

***BROOKFIELD LOCAL SCHOOL DISTRICT***

***TRUMBULL COUNTY***

Single Audit

For the Year Ended June 30, 2021







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Board of Education  
Brookfield Local School District  
614 Bedford Rd SE  
Brookfield, OH 44403

We have reviewed the *Independent Auditor's Report* of the Brookfield Local School District, Trumbull County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2020 through June 30, 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 Brookfield Local School District is responsible for compliance with these laws and regulations.

Keith Faber  
Auditor of State  
Columbus, Ohio

February 25, 2022

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**Brookfield Local School District  
Trumbull County**

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**Brookfield Local School District  
Trumbull County**

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**INDEPENDENT AUDITOR'S REPORT**

Brookfield Local School District  
Trumbull County  
614 Bedford Road SE  
Brookfield, Ohio 44403

To the Board of Education:

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Brookfield Local School District, Trumbull County, Ohio (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as our evaluation of the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Brookfield Local School District, Trumbull County, Ohio, as of June 30, 2021, and the respective changes in financial position and the budgetary comparison for the General Fund and the Elementary and Secondary School Emergency Relief Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in Note 22 to the financial statements, the District adopted new guidance in Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*. We did not modify our opinion regarding this matter.

As discussed in Note 23 to the financial statements, the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. We did not modify our opinion regarding this matter.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedules of net pension liabilities, net OPEB (assets) liabilities, pension contributions and OPEB contributions listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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 Information***

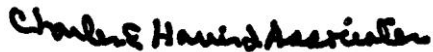
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards (the Schedule) is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is not a required part of the financial statements.



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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2021, on our consideration of the District's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



*Charles E. Harris & Associates, Inc.*  
December 29, 2021

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**Brookfield Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*Unaudited*

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As management of the Brookfield Local School District (the School District), we offer readers of the School District's financial statements this narrative and analysis of the financial activities of the School District for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2021 are as follows:

- Net position increased in fiscal year 2021 due mainly to changes in the net pension liability and net OPEB (asset) liability and the deferred outflows/inflows of resources associated with these liabilities coupled with a decrease in capital assets from current year depreciation exceeding current year additions.
- Capital assets decreased in fiscal year 2021 as depreciation outpaced additions. Capital asset additions included building improvements.
- Outstanding long-term obligations increased during fiscal year 2021 due to the issuance of a lease obligation offset by decreases by annual debt payments.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements are comprised of three components: (1) government-wide statements, (2) fund financial statements, and (3) notes to the basic financial statements.

***Government-wide Financial Statements*** The government-wide financial statements are designed to provide the reader with a broad overview of the School District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the School District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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*Management's Discussion and Analysis*  
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*Unaudited*

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The government-wide financial statement distinguishes functions of the School District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from those that are primarily supported through user charges (*business-type activities*). The School District has no business-type activities. The governmental activities of the School District include instruction, support services, extracurricular activities, operation of food services and interest and fiscal charges.

***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 School District, like the State and local governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. These fund financial statements focus on the School District's most significant funds. The School District's major governmental funds include the general fund, the ESSER special revenue fund, the bond retirement fund and the classroom facilities capital projects fund.

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

***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.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Table 1 provides a comparison of the School District's net position for 2021 compared to 2020.

**Brookfield Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*Unaudited*

**Table 1**  
 Net Position  
 Governmental Activities

	2021	2020	Change
<b>Assets</b>			
Current and Other Assets	\$10,315,809	\$9,003,648	\$1,312,161
Net OPEB Asset	641,997	626,659	15,338
Capital Assets, Net	27,755,635	28,046,467	(290,832)
<i>Total Assets</i>	<u>38,713,441</u>	<u>37,676,774</u>	<u>1,036,667</u>
<b>Deferred Outflows of Resources</b>			
Deferred Charge on Refunding	236,709	253,125	(16,416)
Pension	1,891,672	1,993,883	(102,211)
OPEB	276,825	212,200	64,625
<i>Total Deferred Outflows of Resources</i>	<u>2,405,206</u>	<u>2,459,208</u>	<u>(54,002)</u>
<b>Liabilities</b>			
Current Liabilities	1,421,595	1,381,287	(40,308)
Long-Term Liabilities			
Due Within One Year	640,092	643,646	3,554
Due in More Than One Year:			
Net Pension Liability	11,046,739	10,414,040	(632,699)
Net OPEB Liability	756,128	881,434	125,306
Other Amounts	12,716,947	12,363,688	(353,259)
<i>Total Liabilities</i>	<u>26,581,501</u>	<u>25,684,095</u>	<u>(897,406)</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	4,386,149	4,304,543	(81,606)
Pension	525,020	822,097	297,077
OPEB	1,252,865	1,136,928	(115,937)
<i>Total Deferred Inflows of Resources</i>	<u>6,164,034</u>	<u>6,263,568</u>	<u>99,534</u>
<b>Net Position</b>			
Net Investment in Capital Assets	16,195,584	16,487,641	(292,057)
Restricted for:			
Capital Projects	1,113,074	245,590	867,484
Debt Service	592,352	579,119	13,233
Other Purposes	100,654	229,424	(128,770)
Unrestricted (Deficit)	(9,628,552)	(9,353,455)	(275,097)
<i>Total Net Position</i>	<u>\$8,373,112</u>	<u>\$8,188,319</u>	<u>\$184,793</u>

**Brookfield Local School District**  
*Management's Discussion and Analysis*  
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The net pension liability (NPL) is one of the largest single liabilities reported by the School District at June 30, 2021. 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 School District 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.

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.

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. For the School District, total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources by \$8,373,112 in fiscal year 2021 and \$8,188,319 in fiscal year 2020.

A large portion of the School District’s net position reflects “Net Investment in Capital Assets” (i.e. land, construction in progress, buildings, improvements, furniture, fixtures, equipment and vehicles) less any related debt to acquire those assets that are still outstanding. The School District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the School District’s investment in its capital assets is reported net of related debt, it should be noted that resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The School District continues to provide the services that the School District residents expect while maintaining the costs of providing those services. The most dramatic changes were increases to cash and cash equivalents, intergovernmental receivables and property tax receivables offset by increases debt issuances and also the changes from net pension/OPEB changes noted above.

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*Management's Discussion and Analysis*  
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In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for fiscal years 2021 and 2020.

**Table 2**  
 Changes in Net Position  
 Governmental Activities

	2021	2020	Change
<b>Program Revenues</b>			
Charges for Services and Sales	\$520,478	\$670,904	(\$150,426)
Operating Grants, Interest and Contributions	2,698,183	1,834,265	863,918
<i>Total Program Revenues</i>	<u>3,218,661</u>	<u>2,505,169</u>	<u>713,492</u>
<b>General Revenues</b>			
Property Taxes	4,493,403	4,308,647	184,756
Grants and Entitlements	6,028,250	5,910,665	117,585
Unrestricted Contributions	1,050	2,320	(1,270)
Investment Earnings	3,431	23,638	(20,207)
Miscellaneous	315,753	203,811	111,942
<i>Total General Revenues</i>	<u>10,841,887</u>	<u>10,449,081</u>	<u>392,806</u>
<i>Total Revenues</i>	<u>14,060,548</u>	<u>12,954,250</u>	<u>1,106,298</u>
<b>Program Expenses</b>			
Instruction:			
Regular	6,121,639	5,851,456	(270,183)
Special	1,609,589	1,510,603	(98,986)
Student Intervention Services	9,031	0	(9,031)
Support Services			
Pupil	755,022	630,845	(124,177)
Instructional Staff	312,178	433,982	121,804
Board of Education	16,956	11,454	(5,502)
Administration	1,184,893	1,042,463	(142,430)
Fiscal	353,438	338,384	(15,054)
Business	42,724	61,715	18,991
Operation and Maintenance of Plant	1,283,523	1,060,065	(223,458)
Pupil Transportation	665,734	687,080	21,346
Central	386,933	193,280	(193,653)
Operation of Food Services	313,228	451,918	138,690
Extracurricular Activities	376,644	399,077	22,433
Interest and Fiscal Charges	444,223	428,978	(15,245)
<i>Total Program Expenses</i>	<u>13,875,755</u>	<u>13,101,300</u>	<u>(774,455)</u>
<i>Change in Net Position</i>	184,793	(147,050)	331,843
Net Position Beginning of Year	8,188,319	8,335,369	(147,050)
Net Position End of Year	<u>\$8,373,112</u>	<u>\$8,188,319</u>	<u>\$184,793</u>

**Brookfield Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*Unaudited*

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***Governmental Activities***

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a voted levy does not increase solely as a result of inflation. It increases as a result of new construction or collection from a new voted levy. Although school districts experience inflationary growth in expenses, tax revenue does not keep pace with the increased expenses due to House Bill 920. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00 and the School District would collect the same dollar value the levy generated in the year it passed. The 10 percent rollback on all residential/agricultural property and the 2.5 percent rollback on all owner occupied homes would reduce the amount of taxes paid.

Thus school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service.

Revenue is divided into two major components: program revenues and general revenues. Program revenues are defined as fees, restricted grants and charges for services that are program specific. General revenues include taxes and unrestricted grants such as State Foundation support.

Program revenues increased for governmental activities in fiscal year 2021. Operating grants increased due to the School District seeking out restricted grant monies as additional sources of operating revenues along with a new grant specific to student health and wellness. General revenues increased in fiscal year 2021 resulting from an increase in property taxes and grants and entitlements.

