BROOKFIELD LOCAL SCHOOL DISTRICT

TRUMBULL COUNTY

Single Audit

For the Year Ended June 30, 2022

Charles E. Harris
& Associates, Inc.
CPAs and Government Consultants

OHIO AUDITOR OF STATE
KEITH FABER

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Board of Education
Brookfield Local School District
614 Bedford Road, SE
Brookfield, Ohio 44403

We have reviewed the *Independent Auditor's Report* of the Brookfield Local School District, Trumbull County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2021 through June 30, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

March 09, 2023

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Brookfield Local School District
Trumbull County

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Brookfield Local School District, Trumbull County, Ohio as of June 30, 2022, and the respective changes in financial position thereof and the budgetary comparison for the General and Elementary and Secondary School Emergency Relief Funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matter

As discussed in Note 23 to the financial statements, the financial impact of COVID-19 and ensuing emergency measures will impact subsequent periods of the District. As discussed in Note 21 to the financial statements, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. We did not modify our opinion regarding these matters.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of net pension and other post-employment benefit liabilities/assets and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements.

The Schedule of Expenditures of Federal Awards (Schedule) is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2023, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Charles E. Harris & Associates, Inc.
January 13, 2023

As management of the Brookfield Local School District (the School District), we offer readers of the School District's financial statements this narrative and analysis of the financial activities of the School District for the fiscal year ended June 30, 2022. We encourage readers to consider the information presented here in conjunction with financial statements and notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2022 are as follows:

- Net position increased in fiscal year 2022 due mainly to changes in the net pension liability and net OPEB (asset) liability and the deferred outflows/inflows of resources associated with these liabilities partially offset with a decrease in capital assets from current year depreciation exceeding current year additions.

- Capital assets decreased in fiscal year 2022 as depreciation outpaced additions. Capital asset additions included furniture and equipment and vehicles.

- Outstanding long-term obligations decreased during fiscal year 2022 due to continued pay down on debt.

Overview of the Financial Statements

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

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

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

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

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

Fund Financial Statements A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like the State and local governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. These fund financial statements focus on the School District's most significant funds. The School District's major governmental funds include the general fund, the ESSER special revenue fund, the bond retirement fund and the classroom facilities capital projects fund.

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

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

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. Table 1 provides a comparison of the School District's net position for 2022 compared to 2021.

Table 1
Net Position
Governmental Activities

	2022	2021	Change
Assets			
Current and Other Assets	$9,538,529	$10,261,846	($723,317)
Net OPEB Asset	778,150	641,997	136,153
Capital Assets, Net	27,225,719	27,787,821	(562,102)
Total Assets	37,542,398	38,691,664	(1,149,266)
Deferred Outflows of Resources			
Deferred Charge on Refunding	220,293	236,709	(16,416)
Pension	2,429,710	1,891,672	538,038
OPEB	242,794	276,825	(34,031)
Total Deferred Outflows of Resources	2,892,797	2,405,206	487,591
Liabilities			
Current Liabilities	1,613,989	1,421,595	(192,394)
Long-Term Liabilities			
Due Within One Year	633,362	640,092	6,730
Due in More Than One Year:			
Net Pension Liability	5,973,113	11,046,739	5,073,626
Net OPEB Liability	664,634	756,128	91,494
Other Amounts	12,124,885	12,716,947	592,062
Total Liabilities	21,009,983	26,581,501	5,571,518
Deferred Inflows of Resources			
Property Taxes	4,461,074	4,386,149	(74,925)
Pension	5,078,986	525,020	(4,553,966)
OPEB	1,341,029	1,252,865	(88,164)
Total Deferred Inflows of Resources	10,881,089	6,164,034	(4,717,055)
Net Position			
Net Investment in Capital Assets	16,026,186	16,195,584	(169,398)
Restricted for:			
Capital Projects	536,444	1,113,074	(576,630)
Debt Service	601,156	592,352	8,804
Other Purposes	6,422	100,654	(94,232)
Unrestricted (Deficit)	(8,626,085)	(9,650,329)	1,024,244
Total Net Position	$8,544,123	$8,351,335	$192,788

The net pension liability (NPL) is one of the largest single liabilities reported by the School District at June 30, 2022. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the School District, total assets and deferred outflows of resources exceed total liabilities and deferred inflows of resources by $8,544,123 in fiscal year 2022 and $8,351,335 in fiscal year 2021.

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

The School District continues to provide the services that the School District residents expect while maintaining the costs of providing those services. The most dramatic changes were decreases to cash and cash equivalents offset by increases to intergovernmental receivables and property tax receivables. Other changes included decreases in debt as a result of continued paydown on debt and also the changes from net pension/OPEB noted above.

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for fiscal years 2022 and 2021.

Table 2
Changes in Net Position
Governmental Activities

	2022	2021	Change
Program Revenues			
Charges for Services and Sales	$202,091	$520,478	($318,387)
Operating Grants, Interest and Contributions	3,377,018	2,698,183	678,835
Capital Grants and Contributions	188,130	0	188,130
Total Program Revenues	3,767,239	3,218,661	548,578
General Revenues			
Property Taxes	4,552,237	4,493,403	58,834
Grants and Entitlements	6,177,637	6,028,250	149,387
Unrestricted Contributions	16,169	1,050	15,119
Investment Earnings	5,059	3,431	1,628
Miscellaneous	125,574	315,753	(190,179)
Total General Revenues	10,876,676	10,841,887	34,789
Total Revenues	14,643,915	14,060,548	583,367
Program Expenses			
Instruction:			
Regular	5,142,962	6,121,639	978,677
Special	1,426,239	1,609,589	183,350
Vocational	574,646	0	(574,646)
Student Intervention Services	28,919	9,031	(19,888)
Support Services			
Pupil	731,537	755,022	23,485
Instructional Staff	276,559	312,178	35,619
Board of Education	32,574	16,956	(15,618)
Administration	2,068,337	1,184,893	(883,444)
Fiscal	350,069	353,438	3,369
Business	54,392	42,724	(11,668)
Operation and Maintenance of Plant	1,449,845	1,283,523	(166,322)
Pupil Transportation	748,021	665,734	(82,287)
Central	270,558	386,933	116,375
Operation of Food Services	416,378	313,228	(103,150)
Extracurricular Activities	425,154	376,644	(48,510)
Interest and Fiscal Charges	454,937	444,223	(10,714)
Total Program Expenses	14,451,127	13,875,755	(575,372)
Change in Net Position	192,788	184,793	7,995
Net Position Beginning of Year	8,351,335	8,166,542	184,793
Net Position End of Year	$8,544,123	$8,351,335	$192,788

Governmental Activities

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

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

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

Program revenues increased for governmental activities in fiscal year 2022. Operating grants increased due to the School District seeking out restricted grant monies as additional sources of operating revenues along with new grants. General revenues increased in fiscal year 2022 resulting from increases in property taxes, grants and entitlements, unrestricted contributions and investment earnings that were partially offset by a decrease to miscellaneous revenue.

Instruction composes the most significant portion of governmental program expenses. The largest component of the increase in program expenses results from increases in support services such as board of education, administration, business, operation and maintenance of plant, pupil transportation and operation of food services expenses.

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

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

	Total Cost of Services 2022	Net Cost of Services 2022	Total Cost of Services 2021	Net Cost of Services 2021
Instruction	$7,172,766	$5,284,455	$7,740,259	$5,761,607
Support Services:				
Pupil and Instructional Staff	1,008,096	916,387	1,067,200	595,529
Board of Education and Administration	2,100,911	1,729,740	1,201,849	1,200,849
Fiscal and Business	404,461	404,461	396,162	396,162
Operation and Maintenance of Plant	1,449,845	1,104,786	1,283,523	962,138
Pupil Transportation	748,021	556,212	665,734	603,716
Central	270,558	217,357	386,933	351,664
Operation of Food Service	416,378	(283,280)	313,228	71,022
Extracurricular Activities	425,154	298,833	376,644	270,184
Interest and Fiscal Charges	454,937	454,937	444,223	444,223
Total Expenses	$14,451,127	$10,683,888	$13,875,755	$10,657,094

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

Financial Analysis of the Government's Funds

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

General Fund Budgeting Highlights

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

During the course of fiscal year 2022, the School District amended its general fund budget numerous times. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

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

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

Capital Assets and Debt

Capital Assets

During fiscal year 2022, the School District's capital asset additions consisted of furniture and equipment and vehicles. The School District had a several vehicles and some equipment deletions for the current fiscal year. For more information about the School District's capital assets, see Note 9 to the basic financial statements.

