032 - 2036		499,132
2037 - 2039		<u>22,353</u>
Total	\$	<u>1,712,366</u>

*OWDA loan payable:* The City has entered into a debt financing arrangement through the Ohio Water Development Authority (OWDA) to fund an elevated water tank. The amount due to the OWDA is payable solely from water revenues. The loan agreement functions similar to a line-of-credit agreement. At December 31, 2021, the City has outstanding borrowings of \$826,860. These loans are direct borrowings. In the event of default, the OWDA may declare the full amount of the then unpaid original loan amount to be immediately due and payable and/or require the City to pay any fines, penalties, interest, or late charges associated with the default.

Year Ending December 31,	<u>OWDA Loan</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 35,900	\$ 26,175	\$ 62,075
2023	37,058	25,017	62,075
2024	38,253	23,821	62,074
2025	39,487	22,587	62,074
2026	40,761	21,314	62,075
2027 - 2031	224,396	85,979	310,375
2032 - 2036	262,998	47,376	310,374
2037 - 2039	<u>148,007</u>	<u>7,180</u>	<u>155,187</u>
Total	<u>\$ 826,860</u>	<u>\$ 259,449</u>	<u>\$ 1,086,309</u>

**CITY OF BROOKVILLE  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)**

**C. Legal Debt Margin**

The Ohio Revised Code provides that the net debt of a municipal corporation, whether or not approved by the electors, shall not exceed 10.5% of the total value of all property in the municipal corporation as listed and assessed for taxation. In addition, the unvoted net debt of municipal corporations cannot exceed 5.5% of the total taxation value of property. The assessed valuation used in determining the City's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in calculating the City's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At December 31, 2021, the City's total debt margin was \$13,620,493 and the unvoted debt margin was \$7,134,544.

**NOTE 13 - RISK MANAGEMENT**

**A. Liability Insurance**

The City belongs to the Ohio Plan Risk Management, Inc. (the "Plan"), a non-assessable, non-profit providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 764 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 47% casualty and the 30% property portions the Plan retains. The Plan retains the lesser of 47% or \$117,500 of casualty losses and the lesser of 30% or \$300,000 of property losses. The Plan is also participating in a property primary excess of loss treaty. This treaty reimburses the Plan 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2019 and 2020 (the latest information available):

	<u>2019</u>	<u>2020</u>
Assets	\$15,920,504	\$18,826,974
Liabilities	(\$11,329,011)	(\$13,530,267)
Members' Equity	<u>\$4,591,493</u>	<u>\$5,296,707</u>

You can read the complete audited financial statements for The Ohio Plan Risk Management at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**CITY OF BROOKVILLE  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - RISK MANAGEMENT - (Continued)**

**B. Employee Health Insurance**

During 2021, the City provided employees' health and dental insurance through Anthem Blue Cross and Blue Shield. The City offered dual health insurance plans, a traditional plan and an HSA plan. Life insurance is provided through Anthem Life. The premiums for dental and life insurance are paid monthly with the City paying one-hundred percent of the cost.

The premiums for health insurance are paid monthly with the City paying eighty-five percent of the cost of the health insurance.

**C. Workers' Compensation**

Workers' Compensation claims are covered through the City's participation in the State of Ohio's program. The City pays the State Workers' Compensation System a premium based upon a rate of \$100 of payroll plus administrative costs. The rate is determined based on accident history of the City. The City also pays unemployment claims to the State of Ohio as incurred.

**NOTE 14 - DEFINED BENEFIT PENSION PLANS**

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

***Net Pension Liability/Asset and 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 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 net pension liability/asset and the net OPEB liability/asset represent the City'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 this estimate annually.

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

GASB 68/75 assumes the liability/asset 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. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require, the retirement systems to provide health care to eligible benefit recipients.

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**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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 pension and postemployment benefits obligation payable on both the accrual and modified accrual basis of accounting.

The remainder of this note includes the pension disclosures. See Note 15 for the OPEB disclosures.

***Plan Description - Ohio Public Employees Retirement System (OPERS)***

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members in the traditional and combined plans were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional and combined plans as per the reduced benefits adopted by SB 343 (see OPERS Annual Report referenced above for additional information, including requirements for reduced and unreduced benefits):

<b>Group A</b>	<b>Group B</b>	<b>Group C</b>
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
<b>State and Local</b>	<b>State and Local</b>	<b>State and Local</b>
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Traditional Plan Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	<b>Combined Plan Formula:</b> 1% of FAS multiplied by years of service for the first 35 years and 1.25% for service years in excess of 35

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**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Final Average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The initial amount of a member's pension benefit is vested upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost-of-living adjustment on the defined benefit portion of their pension benefit. For those who retired prior to January 7, 2013, the cost of living adjustment is 3 percent. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When members choose to annuitize their defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional Pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
<b>2021 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee *	10.0 %
<b>2021 Actual Contribution Rates</b>	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits ****	0.0 %
Total Employer	14.0 %
Employee	10.0 %

\* This rate is determined by OPERS' Board and has no maximum rate established by ORC.

\*\*\*\* This employer health care rate is for the traditional and combined plans. The employer contribution for the member-directed plan is 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The City's contractually required contribution for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan was \$187,888 for 2021. Of this amount, \$16,124 is reported as pension and postemployment benefits obligation payable.

***Plan Description - Ohio Police & Fire Pension Fund (OP&F)***

Plan Description - City full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, and statutory survivors. Members participating in the DROP program have separate eligibility requirements related to COLA.

