



Dave Yost • Auditor of State

**BROOKVILLE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY
JUNE 30, 2017**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	14
Statement of Activities.....	15
Fund Financial Statements:	
Balance Sheet	
Governmental Funds.....	16
Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities	17
Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds.....	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities.....	19
Statement of Fiduciary Net Position	
Fiduciary Funds	20
Statement of Changes in Fiduciary Net Position	
Fiduciary Fund.....	21
Notes to the Basic Financial Statements.....	22
Required Supplementary Information:	
Schedule of the District's Proportionate Share of the Net Pension Liability – State Teachers Retirement System of Ohio – Last Four Fiscal Years	49
Schedule of the District's Proportionate Share of the Net Pension Liability – School Employees Retirement System of Ohio – Last Four Fiscal Years.....	50
Schedule of District Contributions – State Teachers Retirement System of Ohio – Last Ten Fiscal Years	52
Schedule of District Contributions – School Employees Retirement System of Ohio – Last Ten Fiscal Years.....	54
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) General Fund.....	56

**BROOKVILLE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY
JUNE 30, 2017**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Notes to the Required Supplementary Information	57
Schedule of Receipts and Expenditures of Federal Awards	59
Notes to the Schedule of Receipts and Expenditures of Federal Awards.....	60
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	61
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.....	63
Schedule of Findings.....	65
Prepared by Management:	
Summary Schedule of Prior Audit Findings	67
Corrective Action Plan	68



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brookville Local School District, Montgomery County, Ohio (the District), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Brookville Local School District, Montgomery County, Ohio, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis, required budgetary comparison schedule, and schedules of net pension liabilities and pension contributions* listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2018, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

March 20, 2018

This page intentionally left blank.

Brookville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

The discussion and analysis of Brookville Local School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and the basic financial statements to enhance their understanding of the District's performance.

Financial Highlights

Key financial highlights for 2017 are as follows:

- Net position of governmental activities decreased \$201,987 which represents a 14% decrease from 2016.
- General revenues accounted for \$14,904,851 in revenue or 86% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,433,643 or 14% of total revenues of \$17,338,494.
- The District had \$17,540,481 in expenses related to governmental activities; \$2,433,643 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$14,904,851 were also used to provide for these programs.

Overview of the Financial Statements

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. The General and Debt Service Funds are the major funds of the District.

Government-wide Financial Statements

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2017?" The Government-wide Financial Statements answer this question. These statements include *all assets and deferred outflows*, and *liabilities and deferred inflows* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Brookville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

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

In the Government-wide Financial Statements, the District presents:

- **Governmental Activities** – Most of the District's programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities and interest and fiscal charges.

Fund Financial Statements

The analysis of the District's major funds is presented in the Fund Financial Statements. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

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

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is similar to proprietary funds.

The District as a Whole

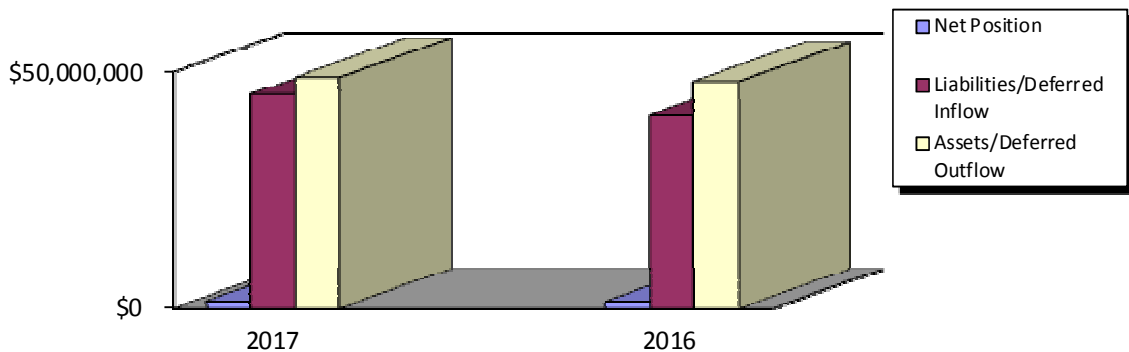
As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District's net position for 2017 compared to 2016:

This Space Intentionally Left Blank

Brookville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

Table 1
Net Position

	Governmental Activities	
	2017	2016
Assets:		
Current and Other Assets	\$21,046,317	\$19,372,282
Capital Assets	27,552,059	28,629,801
Total Assets	48,598,376	48,002,083
Deferred Outflows of Resources:		
Deferred Charge on Refunding Pension	428,906	457,500
	4,453,535	1,887,986
Total Deferred Outflows of Resources	4,882,441	2,345,486
Liabilities:		
Other Liabilities	1,489,117	1,503,748
Long-Term Liabilities	43,744,404	39,364,649
Total Liabilities	45,233,521	40,868,397
Deferred Inflows of Resources:		
Property Taxes	6,858,580	6,753,840
Pension	137,481	1,272,110
Total Deferred Inflows of Resources	6,996,061	8,025,950
Net Position:		
Net Investment in Capital Assets	10,327,320	10,985,109
Restricted	6,137,829	5,860,882
Unrestricted	(15,213,914)	(15,392,769)
Total Net Position	\$1,251,235	\$1,453,222



Brookville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2017, the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$1,251,235.

At year-end, capital assets represented 57% of total assets. Capital assets include land, buildings and improvements and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2017, were \$10,327,320. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$6,137,829, represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Capital Assets decreased from 2016 to 2017 because of current year depreciation being greater than current year additions. Long term liabilities increased from 2016 to 2017 due to the increase in Net Pension Liability.

Table 2 shows the changes in net position for fiscal years 2017 and 2016.

This Space Intentionally Left Blank

Brookville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

Table 2
Changes in Net Position

	Governmental Activities	
	2017	2016
Revenues:		
Program Revenues		
Charges for Services	\$1,125,644	\$1,172,928
Operating Grants and Contributions	1,297,999	1,264,032
Capital Grants and Contributions	10,000	11,000
General Revenues:		
Property Taxes	7,667,265	7,530,991
Grants and Entitlements not Restricted	6,746,799	6,723,885
Other	490,787	475,936
Total Revenues	<u>17,338,494</u>	<u>17,178,772</u>
Program Expenses:		
Instruction	9,296,963	8,383,786
Support Services:		
Pupil and Instructional Staff	1,836,480	1,689,573
School Administration, General		
Administration, and Fiscal	1,643,076	1,606,447
Operations and Maintenance	1,319,752	1,166,606
Pupil Transportation	795,355	771,078
Central	62,600	29,191
Operation of Non-Instructional Services	844,961	778,249
Extracurricular Activities	656,993	666,146
Interest and Fiscal Charges	1,084,301	1,096,005
Total Program Expenses	<u>17,540,481</u>	<u>16,187,081</u>
Change in Net Position	(201,987)	991,691
Beginning Net Position	<u>1,453,222</u>	<u>461,531</u>
Ending Net Position	<u>\$1,251,235</u>	<u>\$1,453,222</u>

Governmental Activities

The District revenues are mainly from two sources. Property taxes levied for general, debt service, and capital projects purposes, and grants and entitlements comprised 83% of the District's revenues for governmental activities.

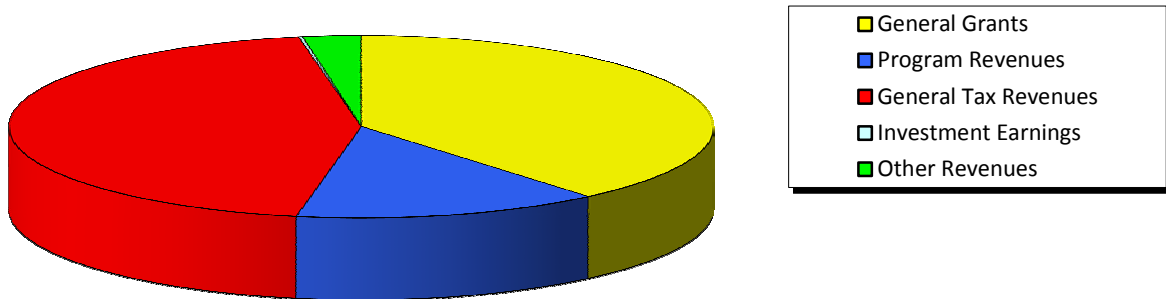
The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Brookville Local School District, Ohio
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

Thus Ohio districts do not receive additional property tax revenue from increases in appraisal values and must regularly return to the voters to maintain a constant level of service. Property taxes made up 44% of revenue for governmental activities for the District in fiscal year 2017.