Instruction composes the most significant portion of governmental program expenses. The largest component of the increase in program expenses results from increases in support services such as pupil, administration, operation and maintenance of plant and central expenses. Another contributor is the increase related to STRS OPEB expenses. The School District's OPEB expense related to STRS went from a negative expense of \$196,332 in fiscal year 2020 to a negative expense of \$47,099 for fiscal year 2021.

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



**Brookfield Local School District**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*Unaudited*

(Table 3)  
 Total and Net Cost of Program Services  
 Governmental Activities

	Total Cost of Services 2021	Net Cost of Services 2021	Total Cost of Services 2020	Net Cost of Services 2020
Instruction	\$7,740,259	\$5,761,607	\$7,362,059	\$5,567,873
Support Services:				
Pupil and Instructional Staff	1,067,200	595,529	1,064,827	951,554
Board of Education and Administration	1,201,849	1,200,849	1,053,917	1,053,917
Fiscal and Business	396,162	396,162	400,099	400,099
Operation and Maintenance of Plant	1,283,523	962,138	1,060,065	982,528
Pupil Transportation	665,734	603,716	687,080	687,080
Central	386,933	351,664	193,280	188,924
Operation of Food Service	313,228	71,022	451,918	73,702
Extracurricular Activities	376,644	270,184	399,077	261,476
Interest and Fiscal Charges	444,223	444,223	428,978	428,978
<i>Total Expenses</i>	<u>\$13,875,755</u>	<u>\$10,657,094</u>	<u>\$13,101,300</u>	<u>\$10,596,131</u>

The dependence upon general revenues for governmental activities is apparent from Table 3. The majority of instructional activities are supported through property taxes and other general revenues.

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

Information about the School District's major funds begins with the balance sheet. These funds are accounted for using the modified accrual basis of accounting. General fund revenues continue to outpace expenditures resulting in an increase in fund balance due to the continued monitoring of the School District on a departmental level to assign and control costs. The ESSER special revenue fund had a decrease in fund balance due primarily to expenditures outpacing revenues for the year. The bond retirement fund had an increase in fund balance due primarily to property tax collections outpacing debt service payments for the year. The classroom facilities capital project fund had an increase in fund balance due primarily to transfers from the general fund for the year.

**General Fund Budgeting Highlights**

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

During the course of fiscal year 2021, the School District amended its general fund budget numerous times. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, the final budget basis revenue estimate was greater than the original budget estimate. This was the result of the School anticipating greater property tax, intergovernmental and tuition and fees revenues.

**Brookfield Local School District**  
*Management's Discussion and Analysis*  
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*Unaudited*

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The final budget appropriations were greater than the original budget appropriations of the general fund. The change was attributed to increases in estimates for operational expenditures as the School District's current year requirements became more apparent.

## **Capital Assets and Debt**

### ***Capital Assets***

During fiscal year 2021, the School District's capital asset additions consisted of building improvements. The School District had a vehicle deletion for the current fiscal year. For more information about the School District's capital assets, see Note 9 to the basic financial statements.

### ***Debt***

On November 7, 2017, the School District issued \$11,530,000 in general obligation bonds to refund the 2008 general obligation bonds. This allowed the School District to decrease its total debt service payments by \$2,609,854. The school facilities construction bonds included serial and term bonds in the amounts of \$7,380,000 and \$4,150,000, respectively. In fiscal year 2020, the School District issued \$850,000 in lease obligation proceeds specific to acquiring energy efficient equipment and improvements. In fiscal year 2021, the School District issued \$980,800 in lease obligation proceeds specific to building and roof improvements. The School District's overall debt margin was \$3,313,854 with an unvoted debt margin of \$142,589 at June 30, 2021. For more information about the School District's long-term obligations, see Note 15 to the basic financial statements.

## **Current Related Financial Activities**

The School District has continued to try and reduce expenditures through attrition and vendor contract negotiations. Savings have been allocated towards maintaining a healthy 60 day cash reserve in the general fund. The School District will soon begin a budget modification process through the Ohio Schools Facilities Commission to make needed repairs from the construction project. Depending on the outcome of this budget modification process, the School District may need to seek long term debt.

The School District remains dedicated to fiscal responsibility. The Board of Education and Administration continue to carefully plan in order to provide the resources and education required to meet student needs over the next several years.

## **Contacting the School District's Financial Management Personnel**

This financial report is designed to provide our citizen's, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information contact Julie Sloan, Treasurer, Brookfield Local School District, 614 Bedford Road, Brookfield, Ohio 44403.

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*Basic Financial Statements*

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**Brookfield Local School District***Statement of Net Position**June 30, 2021*

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$4,554,825
Accounts Receivable	2,616
Intergovernmental Receivable	701,310
Prepaid Items	16,303
Inventory Held for Resale	3,871
Materials and Supplies Inventory	1,105
Property Taxes Receivable	5,035,779
Net OPEB Asset (See Note 13)	641,997
Nondepreciable Capital Assets	776,351
Depreciable Capital Assets, Net	<u>26,979,284</u>
<i>Total Assets</i>	<u>38,713,441</u>
<b>Deferred Outflows of Resources</b>	
Deferred Charge on Refunding	236,709
Pension	1,891,672
OPEB	<u>276,825</u>
<i>Total Deferred Outflows of Resources</i>	<u>2,405,206</u>
<b>Liabilities</b>	
Accounts Payable	58,437
Accrued Wages and Benefits	787,254
Intergovernmental Payable	296,504
Matured Compensated Absences Payable	44,885
Accrued Interest Payable	219,515
Special Termination Benefits Payable	15,000
Long-Term Liabilities:	
Due Within One Year	640,092
Due In More Than One Year:	
Net Pension Liability (See Note 12)	11,046,739
OPEB (See Note 13)	756,128
Other Amounts	<u>12,716,947</u>
<i>Total Liabilities</i>	<u>26,581,501</u>
<b>Deferred Inflows of Resources</b>	
Property Taxes	4,386,149
Pension	525,020
OPEB	<u>1,252,865</u>
<i>Total Deferred Inflows of Resources</i>	<u>6,164,034</u>
<b>Net Position</b>	
Net Investment in Capital Assets	16,195,584
Restricted for:	
Capital Projects	1,113,074
Debt Service	592,352
Other Purposes	100,654
Unrestricted (Deficit)	<u>(9,628,552)</u>
<i>Total Net Position</i>	<u><u>\$8,373,112</u></u>

See accompanying notes to the basic financial statements

**Brookfield Local School District**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2021

	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
	Charges for Services and Sales	Operating Grants, Interest and Contributions	Governmental Activities	
Expenses				
<b>Governmental Activities</b>				
Instruction:				
Regular	\$6,121,639	\$280,725	\$518,045	(\$5,322,869)
Special	1,609,589	91,993	1,087,889	(429,707)
Student Intervention Services	9,031	0	0	(9,031)
Support Services:				
Pupil	755,022	0	394,577	(360,445)
Instructional Staff	312,178	0	77,094	(235,084)
Board of Education	16,956	0	1,000	(15,956)
Administration	1,184,893	0	0	(1,184,893)
Fiscal	353,438	0	0	(353,438)
Business	42,724	0	0	(42,724)
Operation and Maintenance of Plant	1,283,523	31,000	290,385	(962,138)
Pupil Transportation	665,734	0	62,018	(603,716)
Central	386,933	0	35,269	(351,664)
Operation of Food Services	313,228	10,300	231,906	(71,022)
Extracurricular Activities	376,644	106,460	0	(270,184)
Interest and Fiscal Charges	444,223	0	0	(444,223)
<b>Totals</b>	<b>\$13,875,755</b>	<b>\$520,478</b>	<b>\$2,698,183</b>	<b>(10,657,094)</b>

**General Revenues**

Property Taxes Levied for:	
General Purposes	3,606,747
Debt Service	829,531
Other Purposes	57,125
Grants and Entitlements not	
Restricted to Specific Programs	6,028,250
Unrestricted Contributions	1,050
Investment Earnings	3,431
Miscellaneous	315,753
<b>Total General Revenues</b>	<b>10,841,887</b>
Change in Net Position	184,793
<i>Net Position Beginning of Year</i>	<i>8,188,319</i>
<i>Net Position End of Year</i>	<b><i>\$8,373,112</i></b>

