

BROOKLYN CITY SCHOOL DISTRICT

CUYAHOGA COUNTY, OHIO

SINGLE AUDIT

For the Year Ended June 30, 2021





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Board of Education
Brooklyn City School District
9200 Biddulph Road
Brooklyn, Ohio 44144

We have reviewed the *Independent Auditor's Report* of the Brooklyn City School District, Cuyahoga 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 Brooklyn City School District is responsible for compliance with these laws and regulations.

Keith Faber
Auditor of State
Columbus, Ohio

February 08, 2022

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**Brooklyn City School District
Cuyahoga County**

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Cuyahoga County**

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INDEPENDENT AUDITOR'S REPORT

Brooklyn City School District
Cuyahoga County
9200 Biddulph Road
Brooklyn, Ohio 44144

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 Brooklyn City School District, Cuyahoga 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 evaluating 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 Brooklyn City School District, Cuyahoga County, Ohio, as of June 30, 2021, and the respective changes in financial position and the budgetary comparison for the General 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 25 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.

As discussed in Note 3 to the financial statements, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. 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, schedules of net pension liabilities, other postemployment benefit liabilities/assets, and pension and other postemployment benefit 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.

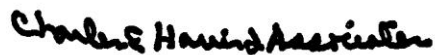
Supplementary Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 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 the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
December 20, 2021

Brooklyn City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

The discussion and analysis of the Brooklyn City School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2021 are as follows:

- The School District is committed to meeting the academic needs of our students by providing them with updated instructional materials. During fiscal year 2021, the School District continued to provide professional development for staff members as more technology was introduced into the curriculum and classrooms.
- The School District received COVID-19 related funds in fiscal year 2021 to provide for coordination of preparedness and response efforts, training and professional development of staff, planning and coordinating during long-term closure, and purchasing technology for students.

Using this Annual Financial Report

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

The statement of net position and statement of activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of the School District, the general fund and the bond retirement fund are the most significant funds.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains all of the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question "How did we perform financially during fiscal year 2021?" The statement of net position and the statement of activities answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private sector companies. Accrual accounting takes into account all of the current year's revenue and expenses regardless of when cash is received or paid.

Brooklyn City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

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

In the statement of net position and the statement of activities, all of the School District's activities are classified as governmental. The School District's programs and services reported here include instruction, support services, operation of non-instructional services and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 9. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus upon the School District's most significant funds. The School District's two major governmental funds are the general fund and the bond retirement fund.

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

The School District as a Whole

You may recall that the statement of net position provides the perspective of the School District as a whole. Table 1, found on the following page, provides a summary of the School District's net position for fiscal year 2021 compared to the prior fiscal year.

Brooklyn City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Table 1
Net Position
Governmental Activities

| | 2021 | Restated 2020 | Change |
|---------------------------------------|----------------------|-----------------------|--------------------|
| Assets | | | |
| Current and Other Assets | \$27,106,289 | \$24,508,065 | \$2,598,224 |
| Capital Assets, Net | 30,024,899 | 30,721,352 | (696,453) |
| Net OPEB Asset | 1,114,134 | 1,066,289 | 47,845 |
| Total Assets | <u>58,245,322</u> | <u>56,295,706</u> | <u>1,949,616</u> |
| Deferred Outflows of Resources | | | |
| Deferred Charges on Refunding | \$2,039,313 | \$2,110,868 | (\$71,555) |
| Pension | 3,492,269 | 3,276,111 | 216,158 |
| OPEB | 523,633 | 299,011 | 224,622 |
| Total Deferred Outflows of Resources | <u>6,055,215</u> | <u>5,685,990</u> | <u>369,225</u> |
| Liabilities | | | |
| Current Liabilities | 2,552,489 | 2,012,566 | (539,923) |
| Long-Term Liabilities: | | | |
| Due Within One Year | 726,837 | 806,663 | 79,826 |
| Due in More than One Year: | | | |
| Net Pension Liability | 18,953,938 | 17,300,531 | (1,653,407) |
| Net OPEB Liability | 1,226,346 | 1,315,625 | 89,279 |
| Other Amounts | 31,100,985 | 32,143,772 | 1,042,787 |
| Total Liabilities | <u>54,560,595</u> | <u>53,579,157</u> | <u>(981,438)</u> |
| Deferred Inflows of Resources | | | |
| Property Taxes | 15,622,620 | 14,818,256 | (804,364) |
| Pension | 802,352 | 1,970,323 | 1,167,971 |
| OPEB | 2,196,634 | 2,003,178 | (193,456) |
| Total Deferred Inflows of Resources | <u>18,621,606</u> | <u>18,791,757</u> | <u>170,151</u> |
| Net Position | | | |
| Net Investment in Capital Assets | 3,441,138 | 3,848,399 | (407,261) |
| Restricted for: | | | |
| Capital Projects | 171,787 | 288,870 | (117,083) |
| Debt Service | 1,654,096 | 1,400,738 | 253,358 |
| Unclaimed Monies | 31,174 | 31,174 | 0 |
| Set-Aside Reserve | 71,393 | 99,060 | (27,667) |
| Other Purposes | 632,251 | 508,083 | 124,168 |
| Unrestricted (Deficit) | <u>(14,883,503)</u> | <u>(16,457,171)</u> | <u>1,573,668</u> |
| Total Net Position | <u>(\$8,881,664)</u> | <u>(\$10,280,847)</u> | <u>\$1,399,183</u> |

The net pension liability (NPL) is one of the largest 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,

Brooklyn City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

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 previously, 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 liabilities section of the statement of net position.

Total net position increased compared to the prior fiscal year. Total deferred inflows of resources decreased due to changes in net pension liability, offset partially by an increase in deferred outflows related to property taxes. Current assets increased primarily due to an increase in cash balances. Management continues to diligently plan expenses, staying carefully within the School District's revenues in an effort to maintain the durations between its levy requests.

Table 2 shows the change in net position for fiscal year 2021 for governmental activities compared to the prior fiscal year.

Table 2
 Changes in Net Position
 Governmental Activities

| | 2021 | Restated 2020 | Change |
|--|---------------------|---------------------|--------------------|
| Revenues | | | |
| Program Revenues: | | | |
| Charges for Services and Sales | \$160,840 | \$298,555 | (\$137,715) |
| Operating Grants and Contributions | 2,695,137 | 2,205,393 | 489,744 |
| <i>Total Program Revenues</i> | <u>2,855,977</u> | <u>2,503,948</u> | <u>352,029</u> |
| General Revenues: | | | |
| Property Taxes | 17,578,298 | 14,267,494 | 3,310,804 |
| Grants and Entitlements | 1,419,447 | 2,474,139 | (1,054,692) |
| Unrestricted Contributions and Donations | 1,020 | 2,483 | (1,463) |
| Investment Earnings | 14,098 | 80,078 | (65,980) |
| Miscellaneous | 455,335 | 105,053 | 350,282 |
| <i>Total General Revenues</i> | <u>19,468,198</u> | <u>16,929,247</u> | <u>2,538,951</u> |
| Total Revenues | <u>\$22,324,175</u> | <u>\$19,433,195</u> | <u>\$2,890,980</u> |

(continued)

Brooklyn City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Table 2
 Changes in Net Position
 Governmental Activities (continued)

| | 2021 | Restated 2020 | Change |
|--|----------------------|-----------------------|--------------------|
| Program Expenses | | | |
| Instruction | \$12,908,895 | \$12,635,147 | (\$273,748) |
| Support Services: | | | |
| Pupil | 1,458,932 | 1,561,788 | 102,856 |
| Instructional Staff | 344,645 | 210,604 | (134,041) |
| Board of Education | 187,021 | 372,169 | 185,148 |
| Administration | 1,104,848 | 1,061,301 | (43,547) |
| Fiscal | 418,599 | 490,909 | 72,310 |
| Business | 212,271 | 251,420 | 39,149 |
| Operation and Maintenance of Plant | 1,482,708 | 1,163,854 | (318,854) |
| Pupil Transportation | 297,020 | 499,687 | 202,667 |
| Central | 402,293 | 254,969 | (147,324) |
| Operation of Non-Instructional Services: | | | |
| Food Service Operations | 176,392 | 337,964 | 161,572 |
| Community Services | 280,090 | 347,219 | 67,129 |
| Extracurricular Activities | 510,444 | 444,702 | (65,742) |
| Interest and Fiscal Charges | 1,140,834 | 1,447,962 | 307,128 |
| <i>Total Program Expenses</i> | <u>20,924,992</u> | <u>21,079,695</u> | <u>154,703</u> |
| <i>Change in Net Position</i> | 1,399,183 | (1,646,500) | 3,045,683 |
| <i>Net Position Beginning of Year</i> | <u>(10,280,847)</u> | <u>(8,634,347)</u> | <u>(1,646,500)</u> |
| <i>Net Position End of Year</i> | <u>(\$8,881,664)</u> | <u>(\$10,280,847)</u> | <u>\$1,399,183</u> |

Governmental Activities

Several revenue sources primarily fund the School District's governmental activities. Property tax revenues brought the largest portion of general revenues. The grants and entitlements portion of the general revenues is the third largest source of revenues for the School District and includes monies received from the Ohio Department of Education, the State Foundation Program and property tax relief such as homestead exemptions and rollbacks provided by House Bill 920. The combination of taxes and intergovernmental funding along with other general revenues have provided for coverage of almost all expenses in governmental activities during the fiscal year.

The increase in revenues was mainly due to the increase in property taxes. Property taxes increased due to an increased tax rate effective for the entire fiscal year, compared to a partial year of collections in 2020. Offsetting this increase, there was a decrease in grants and entitlements, which was due primarily to the reduced general fund receipts from other governments. Overall, expenses decreased slightly over the prior fiscal year due to Management's diligent planning of expenses.

Brooklyn City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

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

Table 3
 Governmental Activities

| | Total Cost of Services | | Net Cost of Services | |
|--|------------------------|---------------------|-----------------------|-----------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Instruction | \$12,908,895 | \$12,635,147 | (\$11,013,280) | (\$11,057,408) |
| Support Services: | | | | |
| Pupil | 1,458,932 | 1,561,788 | (1,224,259) | (1,391,891) |
| Instructional Staff | 344,645 | 210,604 | (125,257) | (139,153) |
| Board of Education | 187,021 | 372,169 | (186,104) | (369,433) |
| Administration | 1,104,848 | 1,061,301 | (1,099,466) | (1,053,013) |
| Fiscal | 418,599 | 490,909 | (416,517) | (487,483) |
| Business | 212,271 | 251,420 | (211,234) | (249,804) |
| Operation and Maintenance of Plant | 1,482,708 | 1,163,854 | (1,476,448) | (1,148,591) |
| Pupil Transportation | 297,020 | 499,687 | (260,770) | (450,254) |
| Central | 402,293 | 254,969 | (396,809) | (249,491) |
| Operation of Non-Instructional Services: | | | | |
| Food Service Operations | 176,392 | 337,964 | (41,956) | (105,855) |
| Community Services | 280,090 | 347,219 | (3,397) | (38,896) |
| Extracurricular Activities | 510,444 | 444,702 | (472,684) | (386,513) |
| Interest and Fiscal Charges | 1,140,834 | 1,447,962 | (1,140,834) | (1,447,962) |
| Total Expenses | <u>\$20,924,992</u> | <u>\$21,079,695</u> | <u>(\$18,069,015)</u> | <u>(\$18,575,747)</u> |

The School District's Funds

Information regarding the School District's major funds starts on page 14. All governmental funds are accounted for using the modified accrual basis of accounting. The School District's major funds are the general fund and the bond retirement fund. The fund balance in the general fund increased primarily due to an increase in property tax revenues. The increase in the bond retirement fund is also due to an increase in property tax revenues in combination with a decrease in expenditures for fiscal support services.