Debt

On November 7, 2017, the School District issued $11,530,000 in general obligation bonds to refund the 2008 general obligation bonds. This allowed the School District to decrease its total debt service payments by $2,609,854. The school facilities construction bonds included serial and term bonds in the amounts of $7,380,000 and $4,150,000, respectively. In fiscal year 2020, the School District issued $850,000 in financed purchase proceeds specific to acquiring energy efficient equipment and improvements. In fiscal year 2021, the School District issued $980,800 in financed purchase proceeds specific to building and roof improvements. The School District's overall debt margin was $3,908,959 with an unvoted debt margin of $143,820 at June 30, 2022. For more information about the School District's long-term obligations, see Note 15 to the basic financial statements.

Current Related Financial Activities

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

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

Contacting the School District's Financial Management Personnel

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

Basic Financial Statements

Brookfield Local School District
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$1,952,416
Cash and Cash Equivalents With Fiscal Agents	35,251
Accounts Receivable	27,654
Intergovernmental Receivable	2,369,260
Prepaid Items	8,277
Inventory Held for Resale	25,152
Materials and Supplies Inventory	11,255
Property Taxes Receivable	5,109,264
Net OPEB Asset (See Note 13)	778,150
Nondepreciable Capital Assets	941,496
Depreciable Capital Assets, Net	26,284,223
Total Assets	37,542,398
Deferred Outflows of Resources	
Deferred Charge on Refunding	220,293
Pension	2,429,710
OPEB	242,794
Total Deferred Outflows of Resources	2,892,797
Liabilities	
Accounts Payable	139,745
Accrued Wages and Benefits	871,953
Contracts Payable	165,145
Intergovernmental Payable	221,296
Unearned Revenue	8,389
Accrued Interest Payable	207,461
Long-Term Liabilities:	
Due Within One Year	633,362
Due In More Than One Year:	
Net Pension Liability (See Note 12)	5,973,113
OPEB (See Note 13)	664,634
Other Amounts	12,124,885
Total Liabilities	21,009,983
Deferred Inflows of Resources	
Property Taxes	4,461,074
Pension	5,078,986
OPEB	1,341,029
Total Deferred Inflows of Resources	10,881,089
Net Position	
Net Investment in Capital Assets	16,026,186
Restricted for:	
Capital Projects	536,444
Debt Service	601,156
Other Purposes	6,422
Unrestricted (Deficit)	(8,626,085)
Total Net Position	$8,544,123

See accompanying notes to the basic financial statements

Brookfield Local School District

Statement of Activities

For the Fiscal Year Ended June 30, 2022

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Interest and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction:					
Regular	$5,142,962	$29,810	$848,270	$0	($4,264,882)
Special	1,426,239	2,225	1,006,661	0	(417,353)
Vocational	574,646	0	1,345	0	(573,301)
Student Intervention Services	28,919	0	0	0	(28,919)
Support Services:					
Pupil	731,537	0	56,228	0	(675,309)
Instructional Staff	276,559	0	35,481	0	(241,078)
Board of Education	32,574	0	400	0	(32,174)
Administration	2,068,337	0	370,771	0	(1,697,566)
Fiscal	350,069	0	0	0	(350,069)
Business	54,392	0	0	0	(54,392)
Operation and Maintenance of Plant	1,449,845	24,940	131,989	188,130	(1,104,786)
Pupil Transportation	748,021	0	191,809	0	(556,212)
Central	270,558	0	53,201	0	(217,357)
Operation of Food Services	416,378	19,095	680,563	0	283,280
Extracurricular Activities	425,154	126,021	300	0	(298,833)
Interest and Fiscal Charges	454,937	0	0	0	(454,937)
Totals	$14,451,127	$202,091	$3,377,018	$188,130	(10,683,888)

General Revenues	
Property Taxes Levied for:	
General Purposes	3,680,106
Debt Service	814,468
Other Purposes	57,663
Grants and Entitlements not Restricted to Specific Programs	6,177,637
Unrestricted Contributions	16,169
Investment Earnings	5,059
Miscellaneous	125,574
Total General Revenues	10,876,676
Change in Net Position	192,788
Net Position Beginning of Year - Restated (See Note - 21)	8,351,335
Net Position End of Year	$8,544,123

See accompanying notes to the basic financial statements

Brookfield Local School District
Balance Sheet
Governmental Funds
June 30, 2022

	General	Elementary and Secondary School Emergency Relief	Bond Retirement	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	$0	$0	$692,036	$886,154	$374,226	$1,952,416
Restricted Assets:						
Cash and Cash Equivalents With Fiscal Agents	35,251	0	0	0	0	35,251
Accounts Receivable	4,587	0	0	0	23,067	27,654
Intergovernmental Receivable	33,807	1,973,505	0	0	361,948	2,369,260
Interfund Receivable	2,093,874	0	0	544,114	0	2,637,988
Prepaid Items	8,277	0	0	0	0	8,277
Inventory Held for Resale	0	0	0	0	25,152	25,152
Materials and Supplies Inventory	0	0	0	0	11,255	11,255
Property Taxes Receivable	4,143,810	0	900,524	0	64,930	5,109,264
Total Assets	$6,319,606	$1,973,505	$1,592,560	$1,430,268	$860,578	$12,176,517
Liabilities						
Accounts Payable	$134,209	$853	$0	$4,417	$266	$139,745
Contracts Payable	0	0	0	165,145	0	165,145
Accrued Wages and Benefits	796,701	4,693	0	0	70,559	871,953
Interfund Payable	0	2,313,766	0	0	324,222	2,637,988
Intergovernmental Payable	207,414	1,022	0	0	12,860	221,296
Unearned Revenue	0	0	0	0	8,389	8,389
Total Liabilities	1,138,324	2,320,334	0	169,562	416,296	4,044,516
Deferred Inflows of Resources						
Property Taxes	3,620,414	0	783,943	0	56,717	4,461,074
Unavailable Revenue	531,786	1,034,730	113,449	0	63,007	1,742,972
Total Deferred Inflows of Resources	4,152,200	1,034,730	897,392	0	119,724	6,204,046
Fund Balances						
Nonspendable	8,277	0	0	0	11,255	19,532
Restricted	35,251	0	695,168	1,260,706	373,686	2,364,811
Assigned	985,554	0	0	0	0	985,554
Unassigned (Deficit)	0	(1,381,559)	0	0	(60,383)	(1,441,942)
Total Fund Balances (Deficit)	1,029,082	(1,381,559)	695,168	1,260,706	324,558	1,927,955
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$6,319,606	$1,973,505	$1,592,560	$1,430,268	$860,578	$12,176,517

See accompanying notes to the basic financial statements

Brookfield Local School District
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2022

Total Governmental Fund Balances		$1,927,955
Amounts reported for governmental activities in the statement of net position are different because		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		27,225,719
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds.		
Delinquent Property Taxes	630,776	
Intergovernmental	1,112,196	
Total		1,742,972
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.		(207,461)
The net pension liability and net OPEB asset/liability are not due and payable in the current period; therefore, the asset/liability and related deferred inflows/outflows are not reported in governmental funds.		
Net OPEB Asset	778,150	
Deferred Outflows - Pension	2,429,710	
Deferred Outflows - OPEB	242,794	
Net Pension Liability	(5,973,113)	
Net OPEB Liability	(664,634)	
Deferred Inflows - Pension	(5,078,986)	
Deferred Inflows - OPEB	(1,341,029)	
Total		(9,607,108)
Long-term liabilities payable are not due and payable in the current period and therefore are not reported in the funds.		
Deferred Charge on Refunding	220,293	
General Obligation Bonds	(10,531,076)	
Financed Purchases	(1,643,137)	
Asset Retirement Obligation	(28,500)	
Leases Payable	(5,439)	
Compensated Absences	(550,095)	
Total		(12,537,954)
Net Position of Governmental Activities		$8,544,123