Governmental Activities
Revenue Sources

Revenue Sources	2017	Percentage
General Grants	\$6,746,799	38.9%
Program Revenues	2,433,643	14.0%
General Tax Revenues	7,667,265	44.2%
Investment Earnings	31,310	0.2%
Other Revenues	459,477	2.7%
Total Revenue Sources	\$17,338,494	100.0%



Instruction comprises 53% of governmental program expenses. Support services expenses were 32% of governmental program expenses. All other expenses including interest and fiscal charges were 15%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Total revenues increased mostly due to an increase in property tax monies and grant monies received by the District in 2017 compared to 2016. Total expenses increased primarily due to an increase in instruction expenses.

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

This Space Intentionally Left Blank

Brookville Local School District, Ohio
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2017	2016	2017	2016
Instruction	\$9,296,963	\$8,383,786	(\$8,059,811)	(\$7,093,739)
Support Services:				
Pupil and Instructional Staff	1,836,480	1,689,573	(1,680,023)	(1,671,154)
School Administration, General				
Administration, and Fiscal	1,643,076	1,606,447	(1,643,076)	(1,603,328)
Operations and Maintenance	1,319,752	1,166,606	(1,319,752)	(1,166,606)
Pupil Transportation	795,355	771,078	(687,406)	(620,637)
Central	62,600	29,191	(57,200)	(23,791)
Operation of Non-Instructional Services	844,961	778,249	(218,438)	(128,161)
Extracurricular Activities	656,993	666,146	(356,831)	(335,700)
Interest and Fiscal Charges	1,084,301	1,096,005	(1,084,301)	(1,096,005)
Total Expenses	<u>\$17,540,481</u>	<u>\$16,187,081</u>	<u>(\$15,106,838)</u>	<u>(\$13,739,121)</u>

The District’s Funds

The District has two major governmental funds: the General Fund and the Debt Service Fund. Assets of the general fund comprised \$13,432,678 (64%), the debt service fund comprised \$6,912,606 (33%) of the total \$21,049,703 governmental funds’ assets.

General Fund: Fund balance at June 30, 2017 was \$6,286,539, an increase in fund balance of \$1,230,013 from 2016. The increase in fund balance is mainly due to revenues being greater than expenses, which is consistent with prior year.

Debt Service Fund: Fund balance at June 30, 2017 was \$5,448,052 an increase in fund balance of \$123,515 from 2016. The increase in fund balance is mainly due an increase in intergovernmental revenue.

General Fund Budgeting Highlights

The District’s budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2017, the District amended its general fund budget. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the Budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, the original budget basis revenue was \$13,891,583, compared to final budget estimates of \$13,957,237. The difference between the original budget basis and final budget was \$65,654, which was mostly due to underestimating taxes and intergovernmental revenues.

The District’s ending unobligated cash balance was \$7,058,826

Brookville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2017, the District had \$27,552,059 invested in land, buildings and improvements, and equipment. Table 4 shows fiscal year 2017 balances compared to fiscal year 2016:

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

	Governmental Activities	
	2017	2016
Land	\$935,308	\$935,308
Buildings and Improvements	25,486,384	26,473,734
Equipment	1,130,367	1,220,759
Total Net Capital Assets	<u>\$27,552,059</u>	<u>\$28,629,801</u>

Overall, Net Capital Assets decreased mainly due to current year depreciation being greater than current year additions.

See Note 5 to the basic financial statements for further details on the District's capital assets.

Debt

At June 30, 2017, the District had \$18,999,216 in debt outstanding, \$179,271 due within one year. Table 5 summarizes debt outstanding.

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2017	2016
General Obligation Bonds:		
2003 Building Construction	\$0	\$372,120
2006 School Improvement Refunding Bonds:		
Current Interest	16,740,000	16,740,000
Capital Appreciation Bonds - Principal	347,631	386,323
Capital Appreciation Bonds - Interest	1,145,571	1,056,991
Premium on Refunding Bonds	566,014	603,749
General Obligation Loan-Capital Improvements	200,000	0
Total Bonds and Loans	<u>\$18,999,216</u>	<u>\$19,159,183</u>

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

**Brookville Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

For the Future

The Ohio Department of Education explains the school funding model in Ohio as follows:

Payments to city, local and exempted village school districts are calculated from data reported by the district, such as the number of students enrolled in the district, and are made twice each month according to a schedule published each spring. Since the data are updated throughout the year, the annual amount due to the district is calculated for each payment and the district receives approximately 1/24th of the annual amount.