General Fund Budgeting Highlights

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

Brooklyn City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

During the course of fiscal year 2021, the School District amended its general fund budget various times by the end of the fiscal year. Requests for budget changes are made by the Treasurer to reflect changes in projected revenues. With regard to the general fund, the actual revenues were higher than final budgeted revenues. The difference between the original and final budgeted expenditure amounts is due to conservative budgeting at the beginning of the fiscal year. The School District monitors the budget on a monthly basis to keep it in line with current expenditures. The general fund balance increased over the prior fiscal year, which was mostly attributable to an increase in property tax revenues.

Capital Assets and Debt Administration

Capital Assets

All capital assets, except land, are reported net of depreciation. The decrease in capital assets was due to annual depreciation outpacing current year additions. More detailed information is presented in Note 8 of the notes to the basic financial statements. For fiscal year 2021, Ohio law required school districts to expend or otherwise reserve three percent of qualifying revenues only for the purpose of capital improvements. For fiscal year 2021, this amounted to \$214,417. See Note 21 for additional set-aside information.

Debt

At June 30, 2021, the School District had \$29,319,806 in bonds outstanding, with \$569,772 due within one year.

In fiscal year 2014, the School District issued \$25,999,984 in general obligation bonds. The nonrefunded bonds are for school improvements and will be paid off in fiscal year 2022.

In fiscal year 2018, the School District issued \$29,363,241 in general obligation bonds. The purpose of the bonds are to refund the 2014 school improvement bonds and will be paid off in fiscal year 2050.

In fiscal year 2018, the School District issued \$600,000 in energy conservation bonds. The bonds are for the energy conservation upgrade throughout the School District and will be paid off in fiscal year 2027.

At June 30, 2021, the School District's overall legal debt margin was \$2,167,648 with an unvoted debt margin of \$330,854. See Note 18 to the basic financial statements for additional information on debt.

Current Financial Related Activities

The biggest source of revenue for the School District are the local property taxes. The School District continues to be fiscally responsible and changes in expenditures have been aggressively managed over the years to ensure that we continue to avoid deficit spending. Management is committed to providing the best available education for the community of Brooklyn by providing sound financial information and forecasting, exploring alternative methods of doing business, and controlling costs.

Brooklyn City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the funds it receives. If you have any questions about this report or need additional financial information, please contact Colleen Aholt, Treasurer, at the Brooklyn City School District, 9200 Biddulph Road, Brooklyn, Ohio 44144, or colleen.aholt@bcshurricanes.org.

Brooklyn City School District*Statement of Net Position**June 30, 2021*

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | \$9,254,203 |
| Accrued Interest Receivable | 580 |
| Accounts Receivable | 8,158 |
| Intergovernmental Receivable | 758,453 |
| Prepaid Items | 34,839 |
| Property Taxes Receivable | 17,050,056 |
| Non-depreciable Capital Assets | 1,264,300 |
| Depreciable Capital Assets, Net | 28,760,599 |
| Net OPEB Asset (See Note 24) | 1,114,134 |
| <i>Total Assets</i> | <u>58,245,322</u> |
| Deferred Outflows of Resources | |
| Deferred Charges on Refunding | 2,039,313 |
| Pension | 3,492,269 |
| OPEB | 523,633 |
| <i>Total Deferred Outflows of Resources</i> | <u>6,055,215</u> |
| Liabilities | |
| Accounts Payable | 414,412 |
| Accrued Wages and Benefits | 1,232,821 |
| Intergovernmental Payable | 792,136 |
| Accrued Interest Payable | 84,748 |
| Matured Compensated Absences Payable | 28,372 |
| Long-Term Liabilities: | |
| Due Within One Year | 726,837 |
| Due In More Than One Year: | |
| Net Pension Liability (See Note 23) | 18,953,938 |
| Net OPEB Liability (See Note 24) | 1,226,346 |
| Other Amounts due in More Than One Year | 31,100,985 |
| <i>Total Liabilities</i> | <u>54,560,595</u> |
| Deferred Inflows of Resources | |
| Property Taxes | 15,622,620 |
| Pension | 802,352 |
| OPEB | 2,196,634 |
| <i>Total Deferred Inflows of Resources</i> | <u>18,621,606</u> |
| Net Position | |
| Net Investment in Capital Assets | 3,441,138 |
| Restricted for: | |
| Capital Projects | 171,787 |
| Debt Service | 1,654,096 |
| Unclaimed Monies | 31,174 |
| Set-Aside Reserve | 71,393 |
| Other Purposes | 632,251 |
| Unrestricted (Deficit) | <u>(14,883,503)</u> |
| <i>Total Net Position</i> | <u>(\$8,881,664)</u> |

See accompanying notes to the basic financial statements

Brooklyn City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2021

| | Expenses | Program Revenues | | Net (Expense) |
|---|---------------------|--------------------------------------|--|---|
| | | Charges for Services and Sales | Operating Grants and Contributions | Revenue and Changes in Net Position |
| | | | | Governmental Activities |
| Governmental Activities | | | | |
| Instruction: | | | | |
| Regular | \$9,019,896 | \$33,300 | \$506,563 | (\$8,480,033) |
| Special | 3,883,895 | 15,082 | 1,340,670 | (2,528,143) |
| Student Intervention Services | 5,104 | 0 | 0 | (5,104) |
| Support Services: | | | | |
| Pupil | 1,458,932 | 6,003 | 228,670 | (1,224,259) |
| Instructional Staff | 344,645 | 4,337 | 215,051 | (125,257) |
| Board of Education | 187,021 | 917 | 0 | (186,104) |
| Administration | 1,104,848 | 5,382 | 0 | (1,099,466) |
| Fiscal | 418,599 | 2,082 | 0 | (416,517) |
| Business | 212,271 | 1,037 | 0 | (211,234) |
| Operation and Maintenance of Plant | 1,482,708 | 6,260 | 0 | (1,476,448) |
| Pupil Transportation | 297,020 | 1,451 | 34,799 | (260,770) |
| Central | 402,293 | 1,884 | 3,600 | (396,809) |
| Operation of Non-Instructional Services: | | | | |
| Food Service Operations | 176,392 | 1,923 | 132,513 | (41,956) |
| Community Services | 280,090 | 43,422 | 233,271 | (3,397) |
| Extracurricular Activities | 510,444 | 37,760 | 0 | (472,684) |
| Interest and Fiscal Charges | 1,140,834 | 0 | 0 | (1,140,834) |
| <i>Totals</i> | <u>\$20,924,992</u> | <u>\$160,840</u> | <u>\$2,695,137</u> | <u>(18,069,015)</u> |
| General Revenues | | | | |
| Property Taxes Levied for: | | | | |
| General Purposes | | | | 15,863,308 |
| Debt Service | | | | 1,714,990 |
| Grants and Entitlements not Restricted to | | | | |
| Specific Programs | | | | 1,419,447 |
| Unrestricted Contributions and Donations | | | | 1,020 |
| Investment Earnings | | | | 14,098 |
| Miscellaneous | | | | 455,335 |
| <i>Total General Revenues</i> | | | | <u>19,468,198</u> |
| Change in Net Position | | | | 1,399,183 |
| <i>Net Position Beginning of Year - Restated (See Note 3)</i> | | | | <u>(10,280,847)</u> |
| <i>Net Position End of Year</i> | | | | <u><u>(\$8,881,664)</u></u> |

See accompanying notes to the basic financial statements

Brooklyn City School District

Balance Sheet

Governmental Funds

June 30, 2021

| | General | Bond Retirement | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|--------------------|--------------------------------|--------------------------------|
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$7,013,958 | \$1,624,977 | \$512,701 | \$9,151,636 |
| Restricted Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | 102,567 | 0 | 0 | 102,567 |
| Accrued Interest Receivable | 580 | 0 | 0 | 580 |
| Accounts Receivable | 6,103 | 0 | 2,055 | 8,158 |
| Intergovernmental Receivable | 74,554 | 0 | 683,899 | 758,453 |
| Prepaid Items | 32,374 | 0 | 2,465 | 34,839 |
| Interfund Receivable | 298,573 | 0 | 0 | 298,573 |
| Property Taxes Receivable | 15,401,974 | 1,648,082 | 0 | 17,050,056 |
| <i>Total Assets</i> | <u>\$22,930,683</u> | <u>\$3,273,059</u> | <u>\$1,201,120</u> | <u>\$27,404,862</u> |
| Liabilities | | | | |
| Accounts Payable | \$374,663 | \$0 | \$39,749 | \$414,412 |
| Accrued Wages and Benefits | 1,167,455 | 0 | 65,366 | 1,232,821 |
| Intergovernmental Payable | 731,964 | 0 | 60,172 | 792,136 |
| Matured Compensated Absences Payable | 28,372 | 0 | 0 | 28,372 |
| Interfund Payable | 0 | 0 | 298,573 | 298,573 |
| <i>Total Liabilities</i> | <u>2,302,454</u> | <u>0</u> | <u>463,860</u> | <u>2,766,314</u> |
| Deferred Inflows of Resources | | | | |
| Property Taxes | 14,123,445 | 1,499,175 | 0 | 15,622,620 |
| Unavailable Revenue | 586,882 | 63,323 | 358,602 | 1,008,807 |
| <i>Total Deferred Inflows of Resources</i> | <u>14,710,327</u> | <u>1,562,498</u> | <u>358,602</u> | <u>16,631,427</u> |
| Fund Balances | | | | |
| Nonspendable | 63,548 | 0 | 2,465 | 66,013 |
| Restricted | 71,393 | 1,710,561 | 500,936 | 2,282,890 |
| Assigned | 674,908 | 0 | 0 | 674,908 |
| Unassigned (Deficit) | 5,108,053 | 0 | (124,743) | 4,983,310 |
| <i>Total Fund Balances</i> | <u>5,917,902</u> | <u>1,710,561</u> | <u>378,658</u> | <u>8,007,121</u> |
| <i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i> | <u>\$22,930,683</u> | <u>\$3,273,059</u> | <u>\$1,201,120</u> | <u>\$27,404,862</u> |

See accompanying notes to the basic financial statements

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

| | | |
|--|--------------|-------------------|
| Total Governmental Fund Balances | | \$8,007,121 |
| <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. | | 30,024,899 |
| Other long-term assets are not available to pay for current period expenditures and therefore are unavailable in the funds: | | |
| Delinquent Property Taxes | 578,076 | |
| Intergovernmental | 358,602 | |
| Tuition and Fees | 72,129 | |
| Total | 1,008,807 | 1,008,807 |
| Deferred outflows of resources represent deferred charges on refunding, which are not reported in the funds. | | 2,039,313 |
| In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental fund, an interest expenditure is reported when due. | | (84,748) |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds: | | |
| General Obligation Bonds | (29,319,806) | |
| Energy Conservation Loan | (369,155) | |
| Capital Lease | (131,503) | |
| Compensated Absences | (2,007,358) | |
| Total | (31,827,822) | (31,827,822) |
| The net pension and net OPEB asset/liabilities are not due and payable in the current period; therefore, the asset/liabilities and related deferred inflows/outflows are not reported in governmental funds: | | |
| Net OPEB Asset | 1,114,134 | |
| Deferred Outflows - Pension | 3,492,269 | |
| Deferred Outflows - OPEB | 523,633 | |
| Net Pension Liability | (18,953,938) | |
| Net OPEB Liability | (1,226,346) | |
| Deferred Inflows - Pension | (802,352) | |
| Deferred Inflows - OPEB | (2,196,634) | |
| Total | (18,049,234) | (18,049,234) |
| <i>Net Position of Governmental Activities</i> | | (\$8,881,664) |