See accompanying notes to the basic financial statements

**Brookfield Local School District**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2021*

	General	Elementary and Secondary School Emergency Relief	Bond Retirement	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$2,479,351	\$25,802	\$691,908	\$1,112,761	\$172,768	\$4,482,590
Restricted Assets:						
Cash and Cash Equivalents						
With Fiscal Agents	72,235	0	0	0	0	72,235
Accounts Receivable	2,180	0	0	0	436	2,616
Intergovernmental Receivable	51,724	536,564	0	0	113,022	701,310
Interfund Receivable	548,505	0	0	0	0	548,505
Prepaid Items	16,303	0	0	0	0	16,303
Inventory Held for Resale	0	0	0	0	3,871	3,871
Materials and Supplies Inventory	0	0	0	0	1,105	1,105
Property Taxes Receivable	4,039,851	0	932,068	0	63,860	5,035,779
<i>Total Assets</i>	<u>\$7,210,149</u>	<u>\$562,366</u>	<u>\$1,623,976</u>	<u>\$1,112,761</u>	<u>\$355,062</u>	<u>\$10,864,314</u>
<b>Liabilities</b>						
Accounts Payable	\$51,705	\$600	\$0	\$0	\$6,132	\$58,437
Accrued Wages and Benefits	627,532	40,144	0	0	119,578	787,254
Interfund Payable	0	484,290	0	0	64,215	548,505
Intergovernmental Payable	247,911	22,432	0	0	26,161	296,504
Matured Compensated Absences Payable	44,885	0	0	0	0	44,885
<i>Total Liabilities</i>	<u>972,033</u>	<u>547,466</u>	<u>0</u>	<u>0</u>	<u>216,086</u>	<u>1,735,585</u>
<b>Deferred Inflows of Resources</b>						
Property Taxes	3,518,454	0	812,109	0	55,586	4,386,149
Unavailable Revenue	545,832	536,564	115,992	0	78,546	1,276,934
<i>Total Deferred Inflows of Resources</i>	<u>4,064,286</u>	<u>536,564</u>	<u>928,101</u>	<u>0</u>	<u>134,132</u>	<u>5,663,083</u>
<b>Fund Balances</b>						
Nonspendable	16,303	0	0	0	1,105	17,408
Restricted	0	0	695,875	1,112,761	102,752	1,911,388
Assigned	33,762	0	0	0	0	33,762
Unassigned (Deficit)	2,123,765	(521,664)	0	0	(99,013)	1,503,088
<i>Total Fund Balances (Deficit)</i>	<u>2,173,830</u>	<u>(521,664)</u>	<u>695,875</u>	<u>1,112,761</u>	<u>4,844</u>	<u>3,465,646</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$7,210,149</u>	<u>\$562,366</u>	<u>\$1,623,976</u>	<u>\$1,112,761</u>	<u>\$355,062</u>	<u>\$10,864,314</u>

See accompanying notes to the basic financial statements

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

<b>Total Governmental Fund Balances</b>	<b>\$3,465,646</b>
 <i>Amounts reported for governmental activities in 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.	27,755,635
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.	
Delinquent Property Taxes	628,145
Intergovernmental	636,929
Tuition and Fees	<u>11,860</u>
Total	1,276,934
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(219,515)
The net pension liability and net OPEB asset/liability are not due and payable in the current period; therefore, the asset/liability and related deferred inflows/outflows are not reported in governmental funds.	
Net OPEB Asset	641,997
Deferred Outflows - Pension	1,891,672
Deferred Outflows - OPEB	276,825
Net Pension Liability	(11,046,739)
Net OPEB Liability	(756,128)
Deferred Inflows - Pension	(525,020)
Deferred Inflows - OPEB	<u>(1,252,865)</u>
Total	(10,770,258)
Special termination benefits payable is not expected to be paid with expendable available financial resources and therefore is not reported in the funds.	(15,000)
Long-term liabilities payable are not due and payable in the current period and therefore are not reported in the funds.	
Deferred Charge on Refunding	236,709
General Obligation Bonds	(11,075,788)
Lease Purchase	(1,731,802)
Asset Retirement Obligation	(28,500)
Compensated Absences	<u>(520,949)</u>
Total	<u>(13,120,330)</u>
<i>Net Position of Governmental Activities</i>	<u><u>\$8,373,112</u></u>

See accompanying notes to the basic financial statements

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

	General	Elementary and Secondary School Emergency Relief	Bond Retirement	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property Taxes	\$3,606,833	\$0	\$830,282	\$0	\$57,220	\$4,494,335
Intergovernmental	6,387,029	132,811	129,627	0	1,466,912	8,116,379
Interest	3,431	0	0	0	61	3,492
Tuition and Fees	362,904	0	0	0	0	362,904
Extracurricular Activities	4,747	0	0	0	106,460	111,207
Contributions and Donations	1,050	0	0	0	0	1,050
Charges for Services	0	0	0	0	10,300	10,300
Rentals	31,000	0	0	0	0	31,000
Miscellaneous	314,585	0	0	0	1,168	315,753
<i>Total Revenues</i>	<u>10,711,579</u>	<u>132,811</u>	<u>959,909</u>	<u>0</u>	<u>1,642,121</u>	<u>13,446,420</u>
<b>Expenditures</b>						
Current:						
Instruction:						
Regular	4,637,204	205,702	0	0	285,484	5,128,390
Special	998,022	5,000	0	0	598,035	1,601,057
Student Intervention Services	0	9,031	0	0	0	9,031
Support Services:						
Pupil	298,329	84,605	0	0	380,760	763,694
Instructional Staff	249,887	0	0	0	53,557	303,444
Board of Education	15,472	0	0	0	500	15,972
Administration	1,129,592	1,453	0	0	0	1,131,045
Fiscal	335,955	0	17,385	0	1,193	354,533
Business	42,724	0	0	0	0	42,724
Operation and Maintenance of Plant	868,196	221,931	0	0	168,729	1,258,856
Pupil Transportation	431,240	62,018	0	0	0	493,258
Central	308,212	64,735	0	0	3,326	376,273
Operation of Food Services	0	0	0	0	295,513	295,513
Extracurricular Activities	214,368	0	0	0	143,109	357,477
Capital Outlay	555,180	0	0	93,276	6,000	654,456
Debt Service:						
Principal Retirement	132,859	0	460,000	0	0	592,859
Interest and Fiscal Charges	18,979	0	459,738	0	0	478,717
<i>Total Expenditures</i>	<u>10,236,219</u>	<u>654,475</u>	<u>937,123</u>	<u>93,276</u>	<u>1,936,206</u>	<u>13,857,299</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>475,360</u>	<u>(521,664)</u>	<u>22,786</u>	<u>(93,276)</u>	<u>(294,085)</u>	<u>(410,879)</u>
<b>Other Financing Sources (Uses)</b>						
Lease Purchase Issued	980,800	0	0	0	0	980,800
Transfers In	0	0	0	960,760	29,725	990,485
Transfers Out	(990,485)	0	0	0	0	(990,485)
<i>Total Other Financing Sources (Uses)</i>	<u>(9,685)</u>	<u>0</u>	<u>0</u>	<u>960,760</u>	<u>29,725</u>	<u>980,800</u>
<i>Net Change in Fund Balances</i>	465,675	(521,664)	22,786	867,484	(264,360)	569,921
<i>Fund Balances Beginning of Year</i>	<u>1,708,155</u>	<u>0</u>	<u>673,089</u>	<u>245,277</u>	<u>269,204</u>	<u>2,895,725</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>\$2,173,830</u>	<u>(\$521,664)</u>	<u>\$695,875</u>	<u>\$1,112,761</u>	<u>\$4,844</u>	<u>\$3,465,646</u>

See accompanying notes to the basic financial statements



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

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**Net Change in Fund Balances - Total Governmental Funds** \$569,921

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which depreciation exceeded capital outlay in the current period.

Capital Asset Additions	555,180	
Current Year Depreciation	(846,012)	
Total		(290,832)

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

Delinquent Property Taxes	(932)	
Intergovernmental	609,993	
Tuition and Fees	5,067	
Total		614,128

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 592,859

Other financing sources in the governmental funds, such as the issuance of a lease purchase, increase long-term liabilities in the statement of net position. (980,800)

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

Accrued Interest on Bonds	(8,802)	
Amortization of Deferred Charge on Refunding	(16,416)	
Amortization of Premium on Bonds	59,712	
Asset Retirement Obligation	(28,500)	
Total		5,994

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.

Pension	806,722	
OPEB	22,868	
Total		829,590

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.

Pension	(1,244,555)	
OPEB	66,464	
Total		(1,178,091)

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

Compensated Absences	7,024	
Special Termination Benefits Payable	15,000	
Total		22,024

*Change in Net Position of Governmental Activities* \$184,793

See accompanying notes to the basic financial statements

**Brookfield Local School District**  
*Statement of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Property Taxes	\$3,534,880	\$3,605,958	\$3,605,958	\$0
Intergovernmental	6,251,286	6,376,984	6,376,984	0
Interest	3,363	3,431	3,431	0
Tuition and Fees	355,751	362,904	362,904	0
Rentals	30,389	31,000	31,000	0
Miscellaneous	259,569	312,405	312,405	0
<i>Total Revenues</i>	10,435,238	10,692,682	10,692,682	0
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	4,185,862	4,704,088	4,704,088	0
Special	865,603	972,769	972,769	0
Support Services:				
Pupil	253,960	285,402	285,402	0
Instructional Staff	217,617	244,559	244,559	0
Board of Education	14,031	15,768	15,768	0
Administration	1,005,829	1,130,356	1,130,356	0
Fiscal	302,964	340,472	340,472	0
Business	38,524	43,294	43,294	0
Operation and Maintenance of Plant	804,247	918,403	918,402	1
Pupil Transportation	439,656	494,838	494,838	0
Central	271,366	304,962	304,962	0
Extracurricular Activities	190,208	213,757	213,757	0
Debt Service:				
Principal Retirement	69,300	77,814	77,814	0
Interest and Fiscal Charges	1,843	2,137	2,137	0
<i>Total Expenditures</i>	8,661,010	9,748,619	9,748,618	1
<i>Excess of Revenues Over (Under) Expenditures</i>	1,774,228	944,063	944,064	1
<b>Other Financing Sources (Uses)</b>				
Lease Purchase Issued	0	980,800	980,800	0
Advances Out	(548,505)	(548,505)	(548,505)	0
Transfers Out	(990,485)	(990,485)	(990,485)	0
<i>Total Other Financing Sources (Uses)</i>	(1,538,990)	(558,190)	(558,190)	0
<i>Net Change in Fund Balance</i>	235,238	385,873	385,874	1
<i>Fund Balance Beginning of Year</i>	1,615,278	1,615,278	1,615,278	0
Prior Year Encumbrances Appropriated	444,437	444,437	444,437	0
<i>Fund Balance End of Year</i>	\$2,294,953	\$2,445,588	\$2,445,589	\$1