See accompanying notes to the basic financial statements

Brookfield Local School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2022

	General	Elementary and Secondary School Emergency Relief	Bond Retirement	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Revenues						
Property Taxes	$3,674,924	$0	$817,011	$0	$57,671	$4,549,606
Intergovernmental	6,481,177	1,082,273	125,528	188,130	1,367,533	9,244,641
Interest	5,059	0	0	0	277	5,336
Tuition and Fees	23,834	0	0	0	0	23,834
Extracurricular Activities	20,061	0	0	0	126,021	146,082
Contributions and Donations	16,169	0	0	0	300	16,469
Charges for Services	0	0	0	0	19,095	19,095
Rentals	24,940	0	0	0	0	24,940
Miscellaneous	101,759	0	0	0	23,815	125,574
Total Revenues	10,347,923	1,082,273	942,539	188,130	1,594,712	14,155,577
Expenditures						
Current:						
Instruction:						
Regular	4,513,317	441,873	0	0	23,599	4,978,789
Special	971,921	559	0	0	541,245	1,513,725
Vocational	25,545	546,879	0	0	1	572,425
Student Intervention Services	0	28,919	0	0	0	28,919
Support Services:						
Pupil	765,321	69,097	0	0	1,954	836,372
Instructional Staff	282,678	0	0	0	30,080	312,758
Board of Education	32,198	0	0	0	250	32,448
Administration	1,726,345	455,633	0	0	0	2,181,978
Fiscal	361,503	0	16,908	0	1,186	379,597
Business	41,414	0	0	0	0	41,414
Operation and Maintenance of Plant	1,299,601	116,417	0	0	87,664	1,503,682
Pupil Transportation	521,329	235,710	0	0	0	757,039
Central	206,226	47,081	0	0	10,490	263,797
Operation of Food Services	0	0	0	0	430,115	430,115
Extracurricular Activities	238,652	0	0	0	165,708	404,360
Capital Outlay	0	0	0	345,674	0	345,674
Debt Service:						
Principal Retirement	116,181	0	485,000	0	0	601,181
Interest and Fiscal Charges	68,949	0	441,338	0	0	510,287
Total Expenditures	11,171,180	1,942,168	943,246	345,674	1,292,292	15,694,560
Excess of Revenues Over (Under) Expenditures	(823,257)	(859,895)	(707)	(157,544)	302,420	(1,538,983)
Other Financing Sources (Uses)						
Inception of Lease	5,794	0	0	0	0	5,794
Transfers In	0	0	0	305,489	21,796	327,285
Transfers Out	(327,285)	0	0	0	0	(327,285)
Total Other Financing Sources (Uses)	(321,491)	0	0	305,489	21,796	5,794
Net Change in Fund Balances	(1,144,748)	(859,895)	(707)	147,945	324,216	(1,533,189)
Fund Balances (Deficit) Beginning of Year - Restated (See Note 21)	2,173,830	(521,664)	695,875	1,112,761	342	3,461,144
Fund Balances (Deficit) End of Year	$1,029,082	($1,381,559)	$695,168	$1,260,706	$324,558	$1,927,955

See accompanying notes to the basic financial statements

Brookfield Local School District

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended June 30, 2022

Net Change in Fund Balances - Total Governmental Funds		($1,533,189)
Amounts reported for governmental activities in the statement of activities are different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital Asset Additions	302,882	
Current Year Depreciation/Amortization	(864,984)	
Total		(562,102)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent Property Taxes	2,631	
Intergovernmental	497,567	
Tuition and Fees	(11,860)	
Total		488,338
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		601,181
Other financing sources in the governmental funds, such as the inception of a lease, increase long-term liabilities in the statement of net position.		(5,794)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Accrued Interest on Bonds	12,054	
Amortization of Deferred Charge on Refunding	(16,416)	
Amortization of Premium on Bonds	59,712	
Total		55,350
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	877,864	
OPEB	22,989	
Total		900,853
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	179,834	
OPEB	82,463	
Total		262,297
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences	(29,146)	
Special Termination Benefits Payable	15,000	
Total		(14,146)
Change in Net Position of Governmental Activities		$192,788

See accompanying notes to the basic financial statements

Brookfield Local School District

Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Property Taxes	$4,001,589	$3,678,107	$3,678,107	$0
Intergovernmental	7,332,495	6,479,866	6,479,866	0
Interest	3,981	3,518	3,518	0
Tuition and Fees	26,970	23,834	23,834	0
Contributions and Donations	32	24,940	24,940	0
Rentals	28,222	28	28	0
Miscellaneous	112,425	99,352	99,352	0
Total Revenues	11,505,714	10,309,645	10,309,645	0
Expenditures				
Current:				
Instruction:				
Regular	3,926,170	4,497,236	4,497,236	0
Special	886,514	1,015,458	1,015,458	0
Vocational	22,301	25,545	25,545	0
Support Services:				
Pupil	662,726	759,120	759,120	0
Instructional Staff	247,314	283,286	283,286	0
Board of Education	28,109	32,238	32,238	0
Administration	1,413,640	1,619,256	1,619,256	0
Fiscal	314,078	366,761	366,761	0
Business	53,121	60,847	60,847	0
Operation and Maintenance of Plant	1,071,132	1,366,099	1,366,099	0
Pupil Transportation	430,753	493,406	493,406	0
Central	176,271	227,270	227,270	0
Extracurricular Activities	208,978	239,374	239,374	0
Debt Service:				
Principal Retirement	61,390	92,484	92,484	0
Interest and Fiscal Charges	45,921	67,419	67,419	0
Total Expenditures	9,548,418	11,145,799	11,145,799	0
Excess of Revenues Over (Under) Expenditures	1,957,296	(836,154)	(836,154)	0
Other Financing Sources (Uses)				
Advances In	238,663	210,914	210,914	0
Advances Out	(916,922)	(1,050,291)	(1,050,291)	0
Transfers Out	(305,286)	(349,690)	(349,690)	0
Total Other Financing Sources (Uses)	(983,545)	(1,189,067)	(1,189,067)	0
Net Change in Fund Balance	973,751	(2,025,221)	(2,025,221)	0
Fund Balance Beginning of Year	2,445,589	2,445,589	2,445,589	0
Prior Year Encumbrances Appropriated	15,335	15,335	15,335	0
Fund Balance End of Year	$3,434,675	$435,703	$435,703	$0

See accompanying notes to the basic financial statements

Brookfield Local School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
Elementary and Secondary School Emergency Relief Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Intergovernmental	$153,757	$258,001	$143,498	($114,503)
Expenditures				
Current:				
Instruction:				
Regular	264,553	441,873	441,873	0
Special	2,994	5,000	5,000	0
Vocational	334,901	559,372	559,372	0
Student Intervention Services	17,314	28,919	28,919	0
Support Services:				
Pupil	40,857	68,242	68,242	0
Administration	273,661	457,086	457,086	0
Operation and Maintenance of Plant	393,310	656,930	656,930	0
Pupil Transportation	154,451	257,973	257,973	0
Central	28,036	46,828	46,828	0
Total Expenditures	1,510,077	2,522,223	2,522,223	0
Excess of Revenues Over (Under) Expenditures	(1,356,320)	(2,264,222)	(2,378,725)	(114,503)
Other Financing Sources (Uses)				
Advances In	1,106,853	1,857,274	1,033,002	(824,272)
Advances Out	(87,830)	(146,699)	(146,699)	0
Total Other Financing Sources (Uses)	1,019,023	1,710,575	886,303	(824,272)
Net Change in Fund Balance	(337,297)	(553,647)	(1,492,422)	(938,775)
Fund Balance Beginning of Year	0	0	0	0
Prior Year Encumbrances Appropriated	25,802	25,802	25,802	0
Fund Balance (Deficit) End of Year	($311,495)	($527,845)	($1,466,620)	($938,775)

See accompanying notes to the basic financial statements

Note 1 - Description of the School District

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and federal agencies. The Board of Education controls the School District's 3 instructional/support facilities staffed by 86 certified employees and 44 classified employees who provide services to 1,024 students and other community members.