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.00% of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.00% or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1st of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	<u>Police</u>	<u>Firefighters</u>
<b>2021 Statutory Maximum Contribution Rates</b>		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
<b>2021 Actual Contribution Rates</b>		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50 %</u>	<u>0.50 %</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$172,570 for 2021. Of this amount, \$20,315 is reported as pension and postemployment benefits obligation payable.

**CITY OF BROOKVILLE  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

The net pension liability and net pension asset for OPERS was measured as of December 31, 2020, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2020, and was determined by rolling forward the total pension liability as of January 1, 2020, to December 31, 2020. The City's proportion of the net pension liability or asset was based on the City'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:

	OPERS - Traditional	OPERS - Member- Directed	OP&F	Total
Proportion of the net pension liability/asset prior measurement date	0.00886600%	0.00153200%	0.03425530%	
Proportion of the net pension liability/asset current measurement date	<u>0.00859300%</u>	<u>0.01211900%</u>	<u>0.03301550%</u>	
Change in proportionate share	<u>-0.00027300%</u>	<u>0.01058700%</u>	<u>-0.00123980%</u>	
Proportionate share of the net pension liability	\$ 1,272,436	\$ -	\$ 2,250,696	\$ 3,523,132
Proportionate share of the net pension asset	-	(2,210)	-	(2,210)
Pension expense	32,033	(1,585)	147,180	177,628



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**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS - Traditional	OPERS - Member- Directed	OP&F	Total
<b>Deferred outflows of resources</b>				
Differences between expected and actual experience	\$ -	\$ 1,515	\$ 94,086	\$ 95,601
Changes of assumptions	-	60	37,744	37,804
Changes in employer's proportionate percentage/difference between employer contributions	7,239	-	93,969	101,208
Contributions subsequent to the measurement date	180,369	7,519	172,570	360,458
Total deferred outflows of resources	<u>\$ 187,608</u>	<u>\$ 9,094</u>	<u>\$ 398,369</u>	<u>\$ 595,071</u>
	OPERS - Traditional	OPERS - Member- Directed	OP&F	Total
<b>Deferred inflows of resources</b>				
Differences between expected and actual experience	\$ 53,227	\$ -	\$ 87,682	\$ 140,909
Net difference between projected and actual earnings on pension plan investments	495,961	241	109,174	605,376
Changes in employer's proportionate percentage/difference between employer contributions	45,211	-	273,880	319,091
Total deferred inflows of resources	<u>\$ 594,399</u>	<u>\$ 241</u>	<u>\$ 470,736</u>	<u>\$ 1,065,376</u>

\$360,458 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2022.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS - Traditional	OPERS - Member- Directed	OP&F	Total
2022	\$ (232,859)	\$ 172	\$ (49,928)	\$ (282,615)
2023	(84,489)	205	13,774	(70,510)
2024	(202,169)	153	(158,388)	(360,404)
2025	(67,643)	181	(46,629)	(114,091)
2026	-	192	(3,766)	(3,574)
Thereafter	-	431	-	431
Total	<u>\$ (587,160)</u>	<u>\$ 1,334</u>	<u>\$ (244,937)</u>	<u>\$ (830,763)</u>

**Actuarial Assumptions - OPERS**

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification 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. The total pension liability was determined by an actuarial valuation as of December 31, 2020, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2020, are presented below.

Wage inflation	3.25%
Future salary increases, including inflation COLA or ad hoc COLA	3.25% to 10.75% including wage inflation Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 0.50%, simple through 2021, then 2.15% simple
Investment rate of return	
Current measurement date	7.20%
Prior measurement date	7.20%
Actuarial cost method	Individual entry age

In October 2020, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 1.40% simple through 2020 then 2.15% simple to 0.50% simple through 2021 then 2.15% simple.

**CITY OF BROOKVILLE  
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**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

During 2020, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 11.70% for 2020.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic real rates of return were provided by the Board's investment consultant.

For each major asset class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	25.00 %	1.32 %
Domestic equities	21.00	5.64
Real estate	10.00	5.39
Private equity	12.00	10.42
International equities	23.00	7.36
Other investments	9.00	4.75
<b>Total</b>	<b>100.00 %</b>	<b>5.43 %</b>

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

**Discount Rate** - The discount rate used to measure the total pension liability/asset was 7.20%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The discount rate used to measure total pension liability prior to December 31, 2020 was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the City's Proportionate Share of the Net Pension Liability/Asset to Changes in the Discount Rate** - The following table presents the proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.20%, as well as what the proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.20%) or one-percentage-point higher (8.20%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	\$ 2,427,179	\$ 1,272,436	\$ 312,270
Member-Directed Plan	(1,939)	(2,210)	(2,424)

**Actuarial Assumptions - OP&F**

OP&F's total pension liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and 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. Assumptions considered were: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2021, are presented below.

Valuation date	1/1/20 with actuarial liabilities rolled forward to 12/31/20
Actuarial cost method	Entry age normal (level percent of payroll)
Investment rate of return	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25% per annum, compounded annually, consisting of
	inflation rate of 2.75% plus productivity increase rate of 0.50%
Cost of living adjustments	2.20% per year simple

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**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77%	68%
68-77	105%	87%
78 and up	115%	120%

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35%	35%
60-69	60%	45%
70-79	75%	70%
80 and up	100%	90%

The most recent experience study was completed for the five-year period ended December 31, 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy and Guidelines. A forecasted rate of inflation serves as the baseline for the return expected. 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 a 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.