See accompanying notes to the basic financial statements

**Brookfield Local School District**  
*Statement of Revenues, Expenditures and Changes  
in Fund Balance - Budget (Non-GAAP Basis) and Actual  
Elementary and Secondary School Emergency Relief Fund  
For the Fiscal Year Ended June 30, 2021*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental	\$276,309	\$617,101	\$132,811	(\$484,290)
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	92,104	205,702	205,702	0
Special	2,239	5,000	5,000	0
Student Intervention Services	4,044	9,031	9,031	0
Support Services:				
Pupil	35,956	80,304	80,304	0
Operation and Maintenance of Plant	89,584	200,074	200,074	0
Pupil Transportation	17,800	39,755	39,755	0
Central	34,582	77,235	77,235	0
<i>Total Expenditures</i>	<u>276,309</u>	<u>617,101</u>	<u>617,101</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	0	0	(484,290)	(484,290)
<b>Other Financing Sources (Uses)</b>				
Advances In	0	0	484,290	484,290
<i>Net Change in Fund Balance</i>	0	0	0	0
<i>Fund Balance Beginning of Year</i>	0	0	0	0
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

**Brookfield Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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**Note 1 - Description of the School District**

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and federal agencies. The Board of Education controls the School District's 3 instructional/support facilities staffed by 86 certified employees and 44 classified employees who provide services to 1,037 students and other community members.

***Reporting Entity***

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

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

The School District is associated with two jointly governed organizations and two shared risk pools. These organizations are the North Eastern Ohio Management Information Network, the Trumbull County Career and Technical Center, the Trumbull County Schools Employee Insurance Benefits Consortium and the Schools of Ohio Risk Sharing Authority. These organizations are presented in Notes 16 and 17 to the basic financial statements.

**Note 2 - Summary of Significant Accounting Policies**

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

***Basis of Presentation***

The School District's basic financial statements 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.

**Brookfield Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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**Government-wide Financial Statements** The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

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

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

**Fund Accounting**

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The School District has no proprietary or fiduciary funds.

**Governmental Funds** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid.

The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

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

**Elementary and Secondary School Emergency Relief Special Revenue Fund** The elementary and secondary school emergency relief special revenue fund accounts for and reports restricted federal grant monies received in response for covid relief.

**Bond Retirement Fund** The bond retirement fund accounts for and reports property tax revenues that are restricted for the payment of principal and interest and fiscal charges on general obligation debt.

**Brookfield Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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***Classroom Facilities Capital Projects Fund*** The capital facilities capital project fund accounts for and reports monies transferred from the general fund that are restricted for capital projects.

The other governmental funds of the School District account for grants and other resources whose uses are restricted, committed or assigned to a particular purpose.

***Measurement Focus***

***Government-wide Financial Statements*** The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total 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 deferred outflows of resources and current liabilities and deferred inflows of resources 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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

***Basis of Accounting***

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

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

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

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

***Deferred Outflows/Inflows of Resources*** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent 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 School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding and for pension and OPEB plans. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 12 and 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB plans and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and 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 School District, unavailable revenue includes delinquent property taxes, intergovernmental revenue and tuition and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities fund on page 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 12 and 13)

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

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

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

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

**Brookfield Local School District**  
*Notes to the Basic Financial Statements*  
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***Budgetary Data***

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

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

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year. Prior to June 30, the School District passed an amended appropriation measure which matched appropriations to expenditures plus encumbrances in the majority of categories.

***Cash and Cash Equivalents***

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

During fiscal year 2021, the School District 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 School District measures their 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 a NAV per share that approximates fair value.

For the fiscal year 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals of \$100 million or more. STAR Ohio reserves the right to limit the transactions to \$250 million per day, 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.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2021 amounted to \$3,431, of which \$1,475 is assigned from other School District funds.



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

The School District utilizes a financial institution to service lease purchases as principal and interest payments come due. The balances in these accounts are presented on the statement of fund net position as “Cash and Cash Equivalents with Fiscal Agents.”

***Inventory***

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Donated commodities are presented at their entitlement value. Inventories consist of donated and purchased food held for resale and materials and supplies held for consumption.

***Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2021, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which the services are consumed.

***Restricted Cash***

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments or imposed by law through constitutional provisions. Restricted assets in the general fund represent money set aside for lease purchase principal and interest payments.

***Capital Assets***

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

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings and Improvements	7 - 50 years
Furniture and Equipment	5 - 20 years
Vehicles	8 years

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***Compensated Absences***

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after ten years of service with the School District.

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

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the funds from which the employee who has accumulated unpaid leave is paid.

***Accrued Liabilities and Long-term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Capital leases and bonds 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.

***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which the School 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 category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually 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 placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

***Committed*** The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by the highest level formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board

**Brookfield Local School District**  
*Notes to the Basic Financial Statements*  
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of Education removes or changes the specified use by taking the same type of action (resolution) 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.

***Assigned*** Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by the School District Board of Education or a School District official delegated that authority by State statute. State statute authorizes the Treasurer to assign fund balances for purchases on order provided such amounts have been lawfully appropriated. The Board of Education assigned fund balance was for school support instruction.

***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 used only to report a deficit balance.

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

***Net Position***

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws, or regulations of other governments adopted by the School District. Net position restricted for other purposes include resources restricted for athletic activities and school lunch and breakfast programs.

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

***Deferred Charge on Refunding***

On the government-wide financial statements, the difference between the reacquisition price (funds required to refund the old debt) and the net carrying amount of the old debt, the gain/loss on the refunding, is being amortized as a component of interest expense. This deferred amount is amortized over the life of the old or new debt, whichever is shorter, using the effective interest method and is presented as deferred outflows of resources on the statement of net position.

***Bond Premium***

On the government-wide financial statements, bond premiums are deferred and amortized for the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Bond premiums are presented as an increase of the face amount of the bonds payable. On governmental fund statements, bond premiums are receipted in the year the bonds are issued. Under Ohio

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*Notes to the Basic Financial Statements*  
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law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

***Estimates***

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

***Interfund Balances***

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column of the statement of net position.

***Internal Activity***

Transfers between governmental activities are eliminated on the government wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Payments for interfund services provided and used are not eliminated.

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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**Note 3 – Accountability**

Fund balances at June 30, 2021, included the following individual fund deficits:

<i>Major Fund:</i>	
Elementary and Secondary School Emergency Relief	\$521,664
<i>Special Revenue Funds:</i>	
Classroom Facility Maintenance	5,855
Student Wellness and Success	16,631
Title I	73,122
Miscellaneous Federal Grants	3,405

These deficits are the result of the recognition of payables in accordance with generally accepted accounting principles as well as short-term interfund loans from the General Fund needed for operations until the receipt of grant monies. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**Brookfield Local School District**  
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**Note 4 – Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District 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 as follows:

Fund Balances (continued)	General	Elementary and Secondary School Emergency Relief	Bond Retirement	Classroom Facilities	Other Governmental Funds	Total
<b><i>Nonspendable</i></b>						
Materials and Supplies Inventory	\$0	\$0	\$0	\$0	\$1,105	\$1,105
Prepaid Items	16,303	0	0	0	0	16,303
<i>Total Nonspendable</i>	<u>16,303</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,105</u>	<u>17,408</u>
<b><i>Restricted</i></b>						
Food Service	0	0	0	0	63,684	63,684
Scholarships	0	0	0	0	1,735	1,735
Student Activities and Wellness	0	0	0	0	17,664	17,664
Data and Information Systems	0	0	0	0	13,962	13,962
Grants for Education	0	0	0	0	5,394	5,394
Debt Service Payments	0	0	695,875	0	0	695,875
Capital Improvements	0	0	0	1,112,761	313	1,113,074
<i>Total Restricted</i>	<u>0</u>	<u>0</u>	<u>695,875</u>	<u>1,112,761</u>	<u>102,752</u>	<u>1,911,388</u>
<b><i>Assigned to</i></b>						
Purchases on order:						
Support Services	15,335	0	0	0	0	15,335
School Support Instruction	18,427	0	0	0	0	18,427
<i>Total Assigned</i>	<u>33,762</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>33,762</u>
<b><i>Unassigned (Deficit)</i></b>	<u>2,123,765</u>	<u>(521,664)</u>	<u>0</u>	<u>0</u>	<u>(99,013)</u>	<u>1,503,088</u>
<b><i>Total Fund Balances (Deficit)</i></b>	<u><u>\$2,173,830</u></u>	<u><u>(\$521,664)</u></u>	<u><u>\$695,875</u></u>	<u><u>\$1,112,761</u></u>	<u><u>\$4,844</u></u>	<u><u>\$3,465,646</u></u>

**Note 5 - Budgetary Basis of Accounting**

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

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1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Budgetary revenues and expenditures of the public school support special revenue fund is classified to the general fund for GAAP reporting.
4. Unrecorded cash represents amounts received but not reported by the School District on the operating statements (budget), but which is reported on the GAAP basis operating statements.
5. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP).