Reporting Entity

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

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

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

Note 2 - Summary of Significant Accounting Policies

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

Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities and fund financial statements which provide a more detailed level of financial information.

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

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

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

Fund Accounting

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

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

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

> ***General Fund*** The general fund is the operating fund of the School District and is used to account and report for all financial resources except those required to be accounted for and reported in another fund. The general fund balance is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.
>
> ***Elementary and Secondary School Emergency Relief Special Revenue Fund*** The elementary and secondary school emergency relief special revenue fund accounts for and reports restricted federal grant monies received in response for covid relief.
>
> ***Bond Retirement Fund*** The bond retirement fund accounts for and reports property tax revenues that are restricted for the payment of principal and interest and fiscal charges on general obligation debt.

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

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

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

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

Basis of Accounting

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

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

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

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

Unearned Revenues Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because the amounts have not yet been earned. The School District recognizes unearned revenue for intergovernmental revenue from grants received before the eligibility requirements are met.

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 asset that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding and for pension and OPEB plans. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 12 and 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net asset 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, 2022, but which were levied to finance fiscal year 2023 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes and intergovernmental revenue. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities fund on page 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 12 and 13)

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

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

Pensions/Other Postemployment Benefits (OPEB)

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

Budgetary Data

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

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

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

Cash and Cash Equivalents

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

During fiscal year 2022, the School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For fiscal year 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of $100 million or more is encouraged. STAR Ohio reserves the right to limit the transaction to $250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the $250 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2022 amounted to $5,059, of which $4,964 is 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 presented on the financial statements as cash equivalents.

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

Inventory

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2022, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which the services are consumed.

Restricted Cash

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

Capital Assets

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

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

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

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

The School District is reporting intangible right to use assets related to leased equipment. These intangible assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Compensated Absences

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

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

Accrued Liabilities and Long-term Obligations

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

Fund Balance

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

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

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by the School District Board of Education or a School District official delegated that authority by State statute. State statute authorizes the Treasurer to assign fund balances for purchases on order provided such amounts have been lawfully appropriated. The Board of Education assigned fund balance for school support instruction and for fiscal year 2023 operations.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

Net Position

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

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

Deferred Charge on Refunding

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

Bond Premium

On the government-wide financial statements, bond premiums are deferred and amortized for the term of the bonds using the straight-line method since the results are not significantly different from the effective interest method. Bond premiums are presented as an increase of the face amount of the bonds payable. On governmental fund statements, bond premiums are receipted in the year the bonds are issued. Under Ohio law, premiums on the original issuance of debt are to be deposited to the bond retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

Estimates

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

Interfund Balances

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

Internal Activity

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

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

Note 3 – Accountability and Compliance

Accountability

Fund balances at June 30, 2022, included the following individual fund deficits:

Major Fund:	
Elementary and Secondary School Emergency Relief	$1,381,559
Special Revenue Funds:	
Student Wellness and Success	5,368
Title I	55,015

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.

Compliance

As of June 30, 2022, the ESSER special revenue fund had original appropriations of $1,597,907 in excess of estimated resources plus carryover balances of $1,286,412, in the amount of $311,495, contrary to Section 5705.39, Ohio Revised Code.

As of June 30, 2022, the following School District funds had final appropriations in excess of estimated resources plus carryover balances, contrary to Section 5705.39, Ohio Revised Code:

Fund	Estimated Resources Plus Available Balances	Appropriations	Excess
Major Governmental Fund			
ESSER	$2,141,077	$2,668,922	($527,845)
Other Governmental Funds			
Broadband Ohio Connectivity	0	7,705	(7,705)
Title VI-B	248,144	300,400	(52,256)
Title II-A	44,264	76,764	(32,500)

Management has indicated that appropriations will be closely monitored to prevent future violations.

Note 4 – Fund Balances

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

Fund Balances	General	Elementary and Secondary School Emergency Relief	Bond Retirement	Classroom Facilities	Other Governmental Funds	Total
Nonspendable						
Materials and Supplies Inventory	$0	$0	$0	$0	$11,255	$11,255
Prepaid Items	8,277	0	0	0	0	8,277
Total Nonspendable	8,277	0	0	0	11,255	19,532
Restricted						
Food Service	0	0	0	0	323,799	323,799
Scholarships	0	0	0	0	1,885	1,885
Student Activities and Wellness	0	0	0	0	23,166	23,166
Data and Information Systems	0	0	0	0	19,362	19,362
Grants for Education	0	0	0	0	5,161	5,161
Debt Service Payments	0	0	695,168	0	0	695,168
Capital Improvements	35,251	0	0	1,260,706	313	1,296,270
Total Restricted	$35,251	$0	$695,168	$1,260,706	$373,686	$2,364,811

(continued)

Fund Balances (continued)	General	Elementary and Secondary School Emergency Relief	Bond Retirement	Classroom Facilities	Other Governmental Funds	Total
Assigned to						
Purchases on order:						
Support Services	$199,638	$0	$0	$0	$0	$199,638
Fiscal Year 2023 Operations	725,721	0	0	0	0	725,721
School Support Instruction	60,195	0	0	0	0	60,195
Total Assigned	985,554	0	0	0	0	985,554
Unassigned (Deficit)	0	(1,381,559)	0	0	(60,383)	(1,441,942)
Total Fund Balances (Deficit)	$1,029,082	($1,381,559)	$695,168	$1,260,706	$324,558	$1,927,955

Note 5 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).

2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

3. Budgetary revenues and expenditures of the public school support special revenue fund is classified to the general fund for GAAP reporting.

4. Unrecorded cash represents amounts received but not reported by the School District on the operating statements (budget), but which is reported on the GAAP basis operating statements.

5. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP).

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

Net Change in Fund Balance

	General	Elementary and Secondary School Emergency Relief
GAAP Basis	($1,144,748)	($859,895)
Revenue Accruals	(22,449)	(938,775)
Advance In	210,914	1,033,002
Expenditure Accruals	194,690	(56,608)
Advance Out	(1,050,291)	(146,699)
Beginning unrecorded cash	72,235	0
Ending unrecorded cash	(35,251)	0
Perspective Difference:		
Public School Support	(41,768)	0
Encumbrances	(208,553)	(523,447)
Budget Basis	($2,025,221)	($1,492,422)

Note 6 - Deposits and Investments

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

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

Inactive deposits are public deposits that the Board has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.
Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association,

Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

7. The State Treasurer's investment pool (STAR Ohio), and;

8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

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

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

Investments

As of June 30, 2022, the School District had STAR Ohio as an investment. STAR Ohio is being held with an amount of $1,567,784 which is measured at net asset value per share. The average maturity is 35.3 days.

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

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

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenues received in calendar year 2022 represent the collection of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed values as of January 1, 2021, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

The School District receives property taxes from Trumbull County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2022, are available to finance fiscal year 2023 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, 2022, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2022, was $14,061 in the general fund, $3,132 in the bond retirement debt service fund and $221 in the classroom facilities maintenance special revenue fund. The amount available as an advance at June 30, 2021, was $17,244 in the general fund, $3,967 in the bond retirement debt service fund and $274 in the classroom facilities maintenance special revenue fund.