See accompanying notes to the basic financial statements

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

| | General | Bond Retirement | Other Governmental Funds | Total Governmental Funds |
|--|--------------------|--------------------|--------------------------------|--------------------------------|
| Revenues | | | | |
| Property Taxes | \$15,781,153 | \$1,702,910 | \$0 | \$17,484,063 |
| Intergovernmental | 1,953,877 | 67,885 | 2,040,471 | 4,062,233 |
| Interest | 13,489 | 0 | 609 | 14,098 |
| Tuition and Fees | 7,741 | 0 | 15,191 | 22,932 |
| Extracurricular Activities | 0 | 0 | 37,265 | 37,265 |
| Contributions and Donations | 1,020 | 0 | 2,195 | 3,215 |
| Charges for Services | 0 | 0 | 28,064 | 28,064 |
| Rentals | 450 | 0 | 0 | 450 |
| Miscellaneous | 453,624 | 0 | 1,711 | 455,335 |
| <i>Total Revenues</i> | <u>18,211,354</u> | <u>1,770,795</u> | <u>2,125,506</u> | <u>22,107,655</u> |
| Expenditures | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 8,115,884 | 0 | 473,749 | 8,589,633 |
| Special | 3,089,131 | 0 | 747,081 | 3,836,212 |
| Student Intervention Services | 0 | 0 | 5,104 | 5,104 |
| Support Services: | | | | |
| Pupil | 1,286,750 | 0 | 226,815 | 1,513,565 |
| Instructional Staff | 156,587 | 0 | 186,086 | 342,673 |
| Board of Education | 187,198 | 0 | 0 | 187,198 |
| Administration | 1,221,365 | 0 | 0 | 1,221,365 |
| Fiscal | 478,180 | 499 | 0 | 478,679 |
| Business | 222,510 | 0 | 0 | 222,510 |
| Operation and Maintenance of Plant | 1,272,881 | 0 | 204,622 | 1,477,503 |
| Pupil Transportation | 296,106 | 0 | 0 | 296,106 |
| Central | 384,536 | 0 | 7,200 | 391,736 |
| Operation of Non-Instructional Services: | | | | |
| Food Service Operations | 0 | 0 | 182,452 | 182,452 |
| Community Services | 7,108 | 0 | 290,838 | 297,946 |
| Extracurricular Activities | 429,214 | 0 | 71,273 | 500,487 |
| Capital Outlay | 0 | 0 | 50,686 | 50,686 |
| Debt Service: | | | | |
| Principal Retirement | 119,448 | 211,842 | 0 | 331,290 |
| Capital Appreciation Bond Interest | 0 | 428,158 | 0 | 428,158 |
| Interest and Fiscal Charges | 11,637 | 1,008,686 | 0 | 1,020,323 |
| <i>Total Expenditures</i> | <u>17,278,535</u> | <u>1,649,185</u> | <u>2,445,906</u> | <u>21,373,626</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>932,819</u> | <u>121,610</u> | <u>(320,400)</u> | <u>734,029</u> |
| Other Financing Sources (Uses) | | | | |
| Inception of Capital Lease | 110,389 | 0 | 0 | 110,389 |
| Transfers In | 0 | 0 | 226,226 | 226,226 |
| Transfers Out | (201,226) | 0 | (25,000) | (226,226) |
| <i>Total Other Financing Sources (Uses)</i> | <u>(90,837)</u> | <u>0</u> | <u>201,226</u> | <u>110,389</u> |
| <i>Net Change in Fund Balances</i> | 841,982 | 121,610 | (119,174) | 844,418 |
| <i>Fund Balances Beginning of Year - Restated (See Note 3)</i> | <u>5,075,920</u> | <u>1,588,951</u> | <u>497,832</u> | <u>7,162,703</u> |
| <i>Fund Balances End of Year</i> | <u>\$5,917,902</u> | <u>\$1,710,561</u> | <u>\$378,658</u> | <u>\$8,007,121</u> |

See accompanying notes to the basic financial statements

Brooklyn City 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*

| | | |
|---|------------------|---------------------------|
| Net Change in Fund Balances - Total Governmental Funds | | \$844,418 |
| <i>Amounts reported for governmental activities in the statement of activities are different because:</i> | | |
| Governmental funds report capital outlays as expenditures; however, in the statement of activities, the cost of those assets are allocated over their useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period: | | |
| Capital Outlay | 49,143 | |
| Current Year Depreciation | <u>(506,189)</u> | |
| Total | | (457,046) |
| Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. | | |
| | | (239,407) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds: | | |
| Delinquent Property Taxes | 94,235 | |
| Intergovernmental | 50,156 | |
| Tuition and Fees | <u>72,129</u> | |
| Total | | 216,520 |
| Repayment of principal and capital appreciation bond interest are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position: | | |
| Principal Retirement | 331,290 | |
| Capital Appreciation Bond Interest | <u>428,158</u> | |
| Total | | 759,448 |
| Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | | |
| | | 607,138 |
| In the statement of activities, interest accrued on outstanding bonds and bond discounts and premiums are amortized over the terms of the bonds, whereas in the governmental funds, the expenditures are reported when due: | | |
| Accrued Interest on Bonds | 84,628 | |
| Amortization of Premium | 150,535 | |
| Amortization of Discount | (9,898) | |
| Amortization of Deferred Charges on Refunding | (71,555) | |
| Annual Accretion | <u>(274,221)</u> | |
| Total | | (120,511) |
| Other financing sources and uses, such as inception of capital lease, in the governmental funds increased long-term liabilities in the statement of net position: | | |
| | | (110,389) |
| Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows: | | |
| Pension | 1,488,775 | |
| OPEB | <u>41,174</u> | |
| Total | | 1,529,949 |
| Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB asset/liabilities are reported as pension/OPEB expense in the statement of activities: | | |
| Pension | (1,758,053) | |
| OPEB | <u>127,116</u> | |
| Total | | <u>(1,630,937)</u> |
| <i>Change in Net Position of Governmental Activities</i> | | <u><u>\$1,399,183</u></u> |

See accompanying notes to the basic financial statements

Brooklyn City 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

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|---|-------------------------|--------------------|--------------------|---|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues | | | | |
| Property Taxes | \$16,224,475 | \$16,224,475 | \$15,827,941 | (\$396,534) |
| Intergovernmental | 973,767 | 973,767 | 1,967,151 | 993,384 |
| Interest | 12,826 | 12,826 | 12,513 | (313) |
| Rentals | 461 | 461 | 450 | (11) |
| Miscellaneous | 460,734 | 460,734 | 459,197 | (1,537) |
| <i>Total Revenues</i> | <u>17,672,263</u> | <u>17,672,263</u> | <u>18,267,252</u> | <u>594,989</u> |
| Expenditures | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 6,907,741 | 7,844,559 | 7,844,559 | 0 |
| Special | 3,210,412 | 3,315,348 | 3,112,713 | 202,635 |
| Vocational | 5,899 | 1,000 | 0 | 1,000 |
| Other | 0 | 10,000 | 0 | 10,000 |
| Support Services: | | | | |
| Pupil | 1,445,366 | 1,473,537 | 1,342,023 | 131,514 |
| Instructional Staff | 158,531 | 177,662 | 156,661 | 21,001 |
| Board of Education | 380,048 | 264,472 | 229,373 | 35,099 |
| Administration | 1,155,705 | 1,201,916 | 1,201,916 | 0 |
| Fiscal | 466,944 | 482,033 | 479,104 | 2,929 |
| Business | 222,643 | 227,820 | 227,820 | 0 |
| Operation and Maintenance of Plant | 1,144,864 | 1,302,957 | 1,263,556 | 39,401 |
| Pupil Transportation | 506,099 | 623,546 | 588,601 | 34,945 |
| Central | 277,263 | 358,481 | 282,618 | 75,863 |
| Operation of Non-Instructional Services: | | | | |
| Community Services | 989 | 25,123 | 18,623 | 6,500 |
| Extracurricular Activities | 374,818 | 423,605 | 417,514 | 6,091 |
| Debt Service: | | | | |
| Principal Retirement | 119,818 | 119,818 | 119,448 | 370 |
| Interest and Fiscal Charges | 13,475 | 13,475 | 11,637 | 1,838 |
| <i>Total Expenditures</i> | <u>16,390,615</u> | <u>17,865,352</u> | <u>17,296,166</u> | <u>569,186</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>1,281,648</u> | <u>(193,089)</u> | <u>971,086</u> | <u>1,164,175</u> |
| Other Financing Sources (Uses) | | | | |
| Advances In | 0 | 0 | 58,247 | 58,247 |
| Advances Out | (18,695) | (18,695) | 0 | 18,695 |
| Transfers Out | (231,987) | (231,987) | (201,226) | 30,761 |
| <i>Total Other Financing Sources (Uses)</i> | <u>(250,682)</u> | <u>(250,682)</u> | <u>(142,979)</u> | <u>107,703</u> |
| <i>Net Change in Fund Balance</i> | 1,030,966 | (443,771) | 828,107 | 1,271,878 |
| <i>Fund Balance Beginning of Year</i> | 5,360,162 | 5,360,162 | 5,360,162 | 0 |
| Prior Year Encumbrances Appropriated | 293,709 | 293,709 | 293,709 | 0 |
| <i>Fund Balance End of Year</i> | <u>\$6,684,837</u> | <u>\$5,210,100</u> | <u>\$6,481,978</u> | <u>\$1,271,878</u> |

See accompanying notes to the basic financial statements

Brooklyn City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 1 – Description of the School District and Reporting Entity

The Brooklyn City School District (School District) was formed on March 18, 1911 under provisions of Section 3311.02 of the Ohio Revised Code.

The Brooklyn City School District operates under a locally-elected five member board form of government and provides educational services as authorized and mandated by State and Federal agencies. The Board controls the School District's campus, which encompasses a pre-K through high school facility consisting of Brooklyn Elementary School, Brooklyn Intermediate School, and Brooklyn High School. This facility educates 1,174 students. The Board employs 60 classified and 102 certified employees.

Reporting Entity

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

Non-Public Schools Within the School District boundaries, there are various non-public schools. Current State legislation provides funding to these non-public schools. These monies are received and disbursed on behalf of the non-public school by the Treasurer of the School District, as directed by the non-public school. These transactions are reported in a special revenue fund and as a governmental activity 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 and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burden on, the primary government. The School District has no component units.

The School District participates in one insurance purchasing pool, three jointly governed organizations and one public entity risk pool. These organizations are the Ohio School Boards Association Workers' Compensation Group Rating Program, Polaris Career Center, Ohio Schools' Council, Connect and the Suburban Health Consortium. These organizations are presented in Notes 15, 16, and 17 of 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 as follows.

Brooklyn City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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.

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, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). The School District, however, does not have 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 are 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 activity is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the fiscal 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. The major funds are presented in separate columns. Nonmajor funds are aggregated and presented in a single column.

Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. All of the School District's funds are governmental 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.

Brooklyn City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Bond Retirement Fund The bond retirement fund is used to account for and report the accumulation of property tax revenues restricted for the payment of general obligation bonds issued for the purpose of renovating, remodeling, rehabilitating, adding to, furnishing, equipping and otherwise improving school facilities, and acquiring, clearing and improving school facility sites.

The other governmental funds of the School District account for grants and other resources, whose use is 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 (i.e., revenues) and decreases (i.e., 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 between 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 value, 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.