The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and elementary and secondary school emergency relief special revenue fund.

Net Change in Fund Balance		
	General	Elementary and Secondary School Emergency Relief
GAAP Basis	\$465,675	(\$521,664)
Revenue Accruals	59,135	0
Advance In	0	484,290
Expenditure Accruals	(60,100)	63,176
Ending unrecorded cash	(72,235)	0
Perspective Difference:		
Public School Support	8,734	0
Encumbrances	(15,335)	(25,802)
Budget Basis	\$385,874	\$0

**Note 6 - Deposits and Investments**

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

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

Inactive deposits are public deposits that the Board 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.

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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.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, 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.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio), 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. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

**Brookfield Local School District**  
*Notes to the Basic Financial Statements*  
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Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

***Investments***

As of June 30, 2021, the School District had STAR Ohio as an investment. STAR Ohio is being held with an amount of \$1,762,880 which is measured at net asset value per share. The average maturity is 54.4 days.

***Credit Risk*** Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

***Interest Rate Risk*** The School District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date purchased, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

**Note 7 - Property Taxes**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenues received in calendar year 2021 represent the collection of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed values as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2020 represent the collection of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2019 became a lien on December 31, 2019, were levied after April 1, 2020, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The School District receives property taxes from Trumbull County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2022 operations. The amount available to be advanced can vary based on the date the tax bills are sent.



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Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2021, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2021, was \$17,244 in the general fund, \$3,967 in the bond retirement debt service fund and \$274 in the classroom facilities maintenance special revenue fund. The amount available as an advance at June 30, 2020, was \$16,369 in the general fund, \$3,790 in the bond retirement debt service fund and \$263 in the classroom facilities maintenance special revenue fund.

On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

The assessed values upon which the fiscal year 2021 taxes were collected are:

	2020 Second Half Collections		2021 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$116,628,350	88.23%	\$125,833,360	88.25%
Public Utility Personal	15,553,630	11.77	16,755,290	11.75
Total	\$132,181,980	100.00%	\$142,588,650	100.00%
Full Tax Rate per \$1,000 of assessed valuation	\$56.45		\$56.10	

**Note 8 - Receivables**

Receivables at June 30, 2021, consisted of accounts, taxes and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

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A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
ESSER Grant	\$536,564
Title I Grant	73,135
Class Size Reduction Grant	32,321
SERS Overpayment Refund	29,819
School Foundation Adjustments	11,860
Struthers City School	10,045
Miscellaneous Federal Grant	3,950
Miscellaneous State Grant	3,616
Total	\$701,310

**Note 9 – Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Balance 6/30/2020	Additions	Deductions	Balance 6/30/2021
<b>Governmental Activities</b>				
<b><i>Capital Assets not being Depreciated:</i></b>				
Land	\$776,351	\$0	\$0	\$776,351
Construction in Progress	182,590	555,180	(737,770)	0
<i>Total Nondepreciable Capital Assets</i>	958,941	555,180	(737,770)	776,351
<b><i>Capital Assets being Depreciated:</i></b>				
Land Improvements	1,497,062	0	0	1,497,062
Buildings and Improvements	31,882,813	737,770	0	32,620,583
Furniture and Equipment	621,049	0	0	621,049
Vehicles	1,248,865	0	(93,763)	1,155,102
<i>Total Capital Assets being Depreciated</i>	35,249,789	737,770	(93,763)	35,893,796
<b><i>Less Accumulated Depreciation:</i></b>				
Land Improvements	(740,479)	(71,573)	0	(812,052)
Buildings and Improvements	(6,184,547)	(641,664)	0	(6,826,211)
Furniture and Equipment	(349,630)	(47,502)	0	(397,132)
Vehicles	(887,607)	(85,273)	93,763	(879,117)
<i>Total Accumulated Depreciation</i>	(8,162,263)	(846,012) *	93,763	(8,914,512)
<i>Total Assets being Depreciated, Net</i>	27,087,526	(108,242)	0	26,979,284
<i>Governmental Activities Capital Assets, Net</i>	\$28,046,467	\$446,938	(\$737,770)	\$27,755,635

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\*Depreciation expense was charged to governmental activities as follows:

Instruction:	
Regular	\$694,551
Support Services:	
Instructional Staff	664
Board of Education	1,012
Operation and Maintenance of Plant	9,108
Pupil Transportation	85,494
Central	10,660
Food Service Operation	25,356
Extracurricular Activities	19,167
Total Depreciation Expense	<u>\$846,012</u>

## **Note 10 - Contingencies**

### ***Grants***

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2021, if applicable, cannot be determined at this time.

### ***School Foundation***

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. ODE has finalized the impact of enrollment adjustments to the June 30, 2021 foundation funding for the School District. These adjustments were insignificant for the School District.

### ***Litigation***

The School District is not party to legal proceedings as of June 30, 2021.

## **Note 11 - Risk Management**

### ***Property and Liability***

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2021, the School District contracted with Schools of Ohio Risk Sharing Association (SORSA) for property and liability insurance. There was no significant reduction of coverage.

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General liability insurance is maintained in the amount of \$15,000,000 for each occurrence and \$17,000,000 in the aggregate.

The School District maintains fleet insurance in the amount of \$15,000,000 for any one accident or loss.

The School District maintains replacement cost insurance on buildings and contents. There is no longer a defined dollar amount. The certificate reads, "Total insured value as reported to SORSA, subject to \$200,100,000 all members aggregate, any one occurrence."

Settled claims have not exceeded commercial coverage in any of the past three years. There have been no significant reductions in coverage from last year.

***Employee Health Benefits***

The School District has contracted with the Trumbull County Schools Employee Insurance Benefits Consortium to provide employee medical/surgical/prescription drug benefits. The Trumbull County Schools Employee Insurance Benefits Consortium is a shared risk pool comprised of sixteen Trumbull County school districts. Rates are set through a semi-annual calculation process. The School District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. The board of directors has the right to return monies to an exiting district subsequent to the settlement of all expenses and claims. Employees can choose between two different medical/surgical/prescription plans. The School District provides full-time employees hired in July 2008 and prior with 95 percent Board paid hospitalization and prescription drugs. For full-time employees hired after July 2008, the Board paid 90 percent of the premiums for hospitalization and prescription drugs. If the School District were to withdraw from the consortium, the district is responsible depending upon the reserve vs. claims. The School District provides dental coverage through the Trumbull County School Employee Insurance Benefits Consortium. The School District pays 100 percent of the dental premium for full-time employees.

***Worker's Compensation***

The School District pays the Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**Note 12 - Defined Benefit Pension Plans**

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

***Net Pension Liability/Net OPEB Liability (Asset)***

The net pension liability and the net OPEB liability (asset) reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension/OPEB liability (asset) represent the School District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past

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periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

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

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* 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 *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

***School Employees Retirement System (SERS)***

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

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Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. In 2020, the Board of Trustees approved a 0.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2021

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2021, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$164,927 for fiscal year 2021. Of this amount \$13,531 is reported as an intergovernmental payable.

***State Teachers Retirement System (STRS)***

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS’ fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

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The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year of service credit and age 65, or 35 years of service credit and at least age 60.

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

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age fifty and after termination of employment.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2021 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2021, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$641,795 for fiscal year 2021. Of this amount \$109,628 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Date	0.03338300%	0.03652899%	
Prior Measurement Date	<u>0.03420910%</u>	<u>0.03783620%</u>	
Change in Proportionate Share	<u>-0.00082610%</u>	<u>-0.00130721%</u>	
Proportionate Share of the Net			
Pension Liability	\$2,208,022	\$8,838,717	\$11,046,739
Pension Expense	\$204,992	\$1,039,563	\$1,244,555

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$4,289	\$19,832	\$24,121
Changes of assumptions	0	474,469	474,469
Net difference between projected and actual earnings on pension plan investments	140,165	429,828	569,993
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	14,273	2,094	16,367
School District contributions subsequent to the measurement date	<u>164,927</u>	<u>641,795</u>	<u>806,722</u>
Total Deferred Outflows of Resources	<u>\$323,654</u>	<u>\$1,568,018</u>	<u>\$1,891,672</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$0	\$56,518	\$56,518
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	<u>31,044</u>	<u>437,458</u>	<u>468,502</u>
Total Deferred Inflows of Resources	<u>\$31,044</u>	<u>\$493,976</u>	<u>\$525,020</u>



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\$806,722 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2022	(\$5,402)	\$147,729	\$142,327
2023	30,778	(5,957)	24,821
2024	58,424	153,592	212,016
2025	43,883	136,883	180,766
Total	\$127,683	\$432,247	\$559,930

***Actuarial Assumptions - SERS***

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2020, are presented below:

Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.5 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection

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with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

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

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

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

**Sensitivity of the School District'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 7.50 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
School District's proportionate share of the net pension liability	\$3,024,720	\$2,208,022	\$1,522,796

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**Actuarial Assumptions – STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation are presented below:

Inflation	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.45 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

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

Actuarial assumptions used in the July 1 2020, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

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

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**Discount Rate** The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$12,584,793	\$8,838,717	\$5,664,228

**Note 13 - Defined Benefit OPEB Plans**

See note 12 for a description of the net OPEB liability.