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

The assessed values upon which the fiscal year 2022 taxes were collected are:

	2021 Second Half Collections		2022 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	$125,833,360	88.25%	$126,325,240	87.84%
Public Utility Personal	16,755,290	11.75	17,494,660	12.16
Total	$142,588,650	100.00%	$143,819,900	100.00%
Full Tax Rate per $1,000 of assessed valuation	$56.10		$55.75	

Note 8 - Receivables

Receivables at June 30, 2022, consisted of accounts, taxes and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables except property taxes are expected to be received within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amounts
ESSER Grant	$1,329,996
Miscellaneous State Grant	643,509
Title I Grant	215,206
Title VI-B Grant	127,023
SERS Overpayment Refund	22,451
Class Size Reduction Grant	12,946
Youngstown State University	11,150
Title IV-A Grant	4,658
IDEA Grant	2,115
School Foundation Adjustments	206
Total	$2,369,260

Note 9 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

Governmental Activities	Balance 6/30/2021	Additions	Deductions	Balance 6/30/2022
Capital Assets not being Depreciated:				
Land	$776,351	$0	$0	$776,351
Construction in Progress	0	165,145	0	165,145
Total Nondepreciable Capital Assets	776,351	165,145	0	941,496
Capital Assets being Depreciated:				
Land Improvements	1,497,062	0	0	1,497,062
Buildings and Improvements	32,620,583	0	0	32,620,583
Furniture and Equipment	705,191	42,866	0	748,057
Vehicles	1,155,102	89,077	(278,436)	965,743
Intangible Right to Use Lease - Equipment**	1,129	5,794	(1,129)	5,794
Total Capital Assets being Depreciated	35,979,067	137,737	(279,565)	35,837,239
Less Accumulated Depreciation and Amortization:				
Land Improvements	(812,052)	(71,574)	0	(883,626)
Buildings and Improvements	(6,826,211)	(641,664)	0	(7,467,875)
Furniture and Equipment	(450,217)	(62,398)	0	(512,615)
Vehicles	(879,117)	(87,640)	278,436	(688,321)
Intangible Right to Use Lease - Equipment**	0	(1,708)	1,129	(579)
Total Accumulated Depreciation and Amortization	(8,967,597)	(864,984) *	279,565	(9,553,016)
Total Assets being Depreciated, Net	27,011,470	(727,247)	0	26,284,223
Governmental Activities Capital Assets, Net	$27,787,821	($562,102)	$0	$27,225,719

*Depreciation expense was charged to governmental activities as follows:

Instruction:	
Regular	$697,861
Support Services:	
Business	18,536
Operation and Maintenance of Plant	9,415
Pupil Transportation	88,874
Central	5,775
Food Service Operation	25,356
Extracurricular Activities	19,167
Total Depreciation Expense	$864,984

** Of the current year depreciation total of $864,606, $1,708 is presented as general government expense on the Statement of Activities related to the School District's intangible asset of a postage machine, which is included as an Intangible Right to Use Lease. With the implementation of Governmental Accounting Standards Board Statement No. 87, *Leases*, a lease meeting the criteria of this statement requires the lessee to recognize the lease liability and an intangible right to use asset.

Note 10 - Contingencies

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2022, if applicable, cannot be determined at this time.

School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, all ODE adjustments for fiscal year 2022 have been finalized.

Litigation

The School District is party to legal proceedings. The School District is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

Note 11 - Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2022, the School District contracted with Schools of Ohio Risk Sharing Association (SORSA) for property and liability insurance.

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

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

The School District maintains replacement cost insurance on buildings and contents. There is no longer a defined dollar amount. The certificate reads, “Total insured value as reported to SORSA, subject to $350,000,000 all members aggregate, any one occurrence.”

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

Employee Health Benefits

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

Worker's Compensation

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

Note 12 - Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

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

The net pension/OPEB liability (asset) represents 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 healthcare to eligible benefit recipients.

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

School Employees Retirement System (SERS)

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

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 0.5 percent COLA for calendar year 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, 2022, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2022, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was $177,612 for fiscal year 2022. Of this amount $16,578 is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.
The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five 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, 2026, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined

Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2022 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2022, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was $700,252 for fiscal year 2022. Of this amount $94,480 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, 2021, 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:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.03399300%	0.03690684%	
Prior Measurement Date	0.03338300%	0.03652899%	
Change in Proportionate Share	0.00061000%	0.00037785%	
Proportionate Share of the Net Pension Liability	$1,254,243	$4,718,870	$5,973,113
Pension Expense	($21,108)	($158,726)	($179,834)

At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$121	$145,790	$145,911
Changes of assumptions	26,411	1,309,099	1,335,510
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	23,426	46,999	70,425
School District contributions subsequent to the measurement date	177,612	700,252	877,864
Total Deferred Outflows of Resources	$227,570	$2,202,140	$2,429,710
Deferred Inflows of Resources			
Differences between expected and actual experience	$32,528	$29,578	$62,106
Net difference between projected and actual earnings on pension plan investments	645,972	4,066,763	4,712,735
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	11,519	292,626	304,145
Total Deferred Inflows of Resources	$690,019	$4,388,967	$5,078,986

$877,864 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	($155,838)	($798,912)	($954,750)
2024	(132,360)	(638,285)	(770,645)
2025	(153,589)	(655,489)	(809,078)
2026	(198,274)	(794,393)	(992,667)
Total	($640,061)	($2,887,079)	($3,527,140)

Actuarial Assumptions - SERS

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

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

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

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

	June 30, 2021	June 30, 2020
Inflation	2.4 percent	3.00 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	2.5 percent
Investment Rate of Return	7.00 percent net of System expenses	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

Mortality rates for 2021 were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Mortality rates for 2020 were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 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, 2020.

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

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

Discount Rate The total pension liability for 2021 was calculated using the discount rate of 7.00 percent. The discount rate for 2020 was 7.5 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 (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	$2,086,753	$1,254,243	$552,152

Actuarial Assumptions – STRS

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

	June 30, 2021	June 30, 2020
Inflation	2.50 percent	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent	7.45 percent
Payroll Increases	3.00 percent	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent	0.0 percent,

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

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

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2021, and was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2021.

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 7.00 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 (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	$8,836,679	$4,718,870	$1,239,332

Changes Between the Measurement Date and the Reporting date In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. These demographic measures include retirement, salary increase, disability/termination and mortality assumptions. In March 2022, the STRS Board approved benefit plan changes to take effect on July 1, 2022. These changes include a one-time three percent cost-of-living increase (COLA) to be paid to eligible benefit recipients and the elimination of the age 60 requirement for retirement age and service eligibility that was set to take effect in 2026. The effect on the net pension liability is unknown.

Note 13 - Defined Benefit OPEB Plans

See note 12 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 healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org 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 2022, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 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 2022, the School District's surcharge obligation was $22,989.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was $22,989 for fiscal year 2022. Of this amount $22,989 is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability (asset) was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The 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:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.03511780%	0.03690684%	
Prior Measurement Date	0.03479130%	0.03652899%	
Change in Proportionate Share	0.00032650%	0.00037785%	
Proportionate Share of the:			
Net OPEB Liability	$664,634	$0	$664,634
Net OPEB (Asset)	$0	($778,150)	($778,150)
OPEB Expense	($18,751)	($63,712)	($82,463)

At June 30, 2022, 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	$7,084	$27,708	$34,792
Changes of assumptions	104,265	49,705	153,970
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	30,132	911	31,043
School District contributions subsequent to the measurement date	22,989	0	22,989
Total Deferred Outflows of Resources	$164,470	$78,324	$242,794
Deferred Inflows of Resources			
Differences between expected and actual experience	$331,017	$142,571	$473,588
Changes of assumptions	91,016	464,223	555,239
Net difference between projected and actual earnings on OPEB plan investments	14,439	215,690	230,129
Changes in Proportionate Share and Difference between School District contributions and proportionate share of contributions	52,686	29,387	82,073
Total Deferred Inflows of Resources	$489,158	$851,871	$1,341,029

$22,989 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 in the net OPEB asset in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	($86,452)	($221,906)	($308,358)
2024	(86,553)	(216,505)	(303,058)
2025	(74,978)	(213,532)	(288,510)
2026	(59,422)	(91,434)	(150,856)
2027	(31,344)	(30,909)	(62,253)
Thereafter	(8,928)	739	(8,189)
Total	($347,677)	($773,547)	($1,121,224)

Actuarial Assumptions - SERS

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

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

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

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

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

For 2021, mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

For 2020, mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 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, 2020.

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2015 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.63 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 contribution rate of 1.50 percent of projected covered 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 all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2020 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 1.92 percent at June 30, 2021 and 2.45 percent at June 30, 2020.