Brooklyn City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 fiscal year when the resources are required to be used or the fiscal 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.

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 and grants.

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, 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 23 and 24.

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 the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the 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 found on page 15. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (see Notes 23 and 24).

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.

Brooklyn City School District
Notes to the Basic Financial Statements
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Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liabilities (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 plans. 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.

Budgetary Data

All funds, other than agency 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 set 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, function or object level for the general fund and at the fund level for all other funds. The Treasurer has been given the authority to allocate appropriations to the function or object level within all funds, except the general fund, without resolution by the Board of Education.

The certificate of estimated resources may be amended during the fiscal 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 certificate that was in effect at the time 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 resources by fund. 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.

Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During fiscal year 2021, investments were limited to a money market account, federal home loan mortgage corporation bonds, federal farm credit bank bonds, federal home loan bank bonds, negotiable certificates of deposit, and commercial paper. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. The School District's commercial paper is measured at amortized cost as it is a highly liquid debt instrument with a remaining maturity at the time of purchase of less than one year.

Brooklyn City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 \$13,489, which includes \$2,648 assigned from other School District funds.

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 reported as cash equivalents.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature of normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or the laws of other governments, or imposed by law through constitutional provisions. Restricted assets in the general fund include amounts for unclaimed monies and the set asides reserve.

Prepays

Payments made to vendors for services that will benefit periods beyond June 30, 2021, are reported as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

Capital Assets

All of the School District's capital assets are general capital assets. General capital assets are those assets related to activities reported in the governmental funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All 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 one thousand five hundred 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 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 Life</u> |
|----------------------------|-----------------------|
| Buildings and Improvements | 25-80 years |
| Furniture and Equipment | 5-20 years |
| Vehicles | 5-10 years |

Brooklyn City School District
Notes to the Basic Financial Statements
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Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as “interfund receivables/payables.” Interfund balances are eliminated in the governmental activities column of the statement of net position.

Premiums and Discounts

On the government-wide financial statements, premiums and discounts are deferred and amortized over the term of the debt issuance using the straight line method. Premiums are presented as an increase of the face amount of the debt issuance payable. On fund financial statements, premiums are received in the year the debt issuance is issued. On the government-wide financial statements, discounts are presented as a decrease of the face amount of the debt issuance payable. On the fund financial statements, discounts are expensed in the year the debt issuance is issued.

Under Ohio 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.

Deferred Charges 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.

Internal Activity

Transfers between governmental funds are eliminated on the government-wide financial statements. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for 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.

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 employer 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.

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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 employees after ten years of current service with the School District.

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

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 the payment during the current fiscal year. Net pension/OPEB liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plans' fiduciary net position is not sufficient for payment of those benefits. Bonds are recognized as a liability on the fund financial statements when due.

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. Net position restricted for other purposes include resources restricted for food service, school programs, and athletic and music.

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

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School District 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.

Brooklyn City School District
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Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by 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 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 includes 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 resolution or by State statute. State Statute authorizes the Treasurer to assign fund balances for purchases on order provided such amounts have been lawfully appropriated.

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.

Estimates

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

Note 3 – Changes in Accounting Principles and Restatement of Fund Balance and Net Position

Changes in Accounting Principles

For fiscal year 2021, the School District implemented GASB Statement No. 84, *Fiduciary Activities*, and related guidance from (GASB) Implementation Guide No. 2019-2, *Fiduciary Activities*. GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the School District will no longer be reporting agency funds. The School District reviewed its agency funds and all have been reclassified as governmental funds. These fund reclassifications resulted in the restatement of the School District's financial statements.

For fiscal year 2021, the School District also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2019-1*. These changes were incorporated in the School District's 2020 financial statements; however, there was no effect on beginning net position/fund balance.

Brooklyn City School District
Notes to the Basic Financial Statements
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Restatement of Fund Balances and Net Position

The implementation of GASB Statement No. 84 had the following effect on fund balance as of June 30, 2020:

| | <u>General</u> | <u>Bond Retirement</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|--------------------|------------------------|---------------------------------|---------------------------------|
| Fund Balance at June 30, 2020 | \$4,994,300 | \$1,588,951 | \$471,081 | \$7,054,332 |
| Adjustment: | | | | |
| GASB 84 | <u>81,620</u> | <u>0</u> | <u>26,751</u> | <u>108,371</u> |
| Restated Fund Balance at June 30, 2020 | <u>\$5,075,920</u> | <u>\$1,588,951</u> | <u>\$497,832</u> | <u>\$7,162,703</u> |

The implementation of GASB Statement No. 84 had the following effect on net position as of June 30, 2020:

| | <u>Governmental Activities</u> |
|--|--------------------------------|
| Net Position at June 30, 2020 | (\$10,389,218) |
| Adjustment: | |
| GASB 84 | <u>108,371</u> |
| Restated Net Position at June 30, 2020 | <u>(\$10,280,847)</u> |

The implementation of GASB Statement No. 84 had the following effect on fiduciary net position as of June 30, 2020:

| | <u>Fiduciary Funds</u> |
|-------------------------------------|------------------------|
| | <u>Agency</u> |
| Net Position June 30, 2020 | \$0 |
| Adjustments: | |
| Assets | (108,371) |
| Liabilities | <u>108,371</u> |
| Restated Net Position June 30, 2020 | <u>\$0</u> |

Note 4 – Accountability

At June 30, 2021, the following funds had deficit fund balances:

| | <u>Amounts</u> |
|--------------------------------------|----------------|
| <i>Special Revenue Funds:</i> | |
| Food Service Operations | \$50,238 |
| Latchkey "KATS" | 11,289 |
| Underground Storage Tank | 5,126 |
| Athletics and Music | 3,418 |
| CARES Act | 52,831 |

Brooklyn City School District
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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.

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 balances – budget (non-GAAP basis) and actual for the general 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 that:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
3. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
4. Budgetary revenues and expenditures of the uniform school supplies, and public school support are reclassified to the general fund for GAAP Reporting.
5. Encumbrances are treated as expenditures (budget basis) rather than as a restricted, committed, or assigned fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements on a fund type basis for the general fund.

| Net Change in Fund Balance | |
|---|-------------------------|
| GAAP Basis | \$841,982 |
| Net Adjustment for Revenue Accruals | (69,400) |
| Ending Unrecorded Cash | 396 |
| Advances In | 58,247 |
| Net Adjustment for Expenditure Accruals | 730,510 |
| Perspective Differences: | |
| Uniform School Supplies | 7,698 |
| Public School Support | (5,757) |
| Encumbrances | (735,569) |
| Budget Basis | <u><u>\$828,107</u></u> |

Brooklyn City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 6 – Deposits and Investments

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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;

Brooklyn City School District
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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 monies available for investment at the time of purchase.

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

Investments are reported at fair value. As of June 30, 2021, the School District had the following investments:

| Measurement/Investment | Measurement Amount | Maturity | Standard & Poor's Rating | Percentage of Total Investments |
|--|---------------------------|-----------------------|--------------------------------|---------------------------------------|
| Fair Value - Level One Inputs: | | | | |
| Money Market Fund | \$47,033 | Less than One Year | N/A | N/A |
| Fair Value - Level Two Inputs: | | | | |
| Federal Home Loan Mortgage Corporation Bonds | 99,869 | Less than Three Years | AA+ | N/A |
| Federal Farm Credit Bank Bonds | 99,620 | Less than Three Years | AA+ | N/A |
| Federal Home Loan Bank Bonds | 404,343 | Less than Three Years | AAA | 20.21 |
| Negotiable Certificates of Deposit Bonds | 200,202 | Less than Three Years | N/A | 10.01 % |
| Amortized Cost: | | | | |
| Commercial Paper | <u>1,149,222</u> | Less than One Year | A-1+ | 57.45 |
| Total Investments | <u><u>\$2,000,289</u></u> | | | |

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The preceding chart identifies the School District's recurring fair value measurements as of June 30, 2021. The money market fund is measured at fair value and is valued using quoted market prices (Level 1 inputs). The School District's remaining investments are measured at fair value and are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data. (Level 2 inputs).

Brooklyn City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

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

Public utility property tax revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien December 31, 2019, were levied after April 1, 2020, and are collected in calendar year 2021 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Cuyahoga County. The County Fiscal Officer 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 2021 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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 by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2021, was \$763,776 in the general fund and \$85,584 in the debt service bond retirement fund. The amount available as an advance at June 30, 2020, was \$780,564 in the general fund and \$87,465 in the debt service bond retirement fund.

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

Brooklyn City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

| | 2020 Second Half Collections | | 2021 First Half Collections | |
|---|---------------------------------|-----------------|--------------------------------|-----------------|
| | Amount | Percent | Amount | Percent |
| Agricultural/Residential and Other Real Estate | \$292,074,830 | 87.58 % | \$288,165,640 | 87.10 % |
| Public Utility Personal | 41,413,630 | 12.42 | 42,688,730 | 12.90 |
| Total | \$333,488,460 | 100.00 % | \$330,854,370 | 100.00 % |
| Tax rate per \$1,000 of assessed valuation | \$64.80 | | \$64.80 | |

Note 8 – Capital Assets

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

| | Balance June 30, 2020 | Additions | Deletions | Balance June 30, 2021 |
|--|--------------------------|--------------------|--------------------|--------------------------|
| <i>Governmental Activities:</i> | | | | |
| <i>Capital Assets not being Depreciated:</i> | | | | |
| Land | \$1,264,300 | \$0 | \$0 | \$1,264,300 |
| <i>Capital Assets being Depreciated:</i> | | | | |
| Buildings and Improvements | 34,064,407 | 0 | (51,124) | 34,013,283 |
| Furniture and Equipment | 3,140,489 | 12,911 | (452,752) | 2,700,648 |
| Vehicles | 246,240 | 36,232 | 0 | 282,472 |
| Total Capital Assets being Depreciated | 37,451,136 | 49,143 | (503,876) | 36,996,403 |
| <i>Less: Accumulated Depreciation:</i> | | | | |
| Buildings and Improvements | (5,086,112) | (456,765) | 17,517 | (5,525,360) |
| Furniture and Equipment | (2,664,271) | (46,022) | 246,952 | (2,463,341) |
| Vehicles | (243,701) | (3,402) | 0 | (247,103) |
| Total Accumulated Depreciation | (7,994,084) | (506,189) * | 264,469 | (8,235,804) |
| Total Capital Assets being Depreciated, Net | 29,457,052 | (457,046) | (239,407) | 28,760,599 |
| Governmental Activities Capital Asset, Net | \$30,721,352 | (\$457,046) | (\$239,407) | \$30,024,899 |

At the end of the prior fiscal year, \$93,744 of construction in progress was reported; however, these projects were actually completed before June 30, 2020; therefore, these projects were moved to the June 30, 2020 balance for buildings and improvements.