***School Employees Retirement System (SERS)***

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District's surcharge obligation was \$22,868.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$22,868 for fiscal year 2021. Of this amount \$22,868 is reported as an intergovernmental payable.

***State Teachers Retirement System (STRS)***

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

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	SERS	STRS	Total
Proportion of the Net OPEB Liability:			
Current Measurement Date	0.03479130%	0.03652899%	
Prior Measurement Date	0.03505000%	0.03783620%	
Change in Proportionate Share	<u>-0.00025870%</u>	<u>-0.00130721%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$756,128	\$0	\$756,128
Net OPEB (Asset)	\$0	(\$641,997)	(\$641,997)
OPEB Expense	(\$19,365)	(\$47,099)	(\$66,464)

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$9,931	\$41,136	\$51,067
Changes of assumptions	128,894	10,598	139,492
Net difference between projected and actual earnings on OPEB plan investments	8,520	22,499	31,019
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	31,299	1,080	32,379
School District contributions subsequent to the measurement date	22,868	0	22,868
Total Deferred Outflows of Resources	<u>\$201,512</u>	<u>\$75,313</u>	<u>\$276,825</u>
<b>Deferred Inflows of Resources</b>			
Differences between expected and actual experience	\$384,545	\$127,876	\$512,421
Changes of assumptions	19,045	609,789	628,834
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	72,856	38,754	111,610
Total Deferred Inflows of Resources	<u>\$476,446</u>	<u>\$776,419</u>	<u>\$1,252,865</u>

**Brookfield Local School District**  
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\$22,868 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase to the net OPEB asset in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	(\$64,774)	(\$174,708)	(\$239,482)
2023	(64,157)	(159,479)	(223,636)
2024	(64,257)	(154,134)	(218,391)
2025	(52,691)	(151,194)	(203,885)
2026	(37,244)	(30,261)	(67,505)
Thereafter	(14,679)	(31,330)	(46,009)
Total	(\$297,802)	(\$701,106)	(\$998,908)

***Actuarial Assumptions - SERS***

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

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

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

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

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

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

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

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability at June 30, 2019, was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024, and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the



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projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

***Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates*** The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
School District's proportionate share of the net OPEB liability	\$925,483	\$756,128	\$621,493

	1% Decrease (6.00 % decreasing to 3.75%)	Current Trend Rate (7.00 % decreasing to 4.75%)	1% Increase (8.00 % decreasing to 5.75%)
School District's proportionate share of the net OPEB liability	\$595,394	\$756,128	\$971,073

***Actuarial Assumptions – STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation are presented below:

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent
Discount Rate of Return	7.45 percent
Health Care Cost Trends	
Medical	
Pre-Medicare	5.00 percent initial, 4 percent ultimate
Medicare	-6.69 percent initial, 4 percent ultimate
Prescription Drug	
Pre-Medicare	6.50 percent initial, 4 percent ultimate
Medicare	11.87 initial, 4 percent ultimate

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

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and

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84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2020, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 12.

**Discount Rate** The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2020.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate** The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net OPEB asset	(\$558,579)	(\$641,997)	(\$712,773)
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$708,380)	(\$641,997)	(\$561,131)

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**Note 14 - Other Employee Benefits**

***Compensated Absences***

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn five to twenty days of vacation per year, depending upon length of service and hours worked. The Superintendent and Treasurer each earn 20 days of vacation annually. Accumulated, unused vacation is paid to employees upon termination of employment. Teachers do not earn vacation.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, certificated employees with five or more years of service receive payment for twenty-five percent of the total sick leave accumulation up to a maximum of sixty days. Classified employees have two options as follows; full-time classified employees with ten or more years of service upon retirement receive \$40 per day of unused sick leave up to a maximum of 240 days while part-time classified employees with ten or more years of service upon retirement receive \$30 per day of unused sick leave up to a maximum of 240 days or classified employees may accumulate up to 380 days of unused sick leave and be paid 30 percent of accumulated, but unused, sick leave days up to a maximum of 100 equivalent days paid at the per diem rate of pay per employee.

***Special Termination Benefits***

Per negotiated agreement, the School District offers a retirement notification incentive payment for eligible classified employees. An employee is eligible if the employee retires from the School Employees Retirement System. The incentive is \$7,500 per employee, if the School District is notified, in writing, by April 30, 2021 with a retirement date no later than June 30, 2021. If notification is given to the School District by January 31, 2021 with a retirement date no later than June 30, 2021 an additional bonus of \$2,000 will be paid. If notification is given to the School District by January 31, 2021 with a retirement date no later than June 30, 2021 an additional bonus of \$1,000 will be paid. The incentive payment is made in one lump sum. Two employees were eligible for the retirement incentive in fiscal year 2021. As of June 30, 2021, the liability for this incentive plan was \$15,000.

***Life Insurance Benefits***

The School District provides life insurance to all employees through Ohio Schools Council life insurance in the amount of \$100,000 for the superintendent, \$67,000 for the treasurer, \$50,000 for other full-time employees and \$40,000 for part-time employees. Premiums are paid by the School District.

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**Note 15 - Long-Term Obligations**

Original issue amounts and interest rates of the School District's debt issues were as follows:

Debt Issue	Interest Rate	Original Issue	Fiscal Year of maturity
2017 Refunding OSFC Various Purpose Imp Bonds:			
Serial Bonds	4.00% to 5.00%	\$7,380,000	2031
Term Bonds	3.25% to 3.375%	4,150,000	2036
2020 Lease Purchase	3.88%	850,000	2035
2021 Lease Purchase	4.00%	980,800	2036

Changes in long-term obligations of the School District during fiscal year 2021 were as follows:

	Principal Outstanding 6/30/20	Additions	Deductions	Principal Outstanding 6/30/21	Amounts Due in One Year
<b>General Obligation Bonds</b>					
2017 Refunding OSFC Various Purpose					
Serial Bonds	\$6,525,000	\$0	(\$460,000)	\$6,065,000	\$485,000
Term Bonds	4,150,000	0	0	4,150,000	0
Unamortized Premium	920,500	0	(59,712)	860,788	0
<i>Total General Obligation Bonds</i>	<u>11,595,500</u>	<u>0</u>	<u>(519,712)</u>	<u>11,075,788</u>	<u>485,000</u>
<b>Other Long-Term Obligations</b>					
Net Pension Liability					
SERS	2,046,791	161,231	0	2,208,022	0
STRS	8,367,249	471,468	0	8,838,717	0
Total Net Pension Liability	10,414,040	632,699	0	11,046,739	0
Net OPEB Liability					
SERS	881,434	0	(125,306)	756,128	0
Capital Lease Payable	33,861	0	(33,861)	0	0
2020 Lease Purchase	850,000	0	(56,793)	793,207	43,609
2021 Lease Purchase - Direct Placement	0	980,800	(42,205)	938,595	48,875
Asset Retirement Obligation	0	28,500	0	28,500	0
Compensated Absences	527,973	85,968	(92,992)	520,949	62,608
<i>Total Other Long-Term Obligations</i>	<u>12,707,308</u>	<u>1,727,967</u>	<u>(351,157)</u>	<u>14,084,118</u>	<u>155,092</u>
<i>Total Governmental Activities</i>					
<i>Long-Term Liabilities</i>	<u>\$24,302,808</u>	<u>\$1,727,967</u>	<u>(\$870,869)</u>	<u>\$25,159,906</u>	<u>\$640,092</u>

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Compensated absences will be paid from the general fund and the food service special revenue fund. Capital leases were paid from the general fund. Lease purchases will be paid from the general fund. The asset retirement obligation will be paid from the general fund. There are no repayment schedules for the net pension liability and net OPEB liability. However, employer pension and OPEB contributions are made from following funds: the general fund and the food service, miscellaneous federal grant, title VI-B, title I and reducing class size special revenue funds. For additional information related to the net pension/OPEB liability see Notes 12 and 13, respectively.

On November 7, 2017, the School District issued \$11,530,000 in general obligation bonds to refund 2008 general obligation bonds. The school facilities construction bonds included serial and term bonds in the amounts of \$7,380,000 and \$4,150,000, respectively. The bonds were issued for a nineteen year period with a final maturity at Jan 15, 2036.

The refunding bonds were sold at a premium of \$1,074,756. Net proceeds of \$12,520,533 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the various bonds. As a result, \$12,225,000 of these bonds is considered defeased and the liability of these bonds has been removed from the School District's financial statements.

During fiscal year 2020, the School District entered into a lease purchase financing in the amount of \$850,000 for the purpose of acquiring energy efficiency equipment and improvements. This debt will be repaid over a fifteen year period with a final payment being made in fiscal year 2035. At June 30, 2021, \$72,235 of the lease purchase proceeds were unspent.

On May 25, 2021, the School District entered into a \$980,800 base lease and lease-purchase agreement with Consumers National Bank for the construction, improvement, furnishing and equipping of project facilities related to the remediation and repair of School District buildings. The initial term of the lease expires on Jun 30, 2021, with the right to renew for successive one-year terms (with a final partial-year term through June 1, 2035). The lease payments will be paid from property taxes received in the general fund. The lease proceeds issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. The lease proceeds have been designated to be "qualified tax exempt obligations" within the meaning of 265(b)(3) of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to Cortland Bank, and then subleased back to the School District. The lease proceeds were issued through a series of annual leases with an initial lease term of one year which includes the right to renew for seven successive one-year terms through fiscal year 2035 subject to annual appropriations. To satisfy the trustee agreements, the School District is required to make annual base rent payments, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component of 4 percent. The School District has the option to purchase the renovations on any lease payment date by paying the amount necessary to defease the indenture. The School District had \$980,800 in unspent proceeds as of June 30, 2021.