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

	1% Decrease (1.27%)	Current Discount Rate (2.27%)	1% Increase (3.27%)
School District's proportionate share of the net OPEB liability	$823,561	$664,634	$537,670

	1% Decrease (5.75% decreasing to 3.40%)	Current Trend Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	$511,713	$664,634	$868,887

Actuarial Assumptions – STRS

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

	June 30, 2021	June 30, 2020
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.45 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	5.00 percent initial, 4 percent ultimate	5.00 percent initial, 4 percent ultimate
Medicare	-16.18 percent initial, 4 percent ultimate	-6.69 percent initial, 4 percent ultimate
Prescription Drug		
Pre-Medicare	6.50 percent initial, 4 percent ultimate	6.50 percent initial, 4 percent ultimate
Medicare	29.98 initial, 4 percent ultimate	11.87 initial, 4 percent ultimate

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

For healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 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, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2021, and 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, 2021. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was used to measure the total OPEB liability as of 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, 2021, calculated using the current period discount rate assumption of 7.00 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 (6.00 percent) or one percentage point higher (8.00 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 (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB asset	($656,639)	($778,150)	($879,655)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	($875,542)	($778,150)	($657,716)

Changes Between the Measurement Date and the Reporting date In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. The effect on the net OPEB liability is unknown.

Note 14 - Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn five to twenty days of vacation per year, depending upon length of service and hours worked. The Superintendent earns 20 days of vacation and the Treasurer earns 25 days of vacation annually. Accumulated, unused vacation is paid to employees upon termination of employment. Teachers do not earn vacation.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, certificated employees with five or more years of service receive payment for twenty-five percent of the total sick leave accumulation up to a maximum of sixty days. Classified employees with ten or more years of service upon retirement may accumulate up to 380 days of unused sick leave and be paid 30 percent of accumulated, but unused, sick leave days up to a maximum of 100 equivalent days paid at the per diem rate of pay per employee.

Special Termination Benefits

Per negotiated agreement, the School District offers a retirement notification incentive payment for eligible certificated employees. An employee is eligible if the employee retires from the State Teacher's Retirement System. The incentive is $7,500 per employee, if the School District is notified, in writing, by April 30, 2022 with a retirement date no later than June 30, 2022. The incentive payment is made in one lump sum.

Per negotiated agreement, the School District offers a retirement notification incentive payment for eligible classified employees. An employee is eligible if the employee retires from the School Employee's Retirement System or other comparable retirement system. The incentive is $2,500 per employee, if the School District is notified, in writing, by January 31, 2022 with a retirement date no later than June 30, 2022. One employee was eligible for the retirement incentive in fiscal year 2022.

Life Insurance Benefits

The School District provides life insurance to all employees through Ohio Schools Council life insurance in the amount of $100,000 for the superintendent, $70,000 for the treasurer, $50,000 for other full-time employees and $40,000 for part-time employees. Premiums are paid by the School District.

Note 15 - Long-Term Obligations

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

Debt Issue	Interest Rate	Original Issue	Fiscal Year of maturity
2017 Refunding OSFC Various Purpose Imp Bonds:			
Serial Bonds	4.00% to 5.00%	$7,380,000	2031
Term Bonds	3.25% to 3.375%	4,150,000	2036
Financed Purchase - 2018 Copiers	5.69%	55,585	2023
Financed Purchase - 2020 Copiers	5.01%	28,557	2023
Financed Purchase - 2020 Energy Conservation	3.88%	850,000	2035
Financed Purchase - 2021 Building - Direct Placement	4.00%	980,800	2036

Changes in long-term obligations of the School District during fiscal year 2022 were as follows:

	Principal Outstanding 6/30/21	Additions	Deductions	Principal Outstanding 6/30/22	Amounts Due in One Year
General Obligation Bonds					
2017 Refunding OSFC Various Purpose					
Serial Bonds	$6,065,000	$0	($485,000)	$5,580,000	$505,000
Term Bonds	4,150,000	0	0	4,150,000	0
Unamortized Premium	860,788	0	(59,712)	801,076	0
Total General Obligation Bonds	11,075,788	0	(544,712)	10,531,076	505,000
Other Long-Term Obligations					
Net Pension Liability					
SERS	2,208,022	0	(953,779)	1,254,243	0
STRS	8,838,717	0	(4,119,847)	4,718,870	0
Total Net Pension Liability	11,046,739	0	(5,073,626)	5,973,113	0
Net OPEB Liability					
SERS	756,128	0	(91,494)	664,634	0
Lease Payable	1,129	5,794	(1,484)	5,439	826
Financed Purchase - 2018 Copiers	14,415	0	(12,297)	2,118	2,118
Financed Purchase - 2020 Copiers	11,617	0	(9,916)	1,701	1,701
Financed Purchase - 2020 Energy Conservation	793,207	0	(43,609)	749,598	45,318
Financed Purchase - 2021 Building - Direct Placement	938,595	0	(48,875)	889,720	50,849
Asset Retirement Obligation	28,500	0	0	28,500	0
Compensated Absences	520,949	91,754	(62,608)	550,095	27,550
Total Other Long-Term Obligations	14,111,279	97,548	(5,343,909)	8,864,918	128,362
Total Governmental Activities Long-Term Liabilities	$25,187,067	$97,548	($5,888,621)	$19,395,994	$633,362

Compensated absences will be paid from the general fund and the food service special revenue fund. Leases payable and financed purchases will be paid from the general fund. The asset retirement obligation will be paid from the general fund. There are no repayment schedules for the net pension liability and net OPEB liability. However, employer pension and OPEB contributions are made from the following funds: the general fund and the food service, student wellness, ESSER and title I special revenue funds. For additional information related to the net pension/OPEB liability see Notes 12 and 13, respectively.

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

The refunding bonds were sold at a premium of $1,074,756. Net proceeds of $12,520,533 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the various bonds. As a result, $10,365,000 of these bonds is considered defeased and the liability of these bonds has been removed from the School District’s financial statements.

During fiscal year 2018, the School District entered into a finance purchase in the amount of $55,585 for the purpose of acquiring copier equipment. This debt will be repaid over a five year period with a final payment of $2,118 in principal and $15 in interest being made in fiscal year 2023.

During fiscal year 2020, the School District entered into a finance purchase in the amount of $28,557 for the purpose of acquiring copier equipment. This debt will be repaid over a 3 year period with a final payment of $1,701 in principal and $11 in interest being made in fiscal year 2023.

During fiscal year 2020, the School District entered into a lease purchase financing in the amount of $850,000 for the purpose of acquiring energy efficiency equipment and improvements. This debt will be repaid over a fifteen year period with a final payment being made in fiscal year 2035. At June 30, 2022, $35,251 of the lease purchase proceeds were unspent.

On May 25, 2021, the School District entered into a $980,800 base lease and lease-purchase agreement with Consumers National Bank for the construction, improvement, furnishing and equipping of project facilities related to the remediation and repair of School District buildings. The initial term of the lease expires on Jun 30, 2021, with the right to renew for successive one-year terms (with a final partial-year term through June 1, 2035. The lease payments will be paid from property taxes received in the general fund. The lease proceeds issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. The lease proceeds have been designated to be “qualified tax exempt obligations” within the meaning of 265(b)(3) of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to Consumers National Bank, and then subleased back to the School District. The lease proceeds were issued through a series of annual leases with an initial lease term of one year which includes the right to renew for seven successive one-year terms through fiscal year 2035 subject to annual appropriations. To satisfy the trustee agreements, the School District is required to make annual base rent payments, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component of 4 percent. The School District has the option to purchase the renovations on any lease payment date by paying the amount necessary to defease the indenture. The School District had $815,655 in unspent proceeds as of June 30, 2022.

The School District has an outstanding agreement to lease postage meters. Due to the implementation of GASB Statement 87, these leases have met the criteria of leases thus requiring them to be recorded by the School District. The future lease payments were discounted based on the interest rate implicit in the lease or using the School District’s incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease. A summary of the principal and interest amounts for the remaining leases is as follows:

Year	Principal	Interest
2023	$826	$1,051
2024	1,008	869
2025	1,231	647
2026	1,503	375
2027	871	67
	$5,439	$3,009

The School District's overall debt margin was $3,908,959 with an unvoted debt margin of $143,820 at June 30, 2022. Principal and interest requirements to retire general obligation bonds are as follows:

	General Obligation Bonds		Financed Purchase		Direct Placement Financed Purchase	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	$505,000	$417,088	$49,137	$28,675	$50,849	$35,085
2024	530,000	391,838	47,093	26,874	52,904	33,031
2025	560,000	365,336	48,938	25,028	55,041	30,894
2026	585,000	337,338	50,855	23,112	57,265	28,671
2027	615,000	308,088	52,848	21,119	59,578	26,357
2028-2032	3,560,000	1,046,439	296,966	72,869	335,998	93,673
2033-2037	3,375,000	288,230	207,580	14,321	278,085	22,687
Total	$9,730,000	$3,154,357	$753,417	$211,998	$889,720	$270,398

Note 16 - Jointly Governed Organizations

North Eastern Ohio Management Information Network (NEOMIN) NEOMIN is a jointly governed organization among thirty school districts in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the districts supports NEOMIN based upon a per pupil charge. The School District paid $31,524 to NEOMIN during fiscal year 2022.