Brooklyn City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

* Depreciation expense was charged to governmental activities as follows:

| | |
|------------------------------------|-----------|
| Instruction: | |
| Regular | \$467,002 |
| Special | 2,675 |
| Support Services: | |
| Administration | 2,196 |
| Fiscal | 51 |
| Business | 6,646 |
| Operation and Maintenance of Plant | 14,271 |
| Pupil Transportation | 1,259 |
| Central | 7,609 |
| Food Service Operations | 1,776 |
| Extracurricular Activities | 2,704 |
| Total Depreciation Expense | \$506,189 |

Note 9 – Receivables

Receivables at June 30, 2021, consisted of accounts, intergovernmental, taxes and interfund. 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 fiscal year guarantee of federal funds. All receivables are expected to be collected within one year, except delinquent property taxes. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year. A summary of the principal items of intergovernmental receivables follows:

| Governmental Activities | Amount |
|--|-----------|
| Title I Grant | \$310,753 |
| ESSER Grant | 188,498 |
| Title VI-B Grant | 116,397 |
| Foundations Settlement | 73,379 |
| Title I-A Grant | 23,247 |
| Title IV-A Grant | 19,703 |
| Title II-A Grant | 13,835 |
| Broadband/CRF Grant | 9,383 |
| Title III Grant | 2,083 |
| Medicaid Reimbursement | 675 |
| Cleveland State University | 500 |
| <i>Total Intergovernmental Receivables</i> | \$758,453 |

Note 10 – 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 the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

Brooklyn City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

| Fund Balances | General | Bond Retirement | Other Governmental Funds | Total |
|------------------------------------|--------------------|--------------------|--------------------------------|--------------------|
| <i>Nonspendable:</i> | | | | |
| Unclaimed Monies | \$31,174 | \$0 | \$0 | \$31,174 |
| Prepaid Items | 32,374 | 0 | 2,465 | 34,839 |
| <i>Total Nonspendable</i> | 63,548 | 0 | 2,465 | 66,013 |
| <i>Restricted for:</i> | | | | |
| Capital Projects | 0 | 0 | 171,787 | 171,787 |
| Debt Service | 0 | 1,710,561 | 0 | 1,710,561 |
| Set-Aside Reserve | 71,393 | 0 | 0 | 71,393 |
| Other Purposes | 0 | 0 | 329,149 | 329,149 |
| <i>Total Restricted</i> | 71,393 | 1,710,561 | 500,936 | 2,282,890 |
| <i>Assigned to:</i> | | | | |
| Purchases on Order: | | | | |
| Instruction | 66,434 | 0 | 0 | 66,434 |
| Support Services | 589,177 | 0 | 0 | 589,177 |
| Non-Instructional Services | 11,500 | 0 | 0 | 11,500 |
| Extracurricular Activities | 7,797 | 0 | 0 | 7,797 |
| <i>Total Assigned</i> | 674,908 | 0 | 0 | 674,908 |
| <i>Unassigned (Deficit)</i> | 5,108,053 | 0 | (124,743) | 4,983,310 |
| <i>Total Fund Balances</i> | \$5,917,902 | \$1,710,561 | \$378,658 | \$8,007,121 |

Note 11 – Interfund Transactions

Interfund Balances

Interfund balances at June 30, 2021, consist of the following individual fund receivables and payables:

| Interfund Payable | Interfund Receivable General |
|----------------------------------|------------------------------------|
| Other Governmental Funds: | |
| Local Grants | \$3,448 |
| Miscellaneous State Grants | 726 |
| ESSER | 214,955 |
| Coronavirus Relief | 6,741 |
| IDEA, Part B, Special Education | 71,843 |
| Miscellaneous Federal Grants | 860 |
| Total | \$298,573 |

The interfund payables are advances from the general fund to the special revenue funds to support the funds' programs. All are payable to the general fund and are expected to be repaid in fiscal year 2022.

Brooklyn City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Interfund Transfers

| | Transfers Out | |
|----------------------------------|---------------|--------------------------------|
| Transfers In | General | Other Governmental Funds |
| Other Governmental Funds: | | |
| Food Service | \$51,226 | \$0 |
| Underground Storage Tanks | 0 | 25,000 |
| Permanent Improvements | 150,000 | 0 |
| Total | \$201,226 | \$25,000 |

The transfers to the special revenue funds and capital projects fund are to support the funds' programs.

Note 12 – Risk Management

Insurance

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. The School District contracted with Huntington Insurance, Incorporated for comprehensive property, inland marine coverage, crime coverage, general liability and automobile liability. The School District contracted with Hylant Administrative Services, LLC (Ohio School Plan) for the following services. The property insurance coverage was \$62,833,589 with a \$1,000 deductible for fiscal year 2021. Crime coverage was \$100,000 with a \$1,000 deductible for public employee dishonesty blanket bonds and forgery. General liability coverage was \$6,000,000 aggregate with no deductible and included violent event response coverage. Automobile liability coverage had a \$4,000,000 combined single limit of liability.

Settled claims have not exceeded this commercial coverage in any of the past three years and there have been no significant reductions in insurance coverage from the prior year.

Bonding

The Treasurer is covered by Travelers Casualty in the amount of \$50,000. Remaining employees who handle money are covered with a public employees' blanket bond in the amount of \$100,000 with a \$1,000 deductible. The District also carries \$25,000, \$1,000 deductible, counterfeit coverage, \$25,000, \$1,000 deductible, computer fraud coverage, and \$25,000, \$1,000 deductible, forgery and alterations coverage. These bonds are provided by the Ohio School Plan.

Workers' Compensation

For fiscal year 2021, the School District participated in the Ohio School Boards' Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (See Note 15). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management, Incorporated provides administrative, cost control and actuarial services to the GRP.

Brooklyn City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 13 – Other Employee Benefits

Compensated Absences

The criteria for determining vacation, personal and sick leave benefits are derived from negotiated agreements and State laws. Only administrative and school support personnel earn annual vacation leave which is paid upon separation with the School District. Noncertified employees can carry up to ten unused vacation leave days into the next fiscal year. The Superintendent and the Treasurer earn 20 vacation days leave per fiscal year, respectively. The Superintendent can carry over 5 unused vacation days.

The two exempt employees earn three vacation weeks leave per fiscal year. School support personnel earn annual vacation leave as follows:

| Completed Service | Vacation Leave |
|-------------------------|---|
| After one year | 10 days |
| After eight years | 15 days |
| After thirteen years | 20 days |
| After twenty years | 25 days |
| After Twenty five years | Same as after 20 years with addition of a floating holiday |

Each staff member is entitled to fifteen days sick leave with pay each year. The sick leave accrues at the rate of one and one fourth days for each calendar month. Upon retirement, an employee is paid a severance benefit, calculated at current wage rates, for the value of thirty-two percent of their accumulative sick leave up to a maximum of 310 accumulated days for certified employees with the balance being forfeited and an unlimited number of accumulated days for classified employees. The severance benefit for classified employees who retire the first year they become eligible and who have at least five years of service with the School District may elect to receive a cash payment equal to fifty percent of their accumulated, accumulated but unused sick leave credit. The severance benefit for employees who retire after June 30th of the first year they become eligible and who have at least five years of service with the School District shall receive a cash payment equal to thirty-two percent of their accumulated, unused sick leave.

Life Insurance Benefits

Life insurance is offered to all full-time employees in the amount of \$50,000 through American United Life and Grady Benefits with payment of \$4.75 per month. The administration is covered for \$100,000 with payments of \$9.50 per month.

Health Insurance Benefits

The School District entered into a contract with the Suburban Health Consortium on April 1, 2017, a shared risk pool (Note 17) to provide group health, dental, vision, life and prescription insurance coverage. Rates are set or determined by the Board of Directors. The School District pays a monthly contribution which is placed in a reserve fund from which the claims payments are made for all participating districts.

Brooklyn City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 14 – 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

In fiscal year 2021, School District foundation funding was based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2021 have been finalized. The FTE adjustments made by ODE subsequent to year-end were not material to the financial statements.

Litigation

The School District is not a party to any legal proceedings.

Note 15 – Insurance Purchasing Pool

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association (OSBA). The Executive Director of the OSBA, or designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Note 16 – Jointly Governed Organizations

Polaris Career Center

The Polaris Career Center is a separate body politic and corporate, established by the Ohio Revised Code to provide for the vocational and special education needs of the students. The Board of Education is comprised of representatives from the board of each participating school district. The Board is responsible for approving its own budgets, appointing personnel and accounting and finance related activities. Brooklyn City School District students may attend the vocational school. Each school district's control is limited to its representation on the board. The School District did not contribute to Polaris Career Center during fiscal year 2021. Financial information can be obtained by contacting the Treasurer at the Polaris Career Center, 7285 Old Oak Boulevard, Middleburg Heights, Ohio 44130.

Brooklyn City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Ohio Schools' Council

The Ohio Schools' Council (Council) is a jointly governed organization among 254 members. The jointly governed organization was created by school districts for the purpose of saving money through volume purchases. Each district supports the Council by paying an annual participation fee. Each school district member's superintendent serves as a representative of the Assembly. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board is the policy making authority of the Council. The Board exercises total control over the operations of the Association including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. The Board meets monthly September to June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. In fiscal year 2021, the School District paid \$422 to the Council. Financial information can be obtained by contacting William Zelei, the Executive Director of the Ohio Schools' Council at 6393 Oak Tree Boulevard, Independence, Ohio 44131.

The School District participates in the Council's natural gas purchase program. This program allows the School District to purchase natural gas at reduced rates. Constellation New Energy (formerly Compass Energy) has been selected as the supplier and program manager for the period from July 1, 2020 through June 30, 2021. There are currently 161 participants in the program, including the Brooklyn City School District. The participants make monthly payments based on estimated usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in September until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

Connect

Connect is a jointly governed organization comprised of twenty-six member school districts, two educational service centers, and the Ohio Schools Council. This organization was formed for the purpose of providing support and leadership which enables organizations to achieve their objectives through innovative and cost effective shared technology solutions. Connect is governed by a four member Board of Directors consisting of the Superintendent of the Educational Service of Northeast Ohio, the Superintendent of the Educational Service Center of Lorain County, the Superintendent of the Educational Service Center of Medina County, and the Executive Director of the Ohio Schools Council. Each participating entity's contribution to Connect is dependent upon student enrollment and/or software packages and services utilized. During fiscal year 2021, the School District contributed \$74,681 to Connect. Financial information for Connect may be obtained by contacting the Treasurer at the Educational Service Center of Northeast Ohio, which serves as the fiscal agent.

Note 17 – Public Entity Risk Pool

The Suburban Health Consortium ("the Consortium") is a shared health risk pool created on October 1, 2001, formed by the Boards of Education of several school districts in northeast Ohio, for the purposes of maximizing benefits and/or reducing costs of group health, life, dental, and/or other insurance coverages for their employees and the eligible dependents and designated beneficiaries of such employees. The Consortium was formed and operates as a legally separate entity under Ohio Revised Code Section 9.833.

Brooklyn City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

The Board of Directors is the governing body of the Consortium. The Board of Education of each Consortium Member appoints its Superintendent or such Superintendent's designee to be its representative on the Board of Directors. The officers of the Board of Directors consist of a Chairman, Vice-Chairman and Recording Secretary, who are elected at the annual meeting of the Board of Directors and serve until the next annual meeting. All of the authority of the Consortium is exercised by or under the director of the Board of Directors. The Board of Directors also sets all premiums and other amounts to be paid by the Consortium members, and the Board of Directors have the authority to waive premiums and other payments. All members of the Board of Directors serve without compensation.

The Fiscal Agent shall be the Board of Education responsible for administering the financial transactions of the Consortium (Orange City School District). The Fiscal Agent shall carry out the responsibilities of the Consortium Fund, enter into contracts on behalf of the Consortium as authorized by the Directors and carry out such other responsibilities as approved by the Director and agreed to by the Fiscal Agent. Each District Member enrolled in a benefit program may require contributions from its employees toward the cost of any benefit program being offered by such District Member, and such contributions shall be included in the payments from such District Member to the Fiscal Agent for such benefit program. Contributions are to be submitted by each District Member, to the Fiscal Agent, required under the terms of the Consortium Agreement and any benefit program in which such District Member is enrolled to the Fiscal Agent on a monthly basis, or as otherwise required in accordance with any benefit program in which such District Member is enrolled. All general administrative costs incurred by the Consortium that are not covered by the premium payments shall be shared equally by the Consortium Members as approved by the Directors, and shall be paid by each Consortium Member upon receipt of notice from the Fiscal Agent that such payment is due. It is the express intention of the Consortium Members that the Consortium Agreement and the Consortium shall continue for an indefinite term, but may be terminated as provided in the Consortium Agreement.