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The School District's overall debt margin was \$3,313,854 with an unvoted debt margin of \$142,589 at June 30, 2021. Principal and interest requirements to retire general obligation bonds are as follows:

	General Obligation Bonds		2020 Lease Purchase		Direct Placement 2021 Lease Purchase	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$485,000	\$441,336	\$43,609	\$30,357	\$48,875	\$37,060
2023	505,000	417,088	45,318	28,649	50,849	35,085
2024	530,000	391,838	47,093	26,874	52,904	33,031
2025	560,000	365,336	48,938	25,028	55,041	30,894
2026	585,000	337,338	50,855	23,112	57,265	28,671
2027-2031	3,400,000	1,216,439	285,770	84,065	322,951	106,721
2032-2036	4,150,000	426,318	271,624	24,244	350,710	35,996
Total	<u>\$10,215,000</u>	<u>\$3,595,693</u>	<u>\$793,207</u>	<u>\$242,329</u>	<u>\$938,595</u>	<u>\$307,458</u>

**Note 16 - Jointly Governed Organizations**

**North Eastern Ohio Management Information Network (NEOMIN)** NEOMIN is a jointly governed organization among thirty school districts in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the districts supports NEOMIN based upon a per pupil charge. The School District paid \$33,829 to NEOMIN during fiscal year 2021.

The Governing board consists of ten members: The Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County participating school districts, three superintendents from Trumbull County participating school districts, the fiscal agent or NEOMIN). The School District was not represented on the Governing Board during fiscal year 2021. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. To obtain a copy of NEOMIN's financial statements, write to NEOMIN, 528 Educational Highway, Warren, Ohio 44483.

**Trumbull County Career and Technical Center** The Trumbull County Career and Technical Center is a distinct political subdivision of the State of Ohio providing vocational needs of the students. The center is operated under the direction of a Board consisting of one representative from each of the twenty participating school districts' elected boards, which exercises total control over the operations of the Trumbull County Career and Technical Center including budgeting, appropriating, contracting and designating management. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. The School District did not contribute any amounts to the Trumbull County Career and Technical Center during fiscal year 2021. To obtain financial information write to the Trumbull County Career and Technical Center, Cody Holecko, who serves as Treasurer, at 528 Educational Highway, Warren, Ohio 44483.

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**Note 17 – Shared Risk Pools**

***Trumbull County Schools Employee Insurance Benefits Consortium*** The School District participates in the Trumbull County Schools Employee Insurance Consortium. This is a shared risk pool comprised of sixteen Trumbull County School Districts. The Consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Consortium. Consortium revenues are generated from charges for services.

***Schools of Ohio Risk Sharing Authority*** The School District participates in the Schools of Ohio Risk Sharing Authority (SORSA), a risk sharing pool with over 65 members. SORSA is a 100 percent member-owned, non-profit insurance risk pool owned and governed by the school district members. SORSA is governed by a Board of Directors comprised of representatives of school districts that participate in the program.

SORSA has agreements with several separate organizations whereby each provides certain administrative, executive, accounting, marketing, underwriting, claim settlement, legal counsel and other services to SORSA and its members. Pursuant to participation agreements with SORSA, each member school district agrees to pay all funding rates associated with the coverage elected. This coverage includes comprehensive general liability, property insurance and automobile liability insurance. To obtain a copy of the SORSA financial statements, write SORSA Executive Director at 8050 North High Street, Suite 160, Columbus, Ohio 43235-6483.

**Note 18 - Set-Aside Calculations**

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

The following cash basis information describes the change in the fiscal year end set aside amount for capital acquisition. Disclosure of this information is required by State statute.

	Capital Improvements
Set-Aside Balance as of June 30, 2020	\$0
Current Year Set-aside Requirement	180,038
Current Year Offsets	(919,738)
Qualifying Disbursements	(176,956)
Total	(\$916,656)
Set-aside Balance Carried Forward to Future Fiscal Years	\$0
Set-Aside Balance as of June 30, 2021	\$0

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

**Note 19 – Encumbrances**

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances expected to be honored upon performance by the vendor in the next year were as follows:

<b>Governmental Funds</b>	
General	\$15,335
Classroom Facilities	244,500
Other Governmental Funds	<u>25,802</u>
<i>Total Governmental Funds</i>	<u><u>\$285,637</u></u>

**Note 20 - Interfund Transactions**

***Interfund Transfers***

The general fund made a transfer to the athletics special revenue fund in the amount of \$29,725. This transfer was made to support programs accounted for in the fund. The general fund made a transfer to the classroom facilities capital projects fund in the amount of \$960,760. This transfer was made to support capital projects accounted for in the fund.

***Interfund Balances***

The general fund advance of \$548,505 to the other governmental funds were made to cover grant monies not received by fiscal year end. The balances are anticipated to be repaid in one year.

**Note 21 – Change in Accounting Principle**

For fiscal year 2021, the School District implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2019-1*. These changes were incorporated in the School District's 2021 financial statements; however, there was no effect on beginning net position/fund balance.

**Note 22 – Asset Retirement Obligation**

The Bureau of Underground Storage Tank Regulations (BUSTR) regulates petroleum and hazardous substances stored in underground storage tanks. These regulations are included in Ohio Administrative Code Section 1301-7-9 and require a School District classified as an "owner" or "operator," to remove from the ground any underground storage tank (UST) that is not in use for a year or more. A permit must first be



**Brookfield Local School District**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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obtained for that year it is not being used. Once the UST is removed, the soil in the UST cavity and excavated material must be tested for contamination. This asset retirement obligation (ARO) of \$28,500 associated with the School District's underground storage tanks was estimated by the School District. These USTs are fully depreciated. The School District maintains insurance related to any potential pollution remediation associated with the USTs.

**Note 23 – COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2021, the school district received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. The School District's investment portfolio and the investments of the pension and other employee benefit plans in which the School District participates fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the School District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

**Note 24 – Subsequent Event**

For fiscal year 2022, School District foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the educating school. For fiscal year 2021, the School District reported \$685,065 in revenues and expenditures/expenses related to these programs. Also during fiscal year 2021, the school district reported \$346,150 in tuition and fees from the resident school districts which will be direct funded to the School District as the educating entity in fiscal year 2022. This new funding system calculates a unique base cost and a unique "per-pupil local capacity amount" for each School District. The School District's state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

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

	2021	2020	2019
School District's Proportion of the Net Pension Liability	0.03338300%	0.03420910%	0.03295040%
School District's Proportionate Share of the Net Pension Liability	\$2,208,022	\$2,046,791	\$1,887,131
School District's Covered Payroll	\$1,159,550	\$1,207,304	\$1,126,674
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	190.42%	169.53%	167.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%

(1) Information prior to 2014 is not available.

\*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014
0.03654420%	0.03806610%	0.04081070%	0.04376100%	0.04376100%
\$2,183,434	\$2,786,088	\$2,328,699	\$2,214,720	\$2,602,326
\$1,151,514	\$1,186,893	\$1,226,579	\$1,279,581	\$1,308,885
189.61%	234.74%	189.85%	173.08%	198.82%
69.50%	62.98%	69.16%	71.70%	65.52%

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

	2021	2020	2019
School District's Proportion of the Net OPEB Liability	0.03479130%	0.03505000%	0.03348760%
School District's Proportionate Share of the Net OPEB Liability	\$756,128	\$881,434	\$929,035
School District's Covered Payroll	\$1,159,550	\$1,207,304	\$1,126,674
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered - Payroll	65.21%	73.01%	82.46%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%

(1) Information prior to 2017 is not available.

\*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2018	2017
0.03711980%	0.03859410%
\$996,198	\$1,100,075
\$1,151,514	\$1,186,893
86.51%	92.69%
12.46%	11.49%

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

	2021	2020	2019
School District's Proportion of the Net Pension Liability	0.03652899%	0.03783620%	0.03853832%
School District's Proportionate Share of the Net Pension Liability	\$8,838,717	\$8,367,249	\$8,473,711
School District's Covered Payroll	\$4,389,164	\$4,442,807	\$4,399,750
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered - Payroll	201.38%	188.33%	192.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	77.40%	77.30%

(1) Information prior to 2014 is not available.

\*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014
0.03995084%	0.03990379%	0.03870039%	0.03868382%	0.03868382%
\$9,490,408	\$13,357,001	\$10,695,655	\$9,409,243	\$11,208,230
\$4,402,829	\$4,217,414	\$4,030,007	\$3,948,564	\$4,124,646
215.55%	316.71%	265.40%	238.30%	271.74%
75.30%	66.80%	72.10%	74.70%	69.30%

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

	2021	2020	2019
School District's Proportion of the Net OPEB (Asset) Liability	0.03652899%	0.03783620%	0.03853832%
School District's Proportionate Share of the Net OPEB (Asset) Liability	(\$641,997)	(\$626,659)	(\$619,272)
School District's Covered Payroll	\$4,389,164	\$4,442,807	\$4,399,750
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered - Payroll	-14.63%	-14.11%	-14.08%
Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset) Liability	182.10%	174.70%	176.00%

(1) Information prior to 2017 is not available.