In Gov. Kasich's proposed budget, the state of Ohio will spend more on primary and secondary education than ever before. Fiscal Year 2018 state general revenue fund and lottery profit spending for primary and secondary education will exceed FY11 funding levels by nearly \$2.2 billion, or 31.5 percent. Even including one-time federal stimulus funding, TPP/KwH reimbursements, and property tax relief, FY18 proposed funding levels will exceed FY11 funding levels by \$929 million, or 9.7 percent.

It is important to note that the changes proposed are recommendations, not official changes to law. The Ohio General Assembly has not acted on these recommendations.

This scenario requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

All of the District's financial abilities will be needed to meet the challenges of the future. With careful planning and monitoring of the District's finances, the District's management is confident that the District can continue to provide a quality education for our students and provide a secure financial future.

Contacting the District's Financial Management

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

This Space Intentionally Left Blank

Brookville Local School District, Ohio
Statement of Net Position
June 30, 2017

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$13,491,261
Receivables (Net):	
Taxes	7,360,062
Accounts	52,760
Interest	913
Intergovernmental	54,493
Prepays	2,271
Inventory	84,557
Nondepreciable Capital Assets	935,308
Depreciable Capital Assets, Net	<u>26,616,751</u>
 Total Assets	 <u>48,598,376</u>
 Deferred Outflows of Resources:	
Deferred Charge on Refunding Pension	428,906
	<u>4,453,535</u>
 Total Deferred Outflows of Resources	 <u>4,882,441</u>
 Liabilities:	
Accounts Payable	112,474
Accrued Wages and Benefits	1,317,380
Accrued Interest Payable	59,263
Long-Term Liabilities:	
Due Within One Year	260,967
Due In More Than One Year:	
Net Pension Liability	23,801,817
Other Amounts	<u>19,681,620</u>
 Total Liabilities	 <u>45,233,521</u>
 Deferred Inflows of Resources:	
Property Taxes	6,858,580
Pension	<u>137,481</u>
 Total Deferred Inflows of Resources	 <u>6,996,061</u>
 Net Position:	
Net Investment in Capital Assets	10,327,320
Restricted for:	
Debt Service	5,425,040
Capital Projects	326,750
Food Service	200,154
Classroom Facilities Maintenance	113,015
Extracurricular	72,870
Unrestricted	<u>(15,213,914)</u>
 Total Net Position	 <u>\$1,251,235</u>

See accompanying notes to the basic financial statements.

Brookville Local School District, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2017

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities:					
Instruction:					
Regular	\$7,181,529	\$329,198	\$48,131	\$0	(\$6,804,200)
Special	1,902,162	19,471	829,220	0	(1,053,471)
Vocational	206,904	0	11,132	0	(195,772)
Other	6,368	0	0	0	(6,368)
Support Services:					
Pupil	1,183,390	0	150,660	0	(1,032,730)
Instructional Staff	653,090	0	5,797	0	(647,293)
General Administration	22,214	0	0	0	(22,214)
School Administration	1,345,888	0	0	0	(1,345,888)
Fiscal	274,974	0	0	0	(274,974)
Operations and Maintenance	1,319,752	0	0	0	(1,319,752)
Pupil Transportation	795,355	101,881	6,068	0	(687,406)
Central	62,600	0	5,400	0	(57,200)
Operation of Non-Instructional Services	844,961	388,158	238,365	0	(218,438)
Extracurricular Activities	656,993	286,936	3,226	10,000	(356,831)
Interest and Fiscal Charges	1,084,301	0	0	0	(1,084,301)
Total Governmental Activities	17,540,481	1,125,644	1,297,999	10,000	(15,106,838)

General Revenues:

Property Taxes Levied for:

General Purposes	6,271,766
Debt Service Purposes	1,359,042
Capital Projects Purposes	36,457
Grants and Entitlements, Not Restricted	6,746,799
Revenue in Lieu of Taxes	276,868
Unrestricted Contributions	25,902
Investment Earnings	31,310
Other Revenues	156,707

Total General Revenues 14,904,851

Change in Net Position (201,987)

Net Position - Beginning of Year 1,453,222

Net Position - End of Year \$1,251,235

See accompanying notes to the basic financial statements.