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**NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2020 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return **</u>
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	21.00	4.10
Non-US Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income *	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation		
Linked Bonds *	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
Total	<u>125.00 %</u>	

Note: assumptions are geometric.

\* levered 2x

\*\* numbers include inflation

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

**Discount Rate** - The total pension liability was calculated using the discount rate of 8.00%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00%. 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, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the City's 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 8.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00%), or one percentage point higher (9.00%) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net pension liability	\$ 3,133,258	\$ 2,250,696	\$ 1,512,082

**CITY OF BROOKVILLE  
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**NOTE 15 - DEFINED BENEFIT OPEB PLANS**

***Net OPEB Liability/Asset***

See Note 14 for a description of the net OPEB liability/asset.

***Plan Description - Ohio Public Employees Retirement System (OPERS)***

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. Currently, Medicare-eligible retirees are able to select medical and prescription drug plans from a range of options and may elect optional vision and dental plans. Retirees and eligible dependents enrolled in Medicare Parts A and B have the option to enroll in a Medicare supplemental plan with the assistance of the OPERS Medicare Connector. The OPERS Medicare Connector is a relationship with a vendor selected by OPERS to assist retirees, spouses and dependents with selecting a medical and pharmacy plan. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are deposited into an HRA. For non-Medicare retirees and eligible dependents, OPERS sponsors medical and prescription coverage through a professionally managed self-insured plan. An allowance to offset a portion of the monthly premium is offered to retirees and eligible dependents. The allowance is based on the retiree's years of service and age when they first enrolled in OPERS coverage.

Medicare-eligible retirees who choose to become re-employed or survivors who become employed in an OPERS-covered position are prohibited from participating in an HRA. For this group of retirees, OPERS sponsors secondary coverage through a professionally managed self-insured program. Retirees who enroll in this plan are provided with a monthly allowance to offset a portion of the monthly premium. Medicare-eligible spouses and dependents can also enroll in this plan as long as the retiree is enrolled.

OPERS provides a monthly allowance for health care coverage for eligible retirees and their eligible dependents. The base allowance is determined by OPERS.

The health care trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or separation, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

Effective January 1, 2022, OPERS will discontinue the group plans currently offered to non-Medicare retirees and re-employed retirees. Instead, eligible non-Medicare retirees will select an individual medical plan. OPERS will provide a subsidy or allowance via an HRA allowance to those retirees who meet health care eligibility requirements. Retirees will be able to seek reimbursement for plan premiums and other qualified medical expenses.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit with a minimum age of 60, or generally 30 years of qualifying service at any age. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Current retirees eligible (or who become eligible prior to January 1, 2022) to participate in the OPERS health care program will continue to be eligible after January 1, 2022. Eligibility requirements will change for those retiring after January 1, 2022, with differing eligibility requirements for Medicare retirees and non-Medicare retirees. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' Annual Comprehensive Financial Report referenced below for additional information.

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**NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)**

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care for the traditional plan and the combined plan.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2021, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2021, OPERS did not allocate any employer contribution to health care for members in the Traditional Pension Plan and Combined Plan. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2021 was 4.00%.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$3,008 for 2021. Of this amount, \$258 is reported as pension and postemployment benefits obligation payable.

***Plan Description - Ohio Police & Fire Pension Fund (OP&F)***

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees.

On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

A retiree is eligible for the OP&F health care stipend unless they have access to any other group coverage including employer and retirement coverage. The eligibility of spouses and dependent children could increase the stipend amount. If the spouse or dependents have access to any other group coverage including employer or retirement coverage, they are not eligible for stipend support from OP&F. Even if an OP&F member or their dependents are not eligible for a stipend, they can use the services of the third-party administrator to select and enroll in a plan. The stipend provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.



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**NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)**

OP&F maintains funds for health care in two separate accounts: one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.50% and 24.00% of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2021, the portion of employer contributions allocated to health care was 0.50% of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contractually required contribution to OP&F was \$4,430 for 2021. Of this amount, \$522 is reported as pension and postemployment benefits obligation payable.

***Net OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability/asset and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2020, and was determined by rolling forward the total OPEB liability as of January 1, 2020, to December 31, 2020. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities.

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**NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Proportion of the net OPEB liability prior measurement date	0.00831700%	0.03425530%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.00848400%</u>	<u>0.03301550%</u>	
Change in proportionate share	<u>0.00016700%</u>	<u>-0.00123980%</u>	
Proportionate share of the net OPEB liability	\$ -	\$ 349,805	\$ 349,805
Proportionate share of the net OPEB asset	(151,149)	-	(151,149)
OPEB expense	(893,184)	53,586	(839,598)

At December 31, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Changes of assumptions	\$ 74,306	\$ 193,247	\$ 267,553
Changes in employer's proportionate percentage/difference between employer contributions	21,432	103,487	124,919
Contributions subsequent to the measurement date	3,008	4,430	7,438
Total deferred outflows of resources	<u>\$ 98,746</u>	<u>\$ 301,164</u>	<u>\$ 399,910</u>

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**NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)**

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 136,412	\$ 57,700	\$ 194,112
Net difference between projected and actual earnings on OPEB plan investments	80,501	13,000	93,501
Changes of assumptions	244,907	55,766	300,673
Changes in employer's proportionate percentage/ difference between employer contributions	3,379	29,519	32,898
Total deferred inflows of resources	<u>\$ 465,199</u>	<u>\$ 155,985</u>	<u>\$ 621,184</u>

\$7,438 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>	<u>OP&amp;F</u>	<u>Total</u>
Year Ending December 31:			
2022	\$ (189,939)	\$ 35,130	\$ (154,809)
2023	(135,059)	38,207	(96,852)
2024	(34,982)	33,356	(1,626)
2025	(9,481)	31,771	22,290
2026	-	1,023	1,023
Thereafter	-	1,262	1,262
Total	<u>\$ (369,461)</u>	<u>\$ 140,749</u>	<u>\$ (228,712)</u>

**Actuarial Assumptions - OPERS**

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs 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 coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, rolled forward to the measurement date of December 31, 2020.