\*Amounts presented for each fiscal year were determined as of the School District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information



2018	2017
0.03995084%	0.03990379%
\$1,558,733	\$2,134,065
\$4,402,829	\$4,217,414
35.40%	50.60%
47.10%	37.30%

**Brookfield Local School District**  
*Required Supplementary Information*  
*Schedule of the School District's Contributions*  
*School Employees Retirement System of Ohio*  
*Last Ten Fiscal Years*

	2021	2020	2019	2018
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$164,927	\$162,337	\$162,986	\$152,101
Contributions in Relation to the Contractually Required Contribution	(164,927)	(162,337)	(162,986)	(152,101)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$1,178,050	\$1,159,550	\$1,207,304	\$1,126,674
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>13.50%</u>	<u>13.50%</u>
<b>Net OPEB Liability</b>				
Contractually Required Contribution (2)	22,868	23,059	27,395	23,988
Contributions in Relation to the Contractually Required Contribution	(22,868)	(23,059)	(27,395)	(23,988)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.94%</u>	<u>1.99%</u>	<u>2.27%</u>	<u>2.13%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.94%</u>	<u>15.99%</u>	<u>15.77%</u>	<u>15.63%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2017	2016	2015	2014	2013	2012
\$161,212	\$166,165	\$161,663	\$177,350	\$181,150	\$180,635
(161,212)	(166,165)	(161,663)	(177,350)	(181,150)	(180,635)
\$0	\$0	\$0	\$0	\$0	\$0
\$1,151,514	\$1,186,893	\$1,226,579	\$1,279,581	\$1,308,885	\$1,343,008
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%
20,397	19,607	31,851	24,197	21,848	27,300
(20,397)	(19,607)	(31,851)	(24,197)	(21,848)	(27,300)
\$0	\$0	\$0	\$0	\$0	\$0
1.77%	1.65%	2.60%	1.89%	1.67%	2.03%
15.77%	15.65%	15.78%	15.75%	15.51%	15.48%

**Brookfield Local School District**  
*Required Supplementary Information*  
*Schedule of the School District's Contributions*  
*State Teachers Retirement System of Ohio*  
*Last Ten Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Net Pension Liability</b>				
Contractually Required Contribution	\$641,795	\$614,483	\$621,993	\$615,965
Contributions in Relation to the Contractually Required Contribution	<u>(641,795)</u>	<u>(614,483)</u>	<u>(621,993)</u>	<u>(615,965)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$4,584,250	\$4,389,164	\$4,442,807	\$4,399,750
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
<b>Net OPEB Liability</b>				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

See accompanying notes to the required supplementary information

2017	2016	2015	2014	2013	2012
\$616,396	\$590,438	\$564,201	\$513,313	\$536,204	\$599,831
(616,396)	(590,438)	(564,201)	(513,313)	(536,204)	(599,831)
\$0	\$0	\$0	\$0	\$0	\$0
\$4,402,829	\$4,217,414	\$4,030,007	\$3,948,564	\$4,124,646	\$4,614,085
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%
\$0	\$0	\$0	\$39,486	\$41,246	\$46,141
0	0	0	(39,486)	(41,246)	(46,141)
\$0	\$0	\$0	\$0	\$0	\$0
0.00%	0.00%	0.00%	1.00%	1.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

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

**Net Pension Liability**

**Changes in Assumptions – SERS**

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc Cola. Prior to 2018, an assumption of 3 percent was used.

Beginning with fiscal year 2017, amounts reported incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in fiscal year 2016 and prior are presented below:

	<u>Fiscal Year 2017</u>	<u>Fiscal Year 2016 and Prior</u>
Wage Inflation	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Beginning with fiscal year 2017, mortality assumptions use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

**Changes in Assumptions - STRS**

Beginning with fiscal year 2018, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2017 and prior are presented below:

	<u>Fiscal Year 2018</u>	<u>Fiscal Year 2017 and Prior</u>
Inflation	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

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

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Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

### **Net OPEB Liability**

#### **Changes in Assumptions – SERS**

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

Municipal Bond Index Rate:	
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

#### **Changes in Assumptions – STRS**

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

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

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

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**Changes in Benefit Terms – STRS**

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2020.

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

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

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



**BROOKFIELD LOCAL SCHOOL DISTRICT  
TRUMBULL COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021  
(Prepared by Management)**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal ALN Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Direct Program</i>			
Child Nutrition Cluster			
National School Lunch Program - Non-cash Donated Commodities	10.555	\$ -	\$ 16,260
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster			
School Breakfast Program	10.553	-	53,832
School Breakfast Program - COVID-19	10.553	-	2,960
National School Lunch Program	10.555	-	145,738
National School Lunch Program - COVID-19	10.555	-	13,055
Total Child Nutrition Cluster		-	231,845
Total U.S. Department of Agriculture		-	231,845
<b>U.S. DEPARTMENT OF TREASURY</b>			
<i>Passed Through Ohio Department of Education</i>			
Coronavirus Relief Funds	21.019	-	53,174
BroadbandOhio Connectivity	21.019	-	33,207
Total U.S. Department of Treasury		-	86,381
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education</i>			
Special Education Cluster			
Special Education Grants to States	84.027	-	232,509
Special Education Preschool Grants	84.173	2,124	2,124
Total Special Education Cluster		2,124	234,633
Rural Education	84.358	-	20,964
Supporting Effective Instruction State Grants	84.367	-	53,557
Student Support and Academic Enrichment Program	84.424	-	27,724
Title I Grants to Local Education Agencies	84.010	-	341,632
Elementary and Secondary School Emergency Relief Funds	84.425	-	261,409
Elementary and Secondary School Emergency Relief Funds II	84.425	-	329,889
Total Elementary and Secondary School Emergency Relief Funds		-	591,298
Total U.S. Department of Education		2,124	1,269,808
<b>Total Expenditures of Federal Awards</b>		<b>\$ 2,124</b>	<b>\$ 1,588,034</b>

*The accompanying notes are an integral part of this schedule.*

**Brookfield Local School District  
Trumbull County**

Notes to the Schedule of Expenditures of Federal Awards  
2 CFR 200.510(b)(6)  
For the Year Ended June 30, 2021  
(Prepared by Management)

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Brookfield Local School District, Trumbull County, (the District) under programs of the federal government for the year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

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

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D - SUBRECIPIENTS**

The District passes certain federal awards received from the Ohio Department of Education to other governments or not-for-profit agencies (subrecipients). As Note B describes, the District reports expenditures of federal awards to subrecipients when paid in cash.

As a subrecipient, the District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

**NOTE E - CHILD NUTRITION CLUSTER**

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

**NOTE F – FOOD DONATION PROGRAM**

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

**Brookfield Local School District**  
**Trumbull County**  
Notes to the Schedule of Expenditures of Federal Awards  
2 CFR 200.510(b)(6)  
For the Year Ended June 30, 2021  
(Prepared by Management)

**NOTE G – TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE’s consent, schools can transfer unobligated amounts to the subsequent fiscal year’s program. The District transferred the following amounts from 2021 to 2022 programs:

<b>Program Title</b>	<b>ALN Number</b>	<b>Amount Transferred</b>
Title I Grants to Local Educational Agencies	84.010	\$14,165
Title II-A – Supporting Effective Instruction	84.367	18,138
Title IV-A – Student Support and Academic Achievement	84.424	3,864
Title V-B – Rural and Low Income	84.358	14
Special Education – Grants to States	84.027	103
Expanding Opportunities for Each Child	84.010A	6,725

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

Brookfield Local School District  
Trumbull County  
614 Bedford Road SE  
Brookfield, Ohio 44403

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Brookfield Local School District, Trumbull County, Ohio (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 29, 2021. We noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. We noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*.

***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. However, material weaknesses may exist that have not been identified.

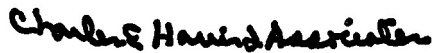
***Compliance and Other Matters***

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

However, we noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated December 29, 2021.

***Purpose of this Report***

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



***Charles E. Harris & Associates, Inc.***  
December 29, 2021

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE  
FOR THE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

Brookfield Local School District  
Trumbull County  
614 Bedford Road SE  
Brookfield, Ohio 44403

To the Board of Education:

***Report on Compliance for the Major Federal Program***

We have audited the Brookfield Local School District, Trumbull County, Ohio's (the District) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2021. The District's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulation (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on the Major Federal Program***

In our opinion, the Brookfield Local School District, Trumbull County, Ohio complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2021.

***Report on Internal Control Over Compliance***

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program, to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



***Charles E. Harris & Associates, Inc.***  
December 29, 2021

**Brookfield Local School District**  
**Trumbull County**  
 Schedule of Findings  
 2 CFR § 200.515  
 June 30, 2021

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

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unmodified
<i>(d)(1)(ii)</i>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Elementary and Secondary School Emergency Relief Funds – ALN #84.425
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee under 2 CFR §200.520?</b>	Yes

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.



**Brookfield Local School District**  
**Trumbull County**  
Schedule of Prior Audit Findings  
For the Year Ended June 30, 2021  
Prepared by Management

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2020-001	Noncompliance – Disbursements Exceeding Appropriations	Corrected	

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# OHIO AUDITOR OF STATE KEITH FABER



**BROOKFIELD LOCAL SCHOOL DISTRICT**

**TRUMBULL COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 3/10/2022**

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)