Brookville Local School District, Ohio
Balance Sheet
Governmental Funds
June 30, 2017

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$7,292,636	\$5,394,835	\$803,790	\$13,491,261
Receivables (Net):				
Taxes	6,007,353	1,317,771	34,938	7,360,062
Accounts	49,752	0	3,008	52,760
Interest	0	0	913	913
Intergovernmental	0	0	54,493	54,493
Interfund	3,386	0	0	3,386
Prepays	2,142	0	129	2,271
Inventory	77,409	0	7,148	84,557
Total Assets	13,432,678	6,712,606	904,419	21,049,703
Liabilities:				
Accounts Payable	73,992	0	38,482	112,474
Accrued Wages and Benefits	1,232,175	0	85,205	1,317,380
Compensated Absences	63,127	0	0	63,127
Interfund Payable	0	0	3,386	3,386
Total Liabilities	1,369,294	0	127,073	1,496,367
Deferred Inflows of Resources:				
Property Taxes	5,776,845	1,264,554	33,690	7,075,089
Grants and Other Taxes	0	0	54,493	54,493
Investment Earnings	0	0	913	913
Total Deferred Inflows of Resources	5,776,845	1,264,554	89,096	7,130,495
Fund Balances:				
Nonspendable	79,551	0	129	79,680
Restricted	0	5,448,052	731,361	6,179,413
Assigned	174,273	0	0	174,273
Unassigned	6,032,715	0	(43,240)	5,989,475
Total Fund Balances	6,286,539	5,448,052	688,250	12,422,841
Total Liabilities, Deferred Inflows and Fund Balances	\$13,432,678	\$6,712,606	\$904,419	\$21,049,703

See accompanying notes to the basic financial statements.

Brookville Local School District, Ohio
 Reconciliation of Total Governmental Fund Balance to
 Net Position of Governmental Activities
 June 30, 2017

Total Governmental Fund Balance		\$12,422,841
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Capital assets used in the operation of Governmental Funds		27,552,059
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Delinquent Property Taxes	216,509	
Interest	913	
Intergovernmental	54,493	
		<u>271,915</u>
In the statement of net position interest payable is accrued when incurred; whereas, in the governmental funds interest is reported as a liability only when it will require the use of current financial resources.		
		(59,263)
Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds.		
Compensated Absences		(880,244)
Deferred outflow of resources associated with long-term liabilities are not reported in the funds.		
		428,906
Deferred outflows and inflows or resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	4,453,535	
Deferred inflows of resources related to pensions	(137,481)	
		<u>4,316,054</u>
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Net Pension Liability	(23,801,817)	
Other Amounts	(18,999,216)	
		<u>(42,801,033)</u>
Net Position of Governmental Activities		<u>\$1,251,235</u>

See accompanying notes to the basic financial statements.

Brookville Local School District, Ohio
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2017

	General	Debt Service	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property and Other Taxes	\$6,241,442	\$1,354,204	\$36,160	\$7,631,806
Tuition and Fees	358,655	0	0	358,655
Investment Earnings	(27,574)	0	60,440	32,866
Intergovernmental	7,051,123	239,790	877,715	8,168,628
Extracurricular Activities	120,124	0	181,295	301,419
Charges for Services	64,236	0	388,158	452,394
Revenue in Lieu of Taxes	276,868	0	0	276,868
Other Revenues	141,898	0	49,239	191,137
Total Revenues	14,226,772	1,593,994	1,593,007	17,413,773
Expenditures:				
Current:				
Instruction:				
Regular	5,743,855	0	40,764	5,784,619
Special	1,373,254	0	405,266	1,778,520
Vocational	182,428	0	0	182,428
Other	16,964	0	0	16,964
Support Services:				
Pupil	989,140	0	140,896	1,130,036
Instructional Staff	607,553	0	5,630	613,183
General Administration	21,413	0	0	21,413
School Administration	1,217,868	0	0	1,217,868
Fiscal	246,907	19,325	612	266,844
Operations and Maintenance	1,095,702	0	177,780	1,273,482
Pupil Transportation	782,205	0	0	782,205
Central	57,200	0	5,400	62,600
Operation of Non-Instructional Services	189,828	0	601,284	791,112
Extracurricular Activities	432,442	0	197,954	630,396
Capital Outlay	0	0	36,227	36,227
Debt Service:				
Principal Retirement	0	410,812	0	410,812
Interest and Fiscal Charges	0	1,040,342	0	1,040,342
Total Expenditures	12,956,759	1,470,479	1,611,813	16,039,051
Excess of Revenues Over (Under) Expenditures	1,270,013	123,515	(18,806)	1,374,722
Other Financing Sources (Uses):				
Issuance of Long-Term Capital-Related Debt	0	0	200,000	200,000
Transfers In	0	0	136,148	136,148
Transfers (Out)	(40,000)	0	(96,148)	(136,148)
Total Other Financing Sources (Uses)	(40,000)	0	240,000	200,000
Net Change in Fund Balance	1,230,013	123,515	221,194	1,574,722
Fund Balance - Beginning of Year	5,056,526	5,324,537	467,056	10,848,119
Fund Balance - End of Year	\$6,286,539	\$5,448,052	\$688,250	\$12,422,841