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**NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)**

The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25%
Projected Salary Increases, including inflation	3.25 to 10.75% including wage inflation
Single Discount Rate:	
Current measurement date	6.00%
Prior Measurement date	3.16%
Investment Rate of Return	
Current measurement date	6.00%
Prior Measurement date	6.00%
Municipal Bond Rate	
Current measurement date	2.00%
Prior Measurement date	2.75%
Health Care Cost Trend Rate	
Current measurement date	8.50% initial, 3.50% ultimate in 2035
Prior Measurement date	10.50%, initial 3.50%, ultimate in 2030
Actuarial Cost Method	Individual Entry Age Normal

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2020, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was 10.50% for 2020.

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**NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)**

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2020, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.07 %
Domestic Equities	25.00	5.64
Real Estate Investment Trust	7.00	6.48
International Equities	25.00	7.36
Other investments	9.00	4.02
<b>Total</b>	<b>100.00 %</b>	<b>4.43 %</b>

**Discount Rate** - A single discount rate of 6.00% was used to measure the total OPEB liability on the measurement date of December 31, 2020. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) a tax-exempt municipal bond rate based on an index of 20- year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on the actuarial assumed rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 2.00%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through the year 2120. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2120, the duration of the projection period through which projected health care payments are fully funded.

**Change in Benefit Terms** - On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation which are reported by the City at December 31, 2021. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.

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**NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)**

***Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate*** - The following table presents the proportionate share of the net OPEB asset calculated using the single discount rate of 6.00%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.00%) or one-percentage-point higher (7.00%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB asset	\$ 37,584	\$ 151,149	\$ 244,509

***Sensitivity of the City's Proportionate Share of the Net OPEB Asset to Changes in the Health Care Cost Trend Rate*** - Changes in the health care cost trend rate may also have a significant impact on the net OPEB asset. The following table presents the net OPEB asset calculated using the assumed trend rates, and the expected net OPEB asset if it were calculated using a health care cost trend rate that is 1.00% lower or 1.00% higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2021 is 8.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

	<u>1% Decrease</u>	<u>Current Health Care Trend Rate Assumption</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB asset	\$ 154,833	\$ 151,149	\$ 147,028

***Actuarial Assumptions - OP&F***

OP&F's total OPEB liability as of December 31, 2020, is based on the results of an actuarial valuation date of January 1, 2020, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

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**NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Valuation Date	January 1, 2020, with actuarial liabilities rolled forward to December 31, 2020
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Investment Rate of Return	8.00%
Projected Salary Increases	3.75% to 10.50%
Payroll Growth	3.25%
Single discount rate:	
Current measurement date	2.96%
Prior measurement date	3.56%
Cost of Living Adjustments	2.20% simple per year

Mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120%.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
67 or less	77%	68%
68-77	105%	87%
78 and up	115%	120%

Mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Conduent Modified 2016 Improvement Scale.

<u>Age</u>	<u>Police</u>	<u>Fire</u>
59 or less	35%	35%
60-69	60%	45%
70-79	75%	70%
80 and up	100%	90%

The most recent experience study was completed for the five-year period ended December 31, 2016.

The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. 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 a weighted averaged 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.

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**NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2020, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return **</u>
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	21.00	4.10
Non-US Equity	14.00	4.80
Private Markets	8.00	6.40
Core Fixed Income *	23.00	0.90
High Yield Fixed Income	7.00	3.00
Private Credit	5.00	4.50
U.S. Inflation		
Linked Bonds *	17.00	0.70
Midstream Energy Infrastructure	5.00	5.60
Real Assets	8.00	5.80
Gold	5.00	1.90
Private Real Estate	12.00	5.30
Total	<u>125.00 %</u>	

Note: assumptions are geometric.

\* levered 2.5x

\*\* numbers include inflation

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

**Discount Rate** - For 2020, the total OPEB liability was calculated using the discount rate of 2.96%. For 2019, the total OPEB liability was calculated using the discount rate of 3.56%. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 8.00%. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 2.12% at December 31, 2020 and 2.75% at December 31, 2019, was blended with the long-term rate of 8.00%, which resulted in a blended discount rate of 2.96% for 2020 and 3.56% for 2019. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2034. The long-term expected rate of return on health care investments was applied to projected costs through 2034, and the municipal bond rate was applied to all health care costs after that date.



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**NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)**

*Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate* - Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 2.96%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.96%), or one percentage .point higher (3.96%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
City's proportionate share of the net OPEB liability	\$ 436,186	\$ 349,805	\$ 278,550

*Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate* - The total OPEB liability is based on a medical benefit that is a flat dollar amount; therefore, it is unaffected by a health care cost trend rate. An increase or decrease in the trend rate would have no effect on the total OPEB liability.