The Governing board consists of ten members: The Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County participating school districts, three superintendents from Trumbull County participating school districts, the fiscal agent or NEOMIN). The School District was not represented on the Governing Board during fiscal year 2022. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. To obtain a copy of NEOMIN's financial statements, write to NEOMIN, 528 Educational Highway, Warren, Ohio 44483.

Trumbull County Career and Technical Center The Trumbull County Career and Technical Center is a distinct political subdivision of the State of Ohio providing vocational needs of the students. The center is operated under the direction of a Board consisting of one representative from each of the twenty participating school districts' elected boards, which exercises total control over the operations of the Trumbull County Career and Technical Center including budgeting, appropriating, contracting and designating management. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. The School District did not contribute any amounts to the Trumbull County Career and Technical Center during fiscal year 2022. To obtain financial information write to the Trumbull County Career and Technical Center, Cody Holecko, who serves as Treasurer, at 528 Educational Highway, Warren, Ohio 44483.

Note 17 – Shared Risk Pools

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

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

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

Note 18 - Set-Aside Calculations

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

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

	Capital Improvements
Set-Aside Balance as of June 30, 2021	$0
Current Year Set-aside Requirement	182,439
Current Year Offsets	(926,337)
Qualifying Disbursements	(156,811)
Total	($900,709)
Set-aside Balance Carried Forward to Future Fiscal Years	$0
Set-Aside Balance as of June 30, 2022	$0

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

Note 19 – Encumbrances

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

Governmental Funds	
General	$208,553
Elementary and Secondary School Emergency Relief	523,447
Classroom Facilities	312,185
Other Governmental Funds	119,601
Total Governmental Funds	$1,163,786

Note 20 - Interfund Transactions

Interfund Transfers

The general fund made a transfer to the athletics special revenue fund in the amount of $21,796. This transfer was made to support programs accounted for in the fund. The general fund made a transfer to the classroom facilities capital projects fund in the amount of $305,489. This transfer was made to support capital projects accounted for in the fund.

Interfund Balances

Interfund balances at June 30, 2022 consisted of the following:

	Interfund Receivable		
Interfund Payable	General	Classroom Facilities	Total
ESSER	$1,769,652	$544,114	$2,313,766
Other Governmental Funds	324,222	0	324,222
Total	$2,093,874	$544,114	$2,637,988

The interfund receivables and payables are advances due to the timing of the receipt of grant monies received by various funds. The general fund provides money to operate the programs until grants are received and the advances can be repaid. These advances are expected to be repaid within the next fiscal year. Also included in interfund balances, the classroom facilities fund provided money to cover additional amounts in excess of what the general fund could provide.

Note 21 – Change in Accounting Principle and Restatement of Fund Balances and Net Position

Change in Accounting Principles

For fiscal year 2022, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases and related guidance from (GASB) Implementation Guide No. 2019-3, *Leases*.

GASB Statement 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the School District's 2022 financial statements. Through review and analysis of agreements the School District determined that financed purchases of $26,032 should be recorded. The financed purchase liability is offset by capital assets – equipment of $31,057. The School District recognized $1,129 in leases payable at July 1, 2021; however, this entire amount was offset by intangible asset, right to use lease – equipment.

The School District is also implementing *Implementation Guide No. 2020-1,* GASB Statement No. 92 – *Omnibus 2020, and* GASB Statement No. 97 -- *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. These changes were incorporated in the School District's 2022 financial statements; however, there was no effect on beginning net position/fund balance.

For fiscal year 2022, the School District modified its approach related to the eligibility requirements of certain School District grants resulting in the following restatements to fund balance/net position at July 1, 2021.

Restatement of Fund Balances and Net **Position**

The implementation of GASB Statement No. 87 and the grant receivable restatement had the following effect on fund balance as of June 30, 2021:

	Governmental Funds					
	General	ESSER	Bond Retirement	Classroom Facilities	Other Governmenal Funds	Total
Fund Balances (Deficit), June 30, 2021	$2,173,830	($521,664)	$695,875	$1,112,761	$4,844	$3,465,646
Adjustments:						
Unearned Revenue	0	0	0	0	(4,502)	(4,502)
Restated Fund Balances (Deficit), June 30, 2021	$2,173,830	($521,664)	$695,875	$1,112,761	$342	$3,461,144

The implementation of GASB Statement No. 87 and the grant receivable restatement had the following effect on net position as of June 30, 2021:

	Governmental Activities
Net Position June 30, 2021	$8,373,112
Adjustments:	
Intergovernmental Receivable	(22,300)
Unearned Revenue	(4,502)
GASB 87	5,025
Restated Net Position June 30, 2021	$8,351,335

Note 22 – Asset Retirement Obligation

The Governmental Accounting Standard Board's (GASB) Statement No. 83, Certain Asset Retirement Obligations, provides guidance related to asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The Bureau of Underground Storage Tank Regulations (BUSTR) regulates petroleum and hazardous substances stored in underground storage tanks. These regulations are included in Ohio Administrative Code Section 1301-7-9 and require a School District classified as an "owner" or "operator," to remove from the ground any underground storage tank (UST) that is not in use for a year or more. A permit must first be obtained for that year it is not being used. Once the UST is removed, the soil in the UST cavity and excavated material must be tested for contamination. This asset retirement obligation (ARO) of $28,500 associated with the School District's underground storage tanks was estimated by the School District. These USTs are fully depreciated. The School District maintains insurance related to any potential pollution remediation associated with the USTs.

Note 23 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During fiscal year 2022, the School District received COVID-19 funding. The financial impact of COVID-19 and the continuing recovery measures will impact subsequent periods of the School District. The impact on the School District's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

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

	2022	2021	2020	2019
School District's Proportion of the Net Pension Liability	0.03399300%	0.03338300%	0.03420910%	0.03295040%
School District's Proportionate Share of the Net Pension Liability	$1,254,243	$2,208,022	$2,046,791	$1,887,131
School District's Covered Payroll	$1,178,050	$1,159,550	$1,207,304	$1,126,674
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	106.47%	190.42%	169.53%	167.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.86%	68.55%	70.85%	71.36%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information

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

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

	2022	2021	2020
School District's Proportion of the Net OPEB Liability	0.03511780%	0.03479130%	0.03505000%
School District's Proportionate Share of the Net OPEB Liability	$664,634	$756,128	$881,434
School District's Covered Payroll	$1,178,050	$1,159,550	$1,207,304
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	56.42%	65.21%	73.01%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.08%	18.17%	15.57%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

2019	2018	2017
0.03348760%	0.03711980%	0.03859410%
$929,035	$996,198	$1,100,075
$1,126,674	$1,151,514	$1,186,893
82.46%	86.51%	92.69%
13.57%	12.46%	11.49%

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

	2022	2021	2020	2019
School District's Proportion of the Net Pension Liability	0.03690684%	0.03652899%	0.03783620%	0.03853832%
School District's Proportionate Share of the Net Pension Liability	$4,718,870	$8,838,717	$8,367,249	$8,473,711
School District's Covered Payroll	$4,584,250	$4,389,164	$4,442,807	$4,399,750
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	102.94%	201.38%	188.33%	192.60%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.80%	75.50%	77.40%	77.30%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information

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

Brookfield Local School District

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net OPEB (Asset) Liability

State Teachers Retirement System of Ohio

Last Six Fiscal Years (1)