See accompanying notes to the basic financial statements.

Brookville Local School District, Ohio
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2017

Net Change in Fund Balance - Total Governmental Funds		\$1,574,722
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Governmental funds report capital asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of the difference between capital asset additions and depreciation in the current period.</p>		
Capital assets used in governmental activities	131,736	
Depreciation Expense	<u>(1,209,478)</u>	(1,077,742)
<p>Governmental funds report district pension contributions as expenditures. However in the Statement of Activates, the cost of pension benefits earned net of employee contributions is reported as pension expense.</p>		
District pension contributions	1,155,451	
Cost of benefits earned net of employee contributions	<u>(1,944,476)</u>	(789,025)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Delinquent Property Taxes	35,458	
Interest	(1,556)	
Intergovernmental	<u>(109,181)</u>	(75,279)
<p>Repayment of bond principal and accreted interest is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
		527,120
<p>In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due.</p>		
		35,480
<p>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.</p>		
Compensated Absences	(1,516)	
Amortization of Bond Premium	37,735	
Amortization of Deferred Charge on Refunding	(28,594)	
Bond Accretion	<u>(204,888)</u>	(197,263)
<p>Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net position.</p>		
		<u>(200,000)</u>
Change in Net Position of Governmental Activities		<u><u>(\$201,987)</u></u>

See accompanying notes to the basic financial statements.

Brookville Local School District, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Private Purpose Trust Fund	Agency
Assets:		
Equity in Pooled Cash and Investments	\$30,287	\$94,285
Total Assets	<u>30,287</u>	<u>94,285</u>
Liabilities:		
Accounts Payable	0	4,314
Other Liabilities	<u>0</u>	<u>89,971</u>
Total Liabilities	<u>0</u>	<u>\$94,285</u>
Net Position:		
Held in Trust	<u>30,287</u>	
Total Net Position	<u>\$30,287</u>	

See accompanying notes to the basic financial statements.

Brookville Local School District, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2017

	Private Purpose Trust Fund
Additions:	
Donations	\$500
Investment Earnings	87
Total Additions	<u>587</u>
Deductions:	
Scholarships	<u>292</u>
Total Deductions	<u>292</u>
Change in Net Position	295
Net Position - Beginning of Year	<u>29,992</u>
Net Position - End of Year	<u><u>\$30,287</u></u>

See accompanying notes to the basic financial statements.

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

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

The District is governed by a locally elected five member Board of Education (the Board) which provides educational services. The Board controls the District's instructional support facilities staffed by approximately 69 noncertified and approximately 99 certified teaching personnel and administrative employees providing education to 1,481 students.

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes instructional (regular, special education, vocational), student guidance, extracurricular activities, food service, pupil transportation, and care and upkeep of grounds and buildings.

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

The District participates in one insurance purchasing pool and four jointly governed organizations. These organizations are discussed in Note 12 and Note 13 to the basic financial statements. These organizations are:

Insurance Purchasing Pool:

- Southwestern Ohio Educational Purchasing Cooperative Workers' Compensation Group Rating Plan

Jointly Governed Organizations:

- Southwestern Ohio Instructional Technology Association
- Southwestern Ohio Educational Purchasing Council
- Metropolitan Educational Technology Association
- Shared Resources Center Regional Council of Governments

The accounting policies and financial reporting practices of the District conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies.