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING**

While 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 and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund and the street construction, maintenance and repair fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (f) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements (as reported in the fund financial statements) to the budgetary basis statements for all governmental funds for which a budgetary basis statement is presented:

**Net Change in Fund Balance**

	<u>General fund</u>	Street Construction, Maintenance and <u>Repair fund</u>	Local Fiscal <u>Recovery fund</u>
Budget basis	\$ (365,354)	\$ (45,096)	\$ 307,654
Net adjustment for revenue accruals	13,547	1,200	(307,654)
Net adjustment for expenditure accruals	(26,018)	(2,101)	-
Net adjustment for other sources/uses	150,000	-	-
Funds budgeted elsewhere	12,091	-	-
Adjustment for encumbrances	<u>26,645</u>	<u>5,338</u>	<u>-</u>
GAAP basis	<u>\$ (189,089)</u>	<u>\$ (40,659)</u>	<u>\$ -</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the parks and recreation fund.

**NOTE 17 - CONTINGENCIES**

**A. Grants**

The City receives significant financial assistance from numerous federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the City at December 31, 2021.

**B. Litigation**

The City is currently not involved in pending litigation at year end.

**NOTE 18 - OTHER COMMITMENTS**

The City utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, commitments for encumbrances in the City's major funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 19,262
Street construction, maintenance and repair fund	<u>4,359</u>
Total	<u>\$ 23,621</u>

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**NOTE 19 - FUND BALANCE**

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

Fund balance	General	Street Construction, Maintenance and Repair	Capital Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable:					
Materials and supplies inventory	\$ 17,485	\$ 14,750	\$ -	\$ -	\$ 32,235
Prepayments	83,289	13,326	-	410	97,025
Total nonspendable	<u>100,774</u>	<u>28,076</u>	<u>-</u>	<u>410</u>	<u>129,260</u>
Restricted:					
Debt service	-	-	-	5,293	5,293
Capital projects	-	-	539,802	197,357	737,159
Transportation	-	178,927	-	-	178,927
Public safety programs	-	-	-	10,900	10,900
Other purposes	-	-	-	39,267	39,267
Total restricted	<u>-</u>	<u>178,927</u>	<u>539,802</u>	<u>252,817</u>	<u>971,546</u>
Committed:					
Debt service	-	-	-	17,930	17,930
Total committed	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,930</u>	<u>17,930</u>
Assigned:					
General government	3,924	-	-	-	3,924
Public safety programs	6,903	-	-	-	6,903
Leisure time activity	59,965	-	-	-	59,965
Subsequent year appropriations	1,406,420	-	-	-	1,406,420
Total assigned	<u>1,477,212</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,477,212</u>
Unassigned	725,814	-	-	-	725,814
Total fund balances	<u>\$ 2,303,800</u>	<u>\$ 207,003</u>	<u>\$ 539,802</u>	<u>\$ 271,157</u>	<u>\$ 3,321,762</u>

**NOTE 20 - TAX INCENTIVES**

**Community Reinvestment Area**

The Ohio Community Reinvestment Area (CRA) program is an economic development tool administered by a municipal government that provides real property tax exemptions for property owners who renovate existing or construct new buildings. Community Reinvestment Areas are areas of land in which property owners can receive tax incentives for investing in real property improvements.

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 20 - TAX INCENTIVES - (Continued)**

The Community Reinvestment Area of the City of Brookville was first established in 1983 to encourage housing maintenance and economic and community development in areas that had not enjoyed reinvestment by remodeling or new construction. Since 1983, the City of Brookville has used tax abatements to attract new businesses and retain existing businesses and residential remodeling. The boundaries of the Community Reinvestment Area #1 have been amended several times since its inception.

Below is a chart of the CRA abatements for 2021.

<u>Property Owner</u>	<u>Parcel</u>	<u>2021 Abated Task Value</u>	<u>2021 All Taxes Abated</u>	<u>2021 City Taxes Abated</u>	<u>Class</u>
Brookville Enterprises Inc.	C05 00521 0001	\$316,050	\$24,031	\$411	Commercial
Giant Ohio LLC	C05 00415 0017	\$213,800	\$16,256	\$278	Commercial
Empire Developers PLL	C05 00513 0023	\$830,700	\$63,162	\$1,080	Commercial
Matthew and Lori Balsbaugh	C05 00513 0025	\$162,940	\$12,389	\$212	Commercial
ARC PLBKVOH001 LLC	C05 00513 0018	\$14,101,060	\$1,072,176	\$18,331	Industrial

Pursuant to Section 5709.82 of the Ohio Revised Code, the City of Brookville and the Brookville Local School District created an Income Tax Revenue Sharing Agreement on three projects in the NorthBrook Industrial Park. The City and the School District agreed that these three projects would receive a 15 year, 100% CRA abatement for the value of improvements for each project. In exchange for the abatement stated above, for each calendar year in which each project receives tax exemption, the City agrees to pay the School District an amount equal to fifty percent of income taxes collected from each project, subject to an allowance for an Infrastructure Offset charge.

The City of Brookville paid the Brookville Local School District \$19,911.59 in 2021. There is a \$4,111.56 credit that will be applied toward 2022.

In February 2017, Brookville City Council established the boundaries of Community Reinvestment Area #2, Post-1994. We entered into one CRA Agreement since certification of the zone in March 2017. This CRA Agreement is with Giant Dayton, LLC dated June 2017 for construction of a commercial project on Parcel COS 00415 0017. The CRA agreement was amended in 2018 to permit assignment of the CRA agreement from Giant Dayton, LLC to Giant Ohio, LLC. Construction of the Giant Ohio, LLC project was completed as of December 31, 2020.