Any Consortium Member wishing to withdraw from participation in the Consortium or any benefit program shall notify the Fiscal Agent at least one hundred and eighty (180) days prior to the effective date of withdrawal. Upon withdrawal of a Consortium Member, the Consortium shall pay the run out of all claims for such Consortium Member provided such Consortium Member has paid to the Consortium, prior to the effective date of withdrawal a withdrawal fee in the amount equal to two months' premiums at the Consortium Member's current rate. Payment of the withdrawal fee does not extend insurance coverage for two months. Upon automatic withdrawal, for non-payment of premiums required by the Consortium Agreement, the Consortium shall pay the run out of all claims for such Consortium Member provided the Consortium has received from such Consortium Member all outstanding and unpaid premiums and other amounts and the withdrawal fee equal to two months' premiums at the Consortium Member's current rates. Any Consortium Member which withdraws from the Consortium pursuant to the Consortium Agreement shall have no claim to the Consortium's assets. Financial information for the Consortium can be obtained from the Treasurer of the Orange City School District (the Fiscal Agent) at 32000 Chagrin Boulevard, Pepper Pike, Ohio 44124.

Brooklyn City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 18 – Long-Term Obligations

The changes in the School District’s long-term obligations during fiscal year 2021 were as follows:

| | Balance 6/30/2020 | Additions | Deletions | Balance 6/30/2021 | Due In One Year |
|--|----------------------|--------------------|----------------------|----------------------|--------------------|
| Governmental Activities: | | | | | |
| General Obligation Bonds: | | | | | |
| 2014 School Improvement Bonds: | | | | | |
| Capital Appreciation Bonds | \$62,728 | \$0 | (\$36,842) | \$25,886 | \$25,886 |
| Accretion | 785,890 | 6,154 | (428,158) | 363,886 | 363,886 |
| Unamortized Discount | (9,240) | 0 | 4,620 | (4,620) | 0 |
| Unamortized Premium | 70,080 | 0 | (35,040) | 35,040 | 0 |
| Total 2014 School Improvement Bonds | 909,458 | 6,154 | (495,420) | 420,192 | 389,772 |
| 2018 Refunding Bonds: | | | | | |
| Serial Bonds | 3,770,000 | 0 | (175,000) | 3,595,000 | 180,000 |
| Terms Bonds | 20,690,000 | 0 | 0 | 20,690,000 | 0 |
| Capital Appreciation Bonds | 674,967 | 0 | 0 | 674,967 | 0 |
| Accretion | 530,397 | 268,067 | 0 | 798,464 | 0 |
| Unamortized Discount | (155,698) | 0 | 5,278 | (150,420) | 0 |
| Unamortized Premium | 3,407,098 | 0 | (115,495) | 3,291,603 | 0 |
| Total 2018 Refunding Bonds | 28,916,764 | 268,067 | (285,217) | 28,899,614 | 180,000 |
| Total General Obligation Bonds | 29,826,222 | 274,221 | (780,637) | 29,319,806 | 569,772 |
| Energy Conservation Loan | 427,824 | 0 | (58,669) | 369,155 | 59,467 |
| Capital Lease | 81,893 | 110,389 | (60,779) | 131,503 | 53,840 |
| Compensated Absences | 2,614,496 | 91,632 | (698,770) | 2,007,358 | 43,758 |
| Net Pension Liability: | | | | | |
| STRS | 14,237,283 | 1,101,625 | 0 | 15,338,908 | 0 |
| SERS | 3,063,248 | 551,782 | 0 | 3,615,030 | 0 |
| Total Net Pension Liability | 17,300,531 | 1,653,407 | 0 | 18,953,938 | 0 |
| Net OPEB Liability: | | | | | |
| SERS | 1,315,625 | 0 | (89,279) | 1,226,346 | 0 |
| Total Long-Term Liabilities | \$51,566,591 | \$2,129,649 | (\$1,688,134) | \$52,008,106 | \$726,837 |

On September 25, 2013, the School District issued \$25,999,984 of general obligation bonds that were issued for the purpose of renovating, remodeling, rehabilitating, adding to, furnishing, equipping and otherwise improving school facilities, and acquiring, clearing and improving school facility sites. The general obligation bonds were issued for a 37 year period with a maturity date of December 1, 2049, and an interest rate of 2.00-5.50 percent. The bond issue includes serial, term and capital appreciation bonds in the amounts of \$7,855,000, \$17,960,000 and \$184,984, respectively. The bonds were issued at a premium of \$1,284,629 and a discount of \$169,445 and will be amortized over 37 years using the straight-line method. On August 16, 2017, the School District partially refunded the general obligation bonds, specifically the serial and term bonds.

The capital appreciation bonds remained outstanding at June 30, 2021. The capital appreciation bonds were originally sold at a discount of \$1,645,016, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is 2022.

Brooklyn City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

The maturity amount of outstanding capital appreciation bonds at June 30, 2021 is \$465,000. The accretion recorded for fiscal year 2021 was \$6,154, for a total outstanding bond liability of \$389,772 at June 30, 2021.

On August 16, 2017, the School District issued \$25,794,967 in general obligation bonds to refund a portion of the 2014 general obligation bonds in order to take advantage of lower interest rates. The general obligation bonds were issued for a 33 year period with a maturity date of December 1, 2049, and an interest rate of 2.00-5.00 percent. The bond issue includes serial, term and capital appreciation bonds in the amounts of \$4,430,000, \$20,690,000 and \$674,967, respectively. The bonds were issued at a premium of \$3,739,146 and a discount of \$170,872 and will be amortized over 33 years using the straight-line method.

The capital appreciation bonds were originally sold at a discount of \$1,905,033, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is 2026.

The maturity amount of outstanding capital appreciation bonds at June 30, 2021 is \$2,580,000. The accretion recorded for fiscal year 2021 was \$268,067, for a total outstanding bond liability of \$1,473,431 at June 30, 2021.

The term bonds were issued for a 19 year period with a final maturity of December 1, 2049.

The term bonds maturing on December 1, 2032, 2034, 2036, 2038, 2042 and 2049 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on August 1 in the years and in the respective principal amounts as follows:

| Year | 2018 School Improvement Term Bonds | | | | | |
|------------------------|------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | \$1,545,000 | \$1,640,000 | \$1,750,000 | \$1,905,000 | \$4,315,000 | \$9,535,000 |
| 2032 | \$760,000 | \$0 | \$0 | \$0 | \$0 | \$0 |
| 2033 | 785,000 | 0 | 0 | 0 | 0 | 0 |
| 2034 | 0 | 810,000 | 0 | 0 | 0 | 0 |
| 2035 | 0 | 830,000 | 0 | 0 | 0 | 0 |
| 2036 | 0 | 0 | 860,000 | 0 | 0 | 0 |
| 2037 | 0 | 0 | 890,000 | 0 | 0 | 0 |
| 2038 | 0 | 0 | 0 | 930,000 | 0 | 0 |
| 2039 | 0 | 0 | 0 | 975,000 | 0 | 0 |
| 2040 | 0 | 0 | 0 | 0 | 1,025,000 | 0 |
| 2041 | 0 | 0 | 0 | 0 | 1,060,000 | 0 |
| 2042 | 0 | 0 | 0 | 0 | 1,095,000 | 0 |
| 2043 | 0 | 0 | 0 | 0 | 1,135,000 | 0 |
| 2044 | 0 | 0 | 0 | 0 | 0 | 1,170,000 |
| 2045 | 0 | 0 | 0 | 0 | 0 | 1,230,000 |
| 2046 | 0 | 0 | 0 | 0 | 0 | 1,290,000 |
| 2047 | 0 | 0 | 0 | 0 | 0 | 1,355,000 |
| 2048 | 0 | 0 | 0 | 0 | 0 | 1,425,000 |
| 2049 | 0 | 0 | 0 | 0 | 0 | 1,495,000 |
| 2050 | 0 | 0 | 0 | 0 | 0 | 1,570,000 |
| Total | <u>\$1,545,000</u> | <u>\$1,640,000</u> | <u>\$1,750,000</u> | <u>\$1,905,000</u> | <u>\$4,315,000</u> | <u>\$9,535,000</u> |
| <i>Stated Maturity</i> | <i>12/1/2032</i> | <i>12/1/2034</i> | <i>12/1/2036</i> | <i>12/1/2038</i> | <i>12/1/2042</i> | <i>12/1/2049</i> |

The remaining principal amount of the term bonds (\$1,545,000, \$1,640,000, \$1,750,000, \$1,905,000, \$4,315,000 and \$9,535,000) will mature at the stated maturity.

Brooklyn City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

In fiscal year 2018, the School District issued \$600,000 in an energy conservation loan agreement for the purpose of paying costs of installations, modifications, and remodeling of school buildings to conserve energy. The loans have an interest rate of 2.95 percent and will mature in fiscal year 2027.

The School District's overall legal debt margin was \$2,167,648 with an unvoted debt margin of \$330,854 at June 30, 2021. Principal and interest requirements to retire long-term liabilities outstanding at June 30, 2021 are as follows:

| | General Obligation Bonds | | | | | | Energy Conservation Loan | |
|-----------|--------------------------|--------------------|---------------------|---------------------|----------------------|--------------------|--------------------------|-----------------|
| | Serial | | Term | | Capital Appreciation | | Principal | Interest |
| | Principal | Interest | Principal | Interest | Principal | Interest | | |
| 2022 | \$180,000 | \$1,006,935 | \$0 | \$0 | \$25,886 | \$439,114 | \$59,467 | \$10,041 |
| 2023 | 0 | 1,003,335 | 0 | 0 | 222,499 | 422,501 | 60,276 | 8,424 |
| 2024 | 0 | 1,003,335 | 0 | 0 | 181,961 | 463,039 | 61,095 | 6,784 |
| 2025 | 0 | 1,003,335 | 0 | 0 | 148,808 | 496,192 | 61,926 | 5,122 |
| 2026 | 0 | 1,003,335 | 0 | 0 | 121,699 | 523,301 | 126,391 | 5,168 |
| 2027-2031 | 3,415,000 | 4,820,475 | 0 | 0 | 0 | 0 | 0 | 0 |
| 2032-2036 | 0 | 0 | 4,045,000 | 4,193,138 | 0 | 0 | 0 | 0 |
| 2037-2041 | 0 | 0 | 4,880,000 | 3,357,300 | 0 | 0 | 0 | 0 |
| 2042-2046 | 0 | 0 | 5,920,000 | 2,319,660 | 0 | 0 | 0 | 0 |
| 2047-2051 | 0 | 0 | 5,845,000 | 748,500 | 0 | 0 | 0 | 0 |
| Total | <u>\$3,595,000</u> | <u>\$9,840,750</u> | <u>\$20,690,000</u> | <u>\$10,618,598</u> | <u>\$700,853</u> | <u>\$2,344,147</u> | <u>\$369,155</u> | <u>\$35,539</u> |

General obligation bonds will be paid from the bond retirement fund. The energy conservation loan will be paid from the general fund. The capital lease will be paid from the general fund. Compensated absences will be paid from the general fund and food service, CARES Act, title VI-B, and title I special revenue funds. There is no repayment schedule for the net pension liability or the net OPEB liability; however, employer pension and OPEB contributions are made from the general fund and food service, latchkey "KATS," CARES Act, title VI-B, and title I special revenue funds. For additional information related to the net pension/OPEB liabilities see Notes 23 and 24.