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

Basis of Presentation - Fund Accounting

The accounting system is organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The various funds are summarized by type in the basic financial statements.

The following fund types are used by the District:

Governmental Funds - These are funds through which most governmental functions typically are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities are accounted for through governmental funds. The difference between governmental fund assets and deferred outflows, and liabilities and deferred inflows is reported as fund balance. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the District's major governmental funds:

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

Debt Service Fund - This fund is used for the accumulation of resources for the payment, of general long-term debt principal and interest.

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations or other governments and therefore not available to support the District's own program. The District's two trust funds are private-purpose trust that account for scholarship programs for students. The agency fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operation. This fund accounts for student-managed activities.

Basis of Presentation-Financial Statements

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statements are prepared using the economic resources measurement focus. This differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Private-purpose trust funds are reported using the economic resources measurement focus.

Basis of Accounting

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the District is considered to be 60 days after fiscal year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Under the modified accrual basis, the following revenue sources are considered susceptible to accrual at year end: property taxes, tuition, grants and entitlements, and student fees.

Current property taxes measurable at June 30, 2017, and which are not intended to finance fiscal year 2017 operations, have been recorded as deferred inflows of resources. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year end.

The accrual basis of accounting is utilized for reporting purposes by the government-wide financial statements and the fiduciary funds. Revenues are recognized when they are earned and expenses are recognized when incurred.

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

Revenues - Exchange and Non-exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Grants and entitlements received before eligibility requirements are met are recorded as deferred inflows of resources.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Deferred Outflows/Inflows of Resources: In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources related to a deferred charge on refunding and pension are reported on the governmental-wide statement of net position. For more pension related information, see Note 6.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, pension, grants, and investment earnings. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance year 2018 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Grants and investment earnings are recorded as deferred inflows only on the governmental fund financial statements. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. For more pension related information, see Note 6.

Equity in Pooled Cash and Investments

Cash received by the District is pooled for investment purposes. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the financial statements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit and repurchase agreements are reported at cost.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2017 amounted to (\$27,574) and \$60,440 in Other Governmental Funds.

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of food held for resale and consumable supplies.

Capital Assets and Depreciation

The accounting and reporting treatment applied to capital assets is determined by their ultimate use:

Property, Plant and Equipment - Governmental Activities

These generally are acquired or constructed for governmental activities and are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years). These assets are reported in the Governmental Activities column of the Government-wide Statement of Net Position, but they are not reported in the Fund Financial Statements. The District follows the policy of not capitalizing assets with a cost of less than \$500.

Contributed capital assets are recorded at fair market value at the date received. The District does not possess any infrastructure. Estimated historical costs for governmental activities capital asset values were initially determined at June 30, 2017 by identifying historical costs where such information was available. In cases where information supporting original cost was not obtainable, estimated historical costs were developed. For certain capital assets, the estimates were arrived at by indexing estimated current costs back to the estimated year of acquisition.

Depreciation

All capital assets are depreciated, excluding land. Depreciation has been provided using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Lives (in years)</u>
Buildings and Improvements	20 - 40
Equipment	5 - 20

Long-Term Obligations

Long-term liabilities are being repaid from the following funds:

<u>Obligation</u>	<u>Fund</u>
General Obligation Bonds and Loans, and Refunding Bonds	Debt Service Fund
Compensated Absences	General & Nonmajor Governmental Funds

Compensated Absences

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation benefits are accrued as a liability when an employee's right to receive compensation is attributable to services already rendered, and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Administrators and classified staff who work twelve month contracts are granted vacation leave based on length of service and position. Sick leave benefits are accrued as a liability using the vesting method. Employees may earn 15 days of sick leave per year up to a maximum of 294 days for certified and 303 days for classified. Upon

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

retirement, employees will receive one-fourth of the accumulated sick leave up to a maximum of 73 ½ days. The portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the general fund. In the government wide statement of net position, Compensated Absences Payable is recorded within the Due within one year account and the long-term portion of the liability is recorded within the Due in more than one year account.

Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Of the District's restricted net position of \$6,137,829, none was restricted by enabling legislation.

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

Pensions

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred. Pension liabilities expected to be paid from current available financial resources are recorded as a fund liability.