**Income Tax Credits**

The City, by Ordinance, may grant a refundable or nonrefundable credit against its tax on income to a taxpayer to foster job creation and/or for the purpose of fostering job retention in the City of Brookville. For new job creation, if a credit is granted, it shall be measured as a percentage of the new income tax revenue the City derives from new employees of the taxpayer and shall be for a term not exceeding fifteen years. For job retention, if a credit is granted, it shall be measured as a percentage of the income tax revenue the City derives from the retained employees of the taxpayer and shall be for a term not exceeding fifteen years. Before the City passes an Ordinance granting a credit and/or allowing such a credit, the City and the taxpayer shall enter into an agreement specifying all the conditions of the credit.

The City did not have any Income Tax Credit Agreements for 2021.

**Enterprise Zone**

Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone Program provides tax exemptions for a portion of the value of new real property when the investment is made in conjunction with a project that includes job creation.

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2021

**NOTE 20 - TAX INCENTIVES - (Continued)**

The Enterprise Zone of the City of Brookville was certified as an Ohio Enterprise Zone on March 20, 1998. The boundary of the Enterprise Zone is the entire corporate boundary of the City of Brookville.

The Enterprise Zone law permits municipalities to grant exemption of real property assessed values up to 75% and up to 10 years on new investments in building and improvements to existing land and buildings for a specific project. The exemptions may be increased up to 100% with approval of the affected Board of Education.

The Enterprise Zone Program provides tax exemptions for a portion of the value of new real property when the investment is made in conjunction with a project that includes job creation.

The City of Brookville had an Enterprise Zone Agreement with Green Tokai Co. Ltd. dated August 3, 2004 that established a 10-year enterprise zone exemption that has expired.

The City of Brookville entered into an Enterprise Zone Agreement with Green Tokai Co. Ltd. in March 2016 to construct a 52,500 square foot building expansion to the existing 40,481 square foot building at 80 Parker Avenue. The Agreement will provide a 75% real property exemption for a period of 10 years. Green Tokai is in compliance with their Enterprise Zone Agreement for 2020.

**NOTE 21 - COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During 2021, the City received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the City. The impact on the City's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY/NET PENSION ASSET  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST EIGHT YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Traditional Plan:</i>				
City's proportion of the net pension liability	0.008593%	0.008866%	0.008805%	0.008377%
City's proportionate share of the net pension liability	\$ 1,272,436	\$ 1,752,425	\$ 2,411,512	\$ 1,314,188
City's covered payroll	\$ 1,161,871	\$ 1,322,600	\$ 1,193,493	\$ 1,118,215
City's proportionate share of the net pension liability as a percentage of its covered payroll	109.52%	132.50%	202.05%	117.53%
Plan fiduciary net position as a percentage of the total pension liability	86.88%	82.17%	74.70%	84.66%
<i>Combined Plan:</i>				
City's proportion of the net pension asset	n/a	n/a	n/a	0.004307%
City's proportionate share of the net pension asset	n/a	n/a	n/a	\$ 5,862
City's covered payroll	n/a	n/a	n/a	\$ 17,646
City's proportionate share of the net pension asset as a percentage of its covered payroll	n/a	n/a	n/a	33.22%
Plan fiduciary net position as a percentage of the total pension asset	n/a	n/a	n/a	137.28%
<i>Member Directed Plan:</i>				
City's proportion of the net pension asset	0.012119%	0.001532%	n/a	n/a
City's proportionate share of the net pension asset	\$ 2,210	\$ 58	n/a	n/a
City's covered payroll	\$ 72,790	\$ 9,110	n/a	n/a
City's proportionate share of the net pension asset as a percentage of its covered payroll	3.04%	0.64%	n/a	n/a
Plan fiduciary net position as a percentage of the total pension asset	188.21%	118.84%	n/a	n/a

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
	0.008193%	0.008201%	0.008434%	0.008434%
\$	1,860,492	\$ 1,420,517	\$ 1,017,235	\$ 994,259
\$	1,058,408	\$ 1,022,192	\$ 1,057,550	\$ 1,027,008
	175.78%	138.97%	96.19%	96.81%
	77.25%	81.08%	86.45%	86.36%
	0.018721%	0.000970%	n/a	n/a
\$	10,420	\$ 472	n/a	n/a
\$	72,875	\$ 3,533	n/a	n/a
	14.30%	13.36%	n/a	n/a
	116.55%	116.90%	n/a	n/a
	n/a	n/a	n/a	n/a
	n/a	n/a	n/a	n/a
	n/a	n/a	n/a	n/a
	n/a	n/a	n/a	n/a
	n/a	n/a	n/a	n/a

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
THE NET PENSION LIABILITY  
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST EIGHT YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
City's proportion of the net pension liability	0.03301550%	0.03425530%	0.03856300%	0.03782200%
City's proportionate share of the net pension liability	\$ 2,250,696	\$ 2,307,619	\$ 3,147,760	\$ 2,321,287
City's covered payroll	\$ 886,688	\$ 856,058	\$ 938,204	\$ 902,870
City's proportionate share of the net pension liability as a percentage of its covered payroll	253.83%	269.56%	335.51%	257.10%
Plan fiduciary net position as a percentage of the total pension liability	70.65%	69.89%	63.07%	70.91%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.03427300%	0.03652500%	0.03486690%	0.03486690%
\$ 2,170,797	\$ 2,349,674	\$ 1,806,251	\$ 1,698,128
\$ 806,685	\$ 870,574	\$ 748,716	\$ 790,424
269.10%	269.90%	241.25%	214.84%
68.36%	66.77%	72.20%	73.00%