Note 19 – Capital Lease

In fiscal years 2020 and 2021, the School District entered into capital leases with CSI Leasing, Incorporated, which mature in fiscal years 2024 and 2023, respectively, for the rental of several Chromebooks throughout the School District. These leases meet the criteria for capital leases; however, the Chromebooks individually fell below the capitalization threshold to record as capital assets.

The agreement provides for minimum annual lease payments as follows:

| | |
|---|----------------------------|
| | Governmental Activities |
| 2022 | <u>\$60,779</u> |
| 2023 | 60,780 |
| 2024 | <u>21,844</u> |
| Total Minimum Lease Payments | 143,403 |
| Less: Amount Representing Interest | <u>(11,900)</u> |
| Present Value of Minimum Lease Payments | <u>\$131,503</u> |

Brooklyn City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 20 – Operating Lease

In fiscal year 2017, the School District entered into an operating lease with ComDoc, for the period of January 1, 2017 to March 31, 2022, for the rental of printers throughout the School District. The terms of the lease require payment in monthly installments in the amount of \$3,582. The cost of the printers was \$225,666.

Note 21 – Set-Aside Calculation

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 fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years.

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

| | Capital Improvements |
|--|-------------------------|
| Set-aside Balance as of June 30, 2020 | \$99,060 |
| Current Year Set-Aside Requirement | 214,417 |
| Permanent Improvement Qualifying Expenditures | (242,084) |
| Total | \$71,393 |
| Set-aside Balance Carried Forward to Future Fiscal Years | \$71,393 |
| Set-aside Balance as of June 30, 2021 | \$71,393 |

Note 22 – Encumbrances

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 fiscal year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

| | |
|--------------------------|-------------|
| General | \$735,569 |
| Other Governmental Funds | 366,170 |
| Total | \$1,101,739 |

Brooklyn City School District
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Note 23 – 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 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 health care 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 24 for the required OPEB disclosures.

Brooklyn City School District
Notes to the Basic Financial Statements
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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 under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first 30 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 \$254,046 for fiscal year 2021. Of this amount \$14,533 is reported as an intergovernmental payable.

Brooklyn City School District
Notes to the Basic Financial Statements
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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 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS website at www.strsoh.org.

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients’ base benefit and past cost of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be 5 years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be 5 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 50 and after termination of employment.

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

Brooklyn City School District
Notes to the Basic Financial Statements
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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 \$1,234,729 for fiscal year 2021. Of this amount \$191,249 is reported as an intergovernmental payable.

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 | 0.05465500% | 0.06339324% | |
| Prior Measurement Date | <u>0.05119770%</u> | <u>0.06438015%</u> | |
| Change in Proportionate Share | <u>0.00345730%</u> | <u>-0.00098691%</u> | |
| Proportionate Share of the Net Pension Liability | \$3,615,030 | \$15,338,908 | \$18,953,938 |
| Pension Expense | \$227,161 | \$1,530,892 | \$1,758,053 |

Brooklyn City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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> |
|--|-------------------------|---------------------------|---------------------------|
| Deferred Outflows of Resources | | | |
| Differences between expected and actual experience | \$7,022 | \$34,416 | \$41,438 |
| Changes of assumptions | 0 | 823,403 | 823,403 |
| Net difference between projected and actual earnings on pension plan investments | 229,481 | 745,933 | 975,414 |
| Changes in proportionate share and difference between School District contributions and proportionate share of contributions | 122,653 | 40,586 | 163,239 |
| School District contributions subsequent to the measurement date | <u>254,046</u> | <u>1,234,729</u> | <u>1,488,775</u> |
| Total Deferred Outflows of Resources | <u><u>\$613,202</u></u> | <u><u>\$2,879,067</u></u> | <u><u>\$3,492,269</u></u> |
| Deferred Inflows of Resources | | | |
| Differences between expected and actual experience | \$0 | \$98,082 | \$98,082 |
| Changes in proportionate share and difference between School District contributions and proportionate share of contributions | <u>91,533</u> | <u>612,737</u> | <u>704,270</u> |
| Total Deferred Inflows of Resources | <u><u>\$91,533</u></u> | <u><u>\$710,819</u></u> | <u><u>\$802,352</u></u> |

\$1,488,775 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: | <u>SERS</u> | <u>STRS</u> | <u>Total</u> |
|-----------------------------|-------------------------|-------------------------|---------------------------|
| 2022 | (\$14,637) | \$324,651 | \$310,014 |
| 2023 | 114,759 | 20,987 | 135,746 |
| 2024 | 95,653 | 296,100 | 391,753 |
| 2025 | <u>71,848</u> | <u>291,781</u> | <u>363,629</u> |
| Total | <u><u>\$267,623</u></u> | <u><u>\$933,519</u></u> | <u><u>\$1,201,142</u></u> |

Actuarial Assumptions – SERS

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

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

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

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

| | |
|--|---|
| 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 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.

Brooklyn City School District
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| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|------------------------|-------------------|--|
| Cash | 2.00 % | 1.85 % |
| US Stocks | 22.50 | 5.75 |
| Non-US Stocks | 22.50 | 6.50 |
| Fixed Income | 19.00 | 2.85 |
| Private Equity | 12.00 | 7.60 |
| Real Assets | 17.00 | 6.60 |
| Multi-Asset Strategies | 5.00 | 6.65 |
| Total | <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 School District's proportionate share of the net pension liability calculated using the discount rate of 7.50 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 (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

| | 1% Decrease (6.50%) | Current Discount Rate (7.50%) | 1% Increase (8.50%) |
|--|------------------------|-------------------------------------|------------------------|
| School District's proportionate share of the net pension liability | \$4,952,150 | \$3,615,030 | \$2,493,161 |

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 as follows:

| | |
|-----------------------------------|--|
| 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 |

Brooklyn City School District
Notes to the Basic Financial Statements
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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 do not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 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 previously. 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:

Brooklyn City School District
Notes to the Basic Financial Statements
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| | 1% Decrease (6.45%) | Current Discount Rate (7.45%) | 1% Increase (8.45%) |
|---|------------------------|-------------------------------------|------------------------|
| School District's proportionate share of the net pension liability | \$21,839,935 | \$15,338,908 | \$9,829,830 |

Note 24 – Defined Benefit OPEB Plans

See Note 23 for a description of the net OPEB liability (asset).

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

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 \$41,174.

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 \$41,174 for fiscal year 2021, which is reported as an intergovernmental payable.

Brooklyn City School District
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State Teachers Retirement System (STRS)

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

Funding Policy – The 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 postemployment 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 postemployment health care.

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

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

| | <u>SERS</u> | <u>STRS</u> | <u>Total</u> |
|---|--------------------|---------------------|--------------|
| Proportion of the Net OPEB Liability/Asset: | | | |
| Current Measurement Date | 0.05642710% | 0.06339324% | |
| Prior Measurement Date | <u>0.05231551%</u> | <u>0.06438015%</u> | |
| Change in Proportionate Share | <u>0.00411159%</u> | <u>-0.00098691%</u> | |
| Proportionate Share of the: | | | |
| Net OPEB Liability | \$1,226,346 | \$0 | \$1,226,346 |
| Net OPEB (Asset) | \$0 | \$1,114,134 | \$1,114,134 |
| OPEB Expense | (\$51,407) | (\$75,709) | (\$127,116) |

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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 |
|--|------------------|--------------------|--------------------|
| Deferred Outflows of Resources | | | |
| Differences between expected and actual experience | \$16,107 | \$71,388 | \$87,495 |
| Changes of assumptions | 209,049 | 18,392 | 227,441 |
| Net difference between projected and actual earnings on OPEB plan investments | 13,818 | 39,046 | 52,864 |
| Changes in proportionate share and difference between School District contributions and proportionate share of contributions | 94,795 | 19,864 | 114,659 |
| School District contributions subsequent to the measurement date | 41,174 | 0 | 41,174 |
| Total Deferred Outflows of Resources | \$374,943 | \$148,690 | \$523,633 |
| Deferred Inflows of Resources | | | |
| Differences between expected and actual experience | \$623,683 | \$221,919 | \$845,602 |
| Changes of assumptions | 30,889 | 1,058,241 | 1,089,130 |
| Changes in proportionate share and difference between School District contributions and proportionate share of contributions | 194,719 | 67,183 | 261,902 |
| Total Deferred Inflows of Resources | \$849,291 | \$1,347,343 | \$2,196,634 |

\$41,174 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 | (\$112,340) | (\$297,166) | (\$409,506) |
| 2023 | (111,340) | (270,737) | (382,077) |
| 2024 | (111,503) | (261,464) | (372,967) |
| 2025 | (104,147) | (262,358) | (366,505) |
| 2026 | (62,578) | (52,861) | (115,439) |
| Thereafter | (13,614) | (54,067) | (67,681) |
| Total | (\$515,522) | (\$1,198,653) | (\$1,714,175) |

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.

Brooklyn City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

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

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

| | |
|---|---|
| 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.

Brooklyn City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 22.

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 the 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 1.50 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2034. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024, and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the 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 | \$1,501,016 | \$1,226,346 | \$1,007,983 |

| | 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 | \$965,654 | \$1,226,346 | \$1,574,957 |

Brooklyn City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 as follows:

| | |
|----------------------------|--|
| 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 percent 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 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 23.

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.

Brooklyn City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 | (\$969,370) | (\$1,114,134) | (\$1,236,963) |
| | | | |
| | 1% Decrease | Current Trend Rate | 1% Increase |
| School District's proportionate share of the net OPEB asset | (\$1,229,339) | (\$1,114,134) | (\$973,800) |

Note 25 – 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 26 – 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 \$781,568 in revenues and expenditures/expenses related to these programs. This new funding system calculates a unique base cost and a unique "per-pupil local capacity amount" for each 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.

Brooklyn City 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 | 2018 |
|---|--------------|--------------|--------------|--------------|
| School District's Proportion of the Net Pension Liability | 0.06339324% | 0.06438015% | 0.06626676% | 0.06865534% |
| School District's Proportionate Share of the Net Pension Liability | \$15,338,908 | \$14,237,283 | \$14,570,573 | \$16,309,224 |
| School District's Covered Payroll | \$7,676,093 | \$7,582,607 | \$7,542,836 | \$7,240,393 |
| School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 199.83% | 187.76% | 193.17% | 225.25% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 75.50% | 77.40% | 77.30% | 75.30% |

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2014 is not available. An additional column will be added each fiscal year.

* 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

| 2017 | 2016 | 2015 | 2014 |
|--------------|--------------|--------------|--------------|
| 0.06778870% | 0.07175286% | 0.07466164% | 0.07466164% |
| \$22,690,921 | \$19,830,392 | \$18,160,295 | \$21,632,424 |
| \$7,229,907 | \$7,652,064 | \$7,343,092 | \$7,550,038 |
| 313.85% | 259.15% | 247.31% | 286.52% |
| 66.80% | 72.10% | 74.70% | 69.30% |

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

| | <u>2021</u> | <u>2020</u> |
|---|---------------|---------------|
| School District's Proportion of the Net OPEB Liability (Asset) | 0.06339324% | 0.06438015% |
| School District's Proportionate Share of the Net OPEB Liability (Asset) | (\$1,114,134) | (\$1,066,289) |
| School District's Covered Payroll | \$7,676,093 | \$7,582,607 |
| School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll | -14.51% | -14.06% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 182.10% | 174.70% |

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2017 is not available. An additional column will be added each fiscal year.