	2022	2021	2020
School District's Proportion of the Net OPEB (Asset) Liability	0.03690684%	0.03652899%	0.03783620%
School District's Proportionate Share of the Net OPEB (Asset) Liability	($778,150)	($641,997)	($626,659)
School District's Covered Payroll	$4,584,250	$4,389,164	$4,442,807
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-16.97%	-14.63%	-14.11%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	174.70%	182.10%	174.70%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

2019	2018	2017
0.03853832%	0.03995084%	0.03990379%
($619,272)	$1,558,733	$2,134,065
$4,399,750	$4,402,829	$4,217,414
-14.08%	35.40%	50.60%
176.00%	47.10%	37.30%

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

	2022	2021	2020	2019
Net Pension Liability				
Contractually Required Contribution	$177,612	$164,927	$162,337	$162,986
Contributions in Relation to the Contractually Required Contribution	(177,612)	(164,927)	(162,337)	(162,986)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$1,268,657	$1,178,050	$1,159,550	$1,207,304
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.50%
Net OPEB Liability				
Contractually Required Contribution (2)	22,989	22,868	23,059	27,395
Contributions in Relation to the Contractually Required Contribution	(22,989)	(22,868)	(23,059)	(27,395)
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	1.81%	1.94%	1.99%	2.27%
Total Contributions as a Percentage of Covered Payroll (2)	15.81%	15.94%	15.99%	15.77%

(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

2018	2017	2016	2015	2014	2013
$152,101	$161,212	$166,165	$161,663	$177,350	$181,150
(152,101)	(161,212)	(166,165)	(161,663)	(177,350)	(181,150)
$0	$0	$0	$0	$0	$0
$1,126,674	$1,151,514	$1,186,893	$1,226,579	$1,279,581	$1,308,885
13.50%	14.00%	14.00%	13.18%	13.86%	13.84%
23,988	20,397	19,607	31,851	24,197	21,848
(23,988)	(20,397)	(19,607)	(31,851)	(24,197)	(21,848)
$0	$0	$0	$0	$0	$0
2.13%	1.77%	1.65%	2.60%	1.89%	1.67%
15.63%	15.77%	15.65%	15.78%	15.75%	15.51%

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

	2022	2021	2020	2019
Net Pension Liability				
Contractually Required Contribution	$700,252	$641,795	$614,483	$621,993
Contributions in Relation to the Contractually Required Contribution	(700,252)	(641,795)	(614,483)	(621,993)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$5,001,800	$4,584,250	$4,389,164	$4,442,807
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability				
Contractually Required Contribution	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

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

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014	2013
$615,965	$616,396	$590,438	$564,201	$513,313	$536,204
(615,965)	(616,396)	(590,438)	(564,201)	(513,313)	(536,204)
$0	$0	$0	$0	$0	$0
$4,399,750	$4,402,829	$4,217,414	$4,030,007	$3,948,564	$4,124,646
14.00%	14.00%	14.00%	14.00%	13.00%	13.00%
$0	$0	$0	$0	$39,486	$41,246
0	0	0	0	(39,486)	(41,246)
$0	$0	$0	$0	$0	$0
0.00%	0.00%	0.00%	0.00%	1.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2022, an assumption of 2.0 percent was used for COLA or Ad Hoc Cola. For fiscal years 2018 through 2021, an assumption of 2.5 percent was used. Prior to 2018, an assumption of 3 percent was used.

Amounts reported in 2022 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 prior years are presented below:

	Fiscal Year 2022	Fiscal Years 2021-2017	Fiscal Year 2016 and Prior
Wage Inflation	2.4 percent	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.0 percent net of system expenses	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

Amounts reported for 2022 use mortality rates based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Amounts report for 2017 through 2021 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 2022, 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 years 2018-2021 and fiscal year 2017 and prior are presented below:

	Fiscal Year 2022	Fiscal Years 2021-2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	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	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent	3.5 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	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 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

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

Net OPEB Liability

Changes in Assumptions – SERS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by SERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

	2022	2021 and Prior
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation

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

Municipal Bond Index Rate:	
Fiscal year 2022	1.92 percent
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 2022	2.27 percent
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.

For fiscal year 2022, the discount rate was decreased from 7.45 percent to the long-term expected rate of return of 7.00.

Changes in Benefit Terms – STRS OPEB

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

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

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

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

For fiscal year 2022, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022 premium based on June 30, 2021 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

BROOKFIELD LOCAL SCHOOL DISTRICT
TRUMBULL COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022
(Prepared by Management)

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal ALN Number**	**Passed Through to Subrecipients**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE			
Direct Program			
Child Nutrition Cluster			
National School Lunch Program - Non-cash Donated Commodities	10.555	$ -	$ 26,371
Passed Through Ohio Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	-	284,426
National School Lunch Program	10.555	-	105,198
National School Lunch Program - COVID-19	10.555	-	43,091
Total Child Nutrition Cluster		-	459,086
Total U.S. Department of Agriculture		-	459,086
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education			
Special Education Cluster			
Special Education Grants to States	84.027	-	245,144
Special Education Grants to States - COVID-19	84.027	-	3,000
Special Education Preschool Grants	84.173	2,115	2,115
Total Special Education Cluster		2,115	250,259
Supporting Effective Instruction State Grants	84.367	-	44,264
Student Support and Academic Enrichment Program	84.424	-	23,090
Title I Grants to Local Education Agencies	84.010	-	354,270
Elementary and Secondary School Emergency Relief Funds	84.425	-	161,598
Elementary and Secondary School Emergency Relief Funds II	84.425	-	1,070,794
Elementary and Secondary School Emergency Relief Funds III	84.425	-	6,204
Total Elementary and Secondary School Emergency Relief Funds		-	1,238,596
Total U.S. Department of Education		2,115	1,910,479
Total Expenditures of Federal Awards		$ 2,115	$ 2,369,565

The accompanying notes are an integral part of this schedule.

Brookfield Local School District
Trumbull County
Notes to the Schedule of Expenditures of Federal Awards
2 CFR 200.510(b)(6)
For the Year Ended June 30, 2022
(Prepared by Management)

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Brookfield Local School District, Trumbull County, (the District) under programs of the federal government for the year ended June 30, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

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

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

NOTE E - CHILD NUTRITION CLUSTER

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

NOTE F – FOOD DONATION PROGRAM

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

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Brookfield Local School District, Trumbull County, Ohio (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 13, 2023, wherein we noted the financial impact of COVID-19 and the ensuing emergency measures will impact subsequent periods of the District. We also noted the District adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 87, *Leases*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2022-001.

Entity's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying corrective action plan. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the response.

Purpose of this Report

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

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.
January 13, 2023

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Brookfield Local School District, Trumbull County, Ohio's (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2022. The District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

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

Basis for Opinion on the Major Federal Programs

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.
January 13, 2023

Brookfield Local School District
Trumbull County
Schedule of Findings
2 CFR § 200.515
June 30, 2022

1. SUMMARY OF AUDITOR'S RESULTS

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

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

Finding Number: 2022-001 – Ohio Revised Code Non-compliance

Appropriations Exceeded Estimated Resources

Ohio Rev. Code § 5705.39 provides in part that total appropriations from each fund shall not exceed the total estimates resources. The District had the following funds' appropriations exceeding estimated resources:

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

Finding Number: 2022-001 – Ohio Revised Code Non-compliance - continued

- Elementary and Secondary School Emergency Relief Fund $527,845
- Broadband Connectivity $7,705
- Title VI-B $52,256
- Title II-A $32,500

We recommend that the District monitor its budget and fund balance to prevent appropriations from exceeding available estimated resources.

<u>Management's Response:</u>

See Corrective Action Plan.

3. FINDINGS FOR FEDERAL AWARDS

None.

Brookfield Local School District
Trumbull County
Corrective Action Plan (Prepared by Management)
2 CFR § 200.511(c)
For the Year Ended June 30, 2022

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Persons
2022-001	Variance was caused by former Treasurer. New Treasurer will consistently monitor all budgetary activity and ensure compliance.	Immediately	Jordon Weber, Treasurer

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OHIO AUDITOR OF STATE
KEITH FABER

BROOKFIELD LOCAL SCHOOL DISTRICT

TRUMBULL COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 3/21/2023

88 East Broad Street, Columbus, Ohio 43215
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