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY PENSION CONTRIBUTIONS  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 180,369	\$ 162,662	\$ 185,164	\$ 167,089
Contributions in relation to the contractually required contribution	(180,369)	(162,662)	(185,164)	(167,089)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 1,288,350	\$ 1,161,871	\$ 1,322,600	\$ 1,193,493
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%
 <i>Combined Plan:</i>				
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ -	\$ -	\$ -	\$ -
Contributions as a percentage of covered payroll	14.00%	-	-	
 <i>Member Directed Plan:</i>				
Contractually required contribution	\$ 7,519	\$ 7,279	\$ 911	\$ -
Contributions in relation to the contractually required contribution	(7,519)	(7,279)	(911)	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 75,190	\$ 72,790	\$ 9,110	\$ -
Contributions as a percentage of covered payroll	10.00%	10.00%	10.00%	-

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 145,368	\$ 127,009	\$ 122,663	\$ 126,906	\$ 133,511	\$ 104,014
<u>(145,368)</u>	<u>(127,009)</u>	<u>(122,663)</u>	<u>(126,906)</u>	<u>(133,511)</u>	<u>(104,014)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,118,215	\$ 1,058,408	\$ 1,022,192	\$ 1,057,550	\$ 1,027,008	\$ 1,040,140
13.00%	12.00%	12.00%	12.00%	13.00%	10.00%
\$ 2,294	\$ 8,745	\$ 424	\$ -	\$ -	\$ -
<u>(2,294)</u>	<u>(8,745)</u>	<u>(424)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 17,646	\$ 72,875	\$ -	\$ -	\$ -	\$ -
13.00%	12.00%	12.00%	-	-	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY PENSION CONTRIBUTIONS  
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TEN YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>Police:</i>				
Contractually required contribution	\$ 150,486	\$ 150,837	\$ 145,745	\$ 161,732
Contributions in relation to the contractually required contribution	<u>(150,486)</u>	<u>(150,837)</u>	<u>(145,745)</u>	<u>(161,732)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 792,032	\$ 793,879	\$ 767,079	\$ 851,221
Contributions as a percentage of covered payroll	19.00%	19.00%	19.00%	19.00%
<i>Fire:</i>				
Contractually required contribution	\$ 22,084	\$ 21,810	\$ 20,910	\$ 20,441
Contributions in relation to the contractually required contribution	<u>(22,084)</u>	<u>(21,810)</u>	<u>(20,910)</u>	<u>(20,441)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 93,974	\$ 92,809	\$ 88,979	\$ 86,983
Contributions as a percentage of covered payroll	23.50%	23.50%	23.50%	23.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 155,363	\$ 138,519	\$ 136,471	\$ 128,808	\$ 112,820	\$ 82,160
<u>(155,363)</u>	<u>(138,519)</u>	<u>(136,471)</u>	<u>(128,808)</u>	<u>(112,820)</u>	<u>(82,160)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 817,700	\$ 729,047	\$ 718,268	\$ 677,937	\$ 710,453	\$ 644,392
19.00%	19.00%	19.00%	19.00%	15.88%	12.75%
\$ 20,015	\$ 18,245	\$ 35,792	\$ 16,633	\$ 16,298	\$ 13,794
<u>(20,015)</u>	<u>(18,245)</u>	<u>(35,792)</u>	<u>(16,633)</u>	<u>(16,298)</u>	<u>(13,794)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 85,170	\$ 77,638	\$ 152,306	\$ 70,779	\$ 79,957	\$ 79,965
23.50%	23.50%	23.50%	23.50%	20.38%	17.25%

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY/NET OPEB ASSET  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST FIVE YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability/asset	0.008484%	0.008317%	0.008200%	0.007940%	0.008162%
City's proportionate share of the net OPEB liability/(asset)	\$ (151,149)	\$ 1,148,794	\$ 1,069,085	\$ 862,227	\$ 824,384
City's covered payroll	\$ 1,234,661	\$ 1,331,710	\$ 1,193,493	\$ 1,135,861	\$ 1,131,283
City's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	-12.24%	86.26%	89.58%	75.91%	72.87%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	115.57%	47.80%	46.33%	54.14%	54.05%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE CITY'S PROPORTIONATE SHARE OF  
THE NET OPEB LIABILITY  
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST FIVE YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.03301550%	0.03425530%	0.03856300%	0.03782200%	0.03427300%
City's proportionate share of the net OPEB liability	\$ 349,805	\$ 338,365	\$ 351,175	\$ 2,142,924	\$ 1,626,862
City's covered payroll	\$ 886,688	\$ 856,058	\$ 938,204	\$ 902,870	\$ 806,685
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	39.45%	39.53%	37.43%	237.35%	201.67%
Plan fiduciary net position as a percentage of the total OPEB liability	45.42%	47.08%	46.57%	14.13%	15.96%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each year were determined as of the City's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY OPEB CONTRIBUTIONS  
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST TEN YEARS

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Contractually required contribution	\$ 3,008	\$ 2,911	\$ 364	\$ -
Contributions in relation to the contractually required contribution	(3,008)	(2,911)	(364)	-
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 1,363,540	\$ 1,234,661	\$ 1,331,710	\$ 1,193,493
Contributions as a percentage of covered payroll	0.22%	0.24%	0.03%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 11,358	\$ 22,625	\$ 20,515	\$ 20,684	\$ 10,266	\$ 41,605
<u>(11,358)</u>	<u>(22,625)</u>	<u>(20,515)</u>	<u>(20,684)</u>	<u>(10,266)</u>	<u>(41,605)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,135,861	\$ 1,131,283	\$ 1,022,192	\$ 1,057,550	\$ 1,027,008	\$ 1,040,140
1.00%	2.00%	2.01%	1.96%	1.00%	4.00%