* 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

| 2019 | 2018 | 2017 |
|---------------|-------------|-------------|
| 0.06626676% | 0.06865534% | 0.06778870% |
| (\$1,064,839) | \$2,678,678 | \$3,625,357 |
| \$7,542,836 | \$7,240,393 | \$7,229,907 |
| -14.12% | 37.00% | 50.14% |
| 176.00% | 47.10% | 37.30% |

Brooklyn City 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 | 2018 |
|---|-------------|-------------|-------------|-------------|
| School District's Proportion of the Net Pension Liability | 0.05465500% | 0.05119770% | 0.05978930% | 0.06093935% |
| School District's Proportionate Share of the Net Pension Liability | \$3,615,030 | \$3,063,248 | \$3,424,245 | \$3,640,992 |
| School District's Covered Payroll | \$1,816,086 | \$1,793,437 | \$2,024,459 | \$1,872,329 |
| School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | 199.06% | 170.80% | 169.14% | 194.46% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 68.55% | 70.85% | 71.36% | 69.50% |

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2014 is not available. An additional column will be added each fiscal year.

* 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

| 2017 | 2016 | 2015 | 2014 |
|-------------|-------------|-------------|-------------|
| 0.06549260% | 0.06876930% | 0.06654200% | 0.06654200% |
| \$4,793,453 | \$3,924,042 | \$3,367,652 | \$3,957,039 |
| \$2,045,421 | \$2,097,132 | \$1,763,218 | \$1,886,069 |
| 234.35% | 187.11% | 190.99% | 209.80% |
| 62.98% | 69.16% | 71.70% | 65.52% |

Brooklyn City 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) **

| | <u>2021</u> | <u>2020</u> |
|---|-------------|-------------|
| School District's Proportion of the Net OPEB Liability | 0.05642710% | 0.05231551% |
| School District's Proportionate Share of the Net OPEB Liability | \$1,226,346 | \$1,315,625 |
| School District's Covered Payroll | \$1,816,086 | \$1,793,437 |
| School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll | 67.53% | 73.36% |
| Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability | 18.17% | 15.57% |

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2017 is not available. An additional column will be added each fiscal year.

* 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

| 2019 | 2018 | 2017 |
|-------------|-------------|-------------|
| 0.05997730% | 0.06150536% | 0.06603470% |
| \$1,663,932 | \$1,650,642 | \$1,882,233 |
| \$2,024,459 | \$1,872,329 | \$2,045,421 |
| 82.19% | 88.16% | 92.02% |
| 13.57% | 12.46% | 11.49% |

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

| | 2021 | 2020 | 2019 | 2018 |
|---|--------------------|--------------------|--------------------|--------------------|
| Net Pension Liability: | | | | |
| Contractually Required Contribution | \$1,234,729 | \$1,074,653 | \$1,061,565 | \$1,055,997 |
| Contributions in Relation to the Contractually Required Contribution | <u>(1,234,729)</u> | <u>(1,074,653)</u> | <u>(1,061,565)</u> | <u>(1,055,997)</u> |
| Contribution Deficiency (Excess) | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| School District Covered Payroll (1) | \$8,819,493 | \$7,676,093 | \$7,582,607 | \$7,542,836 |
| Pension Contributions as a Percentage of Covered Payroll | <u>14.00%</u> | <u>14.00%</u> | <u>14.00%</u> | <u>14.00%</u> |
| Net OPEB Liability (Asset): | | | | |
| 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 |
|--------------------|--------------------|--------------------|------------------|------------------|--------------------|
| \$1,013,655 | \$1,012,187 | \$1,071,289 | \$954,602 | \$981,505 | \$1,008,220 |
| <u>(1,013,655)</u> | <u>(1,012,187)</u> | <u>(1,071,289)</u> | <u>(954,602)</u> | <u>(981,505)</u> | <u>(1,008,220)</u> |
| <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| \$7,240,393 | \$7,229,907 | \$7,652,064 | \$7,343,092 | \$7,550,038 | \$7,755,538 |
| <u>14.00%</u> | <u>14.00%</u> | <u>14.00%</u> | <u>13.00%</u> | <u>13.00%</u> | <u>13.00%</u> |
| \$0 | \$0 | \$0 | \$73,431 | \$75,500 | \$77,555 |
| <u>0</u> | <u>0</u> | <u>0</u> | <u>(73,431)</u> | <u>(75,500)</u> | <u>(77,555)</u> |
| <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| <u>0.00%</u> | <u>0.00%</u> | <u>0.00%</u> | <u>1.00%</u> | <u>1.00%</u> | <u>1.00%</u> |
| <u>14.00%</u> | <u>14.00%</u> | <u>14.00%</u> | <u>14.00%</u> | <u>14.00%</u> | <u>14.00%</u> |

Brooklyn City 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 |
|---|------------------|------------------|------------------|------------------|
| Net Pension Liability: | | | | |
| Contractually Required Contribution | \$254,046 | \$254,252 | \$242,114 | \$273,302 |
| Contributions in Relation to the Contractually Required Contribution | <u>(254,046)</u> | <u>(254,252)</u> | <u>(242,114)</u> | <u>(273,302)</u> |
| Contribution Deficiency (Excess) | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| School District Covered Payroll (1) | \$1,814,614 | \$1,816,086 | \$1,793,437 | \$2,024,459 |
| Pension Contributions as a Percentage of Covered Payroll | <u>14.00%</u> | <u>14.00%</u> | <u>13.50%</u> | <u>13.50%</u> |
| Net OPEB Liability: | | | | |
| Contractually Required Contribution (2) | \$41,174 | \$34,884 | \$40,186 | \$39,509 |
| Contributions in Relation to the Contractually Required Contribution | <u>(41,174)</u> | <u>(34,884)</u> | <u>(40,186)</u> | <u>(39,509)</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>2.27%</u> | <u>1.92%</u> | <u>2.24%</u> | <u>1.95%</u> |
| Total Contributions as a Percentage of Covered Payroll (2) | <u>16.27%</u> | <u>15.92%</u> | <u>15.74%</u> | <u>15.45%</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 |
|------------------|------------------|------------------|------------------|------------------|------------------|
| \$262,126 | \$286,359 | \$276,402 | \$244,382 | \$261,032 | \$274,951 |
| <u>(262,126)</u> | <u>(286,359)</u> | <u>(276,402)</u> | <u>(244,382)</u> | <u>(261,032)</u> | <u>(274,951)</u> |
| <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| \$1,872,329 | \$2,045,421 | \$2,097,132 | \$1,763,218 | \$1,886,069 | \$2,044,245 |
| <u>14.00%</u> | <u>14.00%</u> | <u>13.18%</u> | <u>13.86%</u> | <u>13.84%</u> | <u>13.45%</u> |
| \$31,977 | \$32,651 | \$50,827 | \$33,425 | \$31,309 | \$36,448 |
| <u>(31,977)</u> | <u>(32,651)</u> | <u>(50,827)</u> | <u>(33,425)</u> | <u>(31,309)</u> | <u>(36,448)</u> |
| <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |
| <u>1.71%</u> | <u>1.60%</u> | <u>2.42%</u> | <u>1.90%</u> | <u>1.66%</u> | <u>1.78%</u> |
| <u>15.71%</u> | <u>15.60%</u> | <u>15.60%</u> | <u>15.76%</u> | <u>15.50%</u> | <u>15.23%</u> |

Brooklyn City School District
Notes to the 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 as follows:

| | Beginning in Fiscal Year 2017 | Fiscal Year 2016 and Prior |
|---|---|---|
| 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 as follows:

| | Beginning in Fiscal Year 2018 | Fiscal Year 2017 and Prior |
|--------------------------------------|--|--|
| 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. |

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

Brooklyn City School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

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 (Asset)

Changes in Assumptions – SERS

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

| | |
|---|--------------|
| 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 percent.

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.

Brooklyn City School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

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.

**Brooklyn City School District
Cuyahoga County
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021
(Prepared by Management)**

| FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title | Federal ALN Number | Total Federal Expenditures |
|---|-----------------------------------|---------------------------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | |
| Child Nutrition Cluster | | |
| <i>Passed Through Ohio Department of Education</i> | | |
| Cash Assistance: | | |
| National School Lunch Program | 10.555 | \$ 61,198 |
| National School Breakfast Program | 10.553 | 36,512 |
| National School Lunch Program - COVID 19 | 10.555 | 8,045 |
| National School Breakfast Program - COVID 19 | 10.553 | 1,505 |
| Direct Program | | |
| Non-cash Assistance: | | |
| National School Lunch Program - Donated Commodities | 10.555 | 20,471 |
| <i>Total Child Nutrition Cluster</i> | | <u>127,731</u> |
| Total U.S. Department of Agriculture | | 127,731 |
| U.S. DEPARTMENT OF EDUCATION | | |
| <i>Passed Through Ohio Department of Education</i> | | |
| <i>Title I</i> | | |
| Title I Grants to Local Education Agencies | 84.010 | 359,320 |
| <i>Special Education Cluster</i> | | |
| Special Education Grants to States - IDEA- B | 84.027 | 290,589 |
| Special Education Early Childhood Education | 84.173 | 4,336 |
| <i>Total Special Education Cluster</i> | | <u>294,925</u> |
| Improving Teacher Quality State Grants - Title IIA | 84.367 | 53,912 |
| Title IV-A Student Support and Academic Enrichment | 84.424 | 112,254 |
| Elementary and Secondary School Emergency Relief (ESSER) I | 84.425D | 17,044 |
| ESSER II | 84.425D | 391,519 |
| <i>Total ESSER</i> | | <u>408,563</u> |
| English Language Acquisition State Grants - Title III, Part A | 84.365 | 14,656 |
| Total U.S. Department of Education | | <u>1,243,630</u> |
| U.S. DEPARTMENT OF THE TREASURY | | |
| <i>Passed Through Ohio Department of Education</i> | | |
| Coronavirus Relief Fund - URBAN SD - COVID-19 | 21.019 | 54,471 |
| Coronavirus Relief Fund -BroadbandOhio Connectivity - COVID-19 | 21.019 | 9,452 |
| Total U.S. Department of the Treasury | | <u>63,923</u> |
| Total Expenditures of Federal Awards | | <u><u>\$ 1,435,284</u></u> |

The accompanying notes are an integral part of this schedule.

Brooklyn City School District
Cuyahoga 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 Brooklyn City School District, Cuyahoga County, (the District's) 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 - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

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

Brooklyn City School District
Cuyahoga County
9200 Biddulph Road
Brooklyn, Ohio 44144

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 Brooklyn City School District, Cuyahoga 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 20, 2021, wherein we noted the District implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We also noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District.

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 to be material weaknesses. However, material weaknesses may exist that have not been identified.

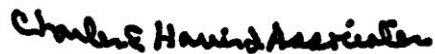
Compliance and Other Matters

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 have reported to the District's management in a separate letter dated December 20, 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 under *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 20, 2021

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

Brooklyn City School District
Cuyahoga County
9200 Biddulph Road
Brooklyn, Ohio 44144

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Brooklyn City School District, Cuyahoga 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 applicable to 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 federal 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 Brooklyn City School District, Cuyahoga 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 20, 2021

**Brooklyn City School District
Cuyahoga County**

**Schedule of Findings
2 CFR § 200.515
June 30, 2021**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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OHIO AUDITOR OF STATE KEITH FABER



BROOKLYN CITY SCHOOL DISTRICT

CUYAHOGA 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 2/22/2022

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