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CITY OPEB CONTRIBUTIONS  
OHIO POLICE AND FIRE (OP&F) PENSION FUND

LAST TEN YEARS

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<i>Police:</i>				
Contractually required contribution	\$ 3,960	\$ 3,969	\$ 3,835	\$ 4,256
Contributions in relation to the contractually required contribution	(3,960)	(3,969)	(3,835)	(4,256)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 792,032	\$ 793,879	\$ 767,079	\$ 851,221
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%
 <i>Fire:</i>				
Contractually required contribution	\$ 470	\$ 464	\$ 445	\$ 435
Contributions in relation to the contractually required contribution	(470)	(464)	(445)	(435)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
City's covered payroll	\$ 93,974	\$ 92,809	\$ 88,979	\$ 86,983
Contributions as a percentage of covered payroll	0.50%	0.50%	0.50%	0.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 4,089	\$ 3,744	\$ 3,688	\$ 3,187	\$ 26,410	\$ 43,496
<u>(4,089)</u>	<u>(3,744)</u>	<u>(3,688)</u>	<u>(3,187)</u>	<u>(26,410)</u>	<u>(43,496)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 817,700	\$ 729,047	\$ 718,268	\$ 677,937	\$ 710,453	\$ 644,392
0.50%	0.50%	0.50%	0.50%	3.62%	6.75%
\$ 426	\$ 388	\$ 762	\$ 356	\$ 2,975	\$ 5,398
<u>(426)</u>	<u>(388)</u>	<u>(762)</u>	<u>(356)</u>	<u>(2,975)</u>	<u>(5,398)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 85,170	\$ 77,638	\$ 152,306	\$ 70,779	\$ 79,971	\$ 79,965
0.50%	0.50%	0.50%	0.50%	3.62%	6.75%

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE YEAR ENDED DECEMBER 31, 2021

PENSION

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*OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts reported for 2014-2021.

*Changes in assumptions :*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016.
- For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%.
- There were no changes in assumptions for 2018.
- For 2019, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) the assumed rate of return and discount rate were reduced from 7.50% down to 7.20%.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.

**OHIO POLICE AND FIRE (OP&F) PENSION FUND**

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts reported for 2014-2021.

*Changes in assumptions :*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017.
- For 2018, the following were the most significant changes of assumptions that affected the total pension since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.50% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple.
- There were no changes in assumptions for 2019.
- There were no changes in assumptions for 2020.
- There were no changes in assumptions for 2021.

(Continued)

**CITY OF BROOKVILLE  
MONTGOMERY COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE YEAR ENDED DECEMBER 31, 2021

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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*OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)*

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts reported for 2017-2020.
- For 2021, the following were the most significant changes in benefit terms since the prior measurement date: the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care Plan. These changes are effective January 1, 2022 and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in the December 31, 2020 measurement date health care valuation. These changes significantly decreased the total OPEB liability for the measurement date December 31, 2020.

*Changes in assumptions :*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.85% up to 3.96%, (b) The investment rate of return was decreased from 6.50% percent down to 6.00%, (c) the municipal bond rate was increased from 3.31% up to 3.71% and (d) the health care cost trend rate was increased from 7.50%, initial/3.25%, ultimate in 2028 up to 10.00%, initial/3.25% ultimate in 2029.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.96% up to 3.16%, (b) the municipal bond rate was decreased from 3.71% up to 2.75% and (c) the health care cost trend rate was increased from 10.50%, initial/3.25%, ultimate in 2029 up to 10.50%, initial/3.50% ultimate in 2030.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.16% up to 6.00%, (b) the municipal bond rate was decreased from 2.75% up to 2.00% and (c) the health care cost trend rate was decreased from 10.00%, initial/3.50%, ultimate in 2030 down to 8.50%, initial/3.50% ultimate in 2035.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts reported for 2017-2018.
- For 2019, OP&F changed its retiree health care model from a self-insured health care plan to a stipend-based health care model.
- There were no changes in benefit terms from the amounts reported for 2020.
- There were no changes in benefit terms from the amounts reported for 2021.

*Changes in assumptions :*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017.
- For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) DROP interest rate was reduced from 4.50% to 4.00%, (b) CPI-based COLA was reduced from 2.60% to 2.20%, (c) investment rate of return was reduced from 8.25% to 8.00%, (d) salary increases were reduced from 3.75% to 3.25% and (e) payroll growth was reduced from 3.75% to 3.25%.
- For 2019, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.24% up to 4.66%. For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 4.66% up to 3.56%.
- For 2020, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 4.66% up to 3.56%.
- For 2021, the following were the most significant changes of assumptions that affect the total OPEB liability since the prior measurement date: (a) the discount rate was decreased from 3.56% down to 2.96%.

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

City of Brookville  
Montgomery County  
301 Sycamore Street  
Brookville, Ohio 45309

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Brookville, Montgomery County, (the City) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 20, 2022.

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

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

*Wilson, Shuman & Snow, Inc.*

Newark, Ohio  
June 20, 2022

# OHIO AUDITOR OF STATE KEITH FABER



**CITY OF BROOKVILLE**

**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 7/28/2022**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)