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

Interfund Activity

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

Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, the District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories are used:

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

Nonspendable – resources that are not in spendable form (inventory) or have legal or contractual requirements to maintain the balance intact.

Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

Committed – resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, the Board of Education.

Assigned – resources that are intended to be used for specific purposes as approved through the District’s formal purchasing procedure by the Treasurer.

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from incurred expenses for specific purposes exceeding amounts which had been restricted, committed or assigned for said purposes.

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

Estimates

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

Note 2 - Equity in Pooled Cash and Investments

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the statement of net position and balance sheet as "Equity in Pooled Cash and Investments."

State statute requires the classification of monies held by the District into three categories:

Active Monies - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand.

Inactive Monies – Those monies not required for use within the current five year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

Interim Monies – Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Ohio law permits interim monies to be invested or deposited in the following securities:

- (1) Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest.
- (2) Bonds, notes, debentures, or other obligations or securities issued by any federal governmental agency.
- (3) No-load money market mutual funds consisting exclusively of obligations described in (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
- (4) Interim deposits in the eligible institutions applying for interim monies to be evidenced by time certificates of deposit maturing not more than one year from date of deposit, or by savings or deposit accounts, including, but not limited to, passbook accounts.
- (5) Bonds and other obligations of the State of Ohio.
- (6) The Ohio State Treasurer's investment pool (STAR Ohio).
- (7) Commercial paper and banker's acceptances which meet the requirements established by Ohio Revised Code, Sec. 135.142.
- (8) Under limited circumstances, corporate debt interests in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public moneys deposited with the institution.

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

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

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and amended by GASB Statement 40, "Deposit and Investment Risk Disclosures".

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy for deposits is any balance not covered by depository insurance will be collateralized by the financial institutions with pledged securities. As of June 30, 2017, \$6,511,176 of the District's bank balance of \$6,783,567 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institutions trust department or agent, but not in the District's name.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that at all times the total value of the securities so pledged is at least equal to 105% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

Investments

As of June 30, 2017, the District had the following investments:

	<u>Fair Value</u>	<u>Fair Value Hierarchy</u>	<u>Weighted Average Maturity (Years)</u>
Negotiable CD's	\$250,263	Level 1	1.93
Federal Farm Credit Bank	998,840	Level 1	1.53
Money Market Fund	<u>5,601,967</u>	N/A	
Total Fair Value	<u>\$6,851,070</u>		
Portfolio Weighted Average Maturity			0.29

The District categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the District's recurring fair value measurements as of June 30, 2017. All investments of the District are valued using quoted market prices (Level 1 inputs).

Interest Rate Risk - In accordance with the investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit Risk – It is the District's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have a credit quality rating of the top 2 ratings issued by nationally recognized statistical rating organizations. The District's investments in Federal Farm Credit Bank were rated AAA by Standard & Poor's and Fitch Ratings and Aaa by Moody's Investors Service, Money Market Funds were rated AAA by Standard & Poor's Ratings and Negotiable CDs were not rated.

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

Concentration of Credit Risk – The District places no limit on the amount the District may invest in one issuer. Of the District’s total investments, 4% in Negotiable CDs, 14% in Federal Farm Credit Bank and 82% in Money Market Fund.

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

Note 3 – Property Taxes

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real and public utility property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on real property at 35 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. The District receives property taxes from Montgomery County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2017, are available to finance fiscal year 2018 operations. The amount available for advance can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property and public utility taxes that became measurable as of June 30, 2017. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflows of resources for the portion not intended to finance current fiscal year operations. The amount available as an advance at June 30, 2017, was \$284,973 and is recognized as revenue: \$230,508 in the General Fund, \$53,217 in the Debt Service Fund and \$1,248 in the Other Governmental Funds. On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The assessed values, upon which the fiscal year 2017 receipts were based, were as follows:

<u>2016 Second Half Collections</u>		<u>2017 First Half Collections</u>	
Agricultural/Residential and		Agricultural/Residential and	
Other Real Estate	\$184,864,660	Other Real Estate	\$187,017,890
Public Utility Personal	5,368,080	Public Utility Personal	5,691,800
Total Assessed Value	<u>\$190,232,740</u>	Total Assessed Value	<u>\$192,709,690</u>
	\$74.25		\$69.03

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

Note 4 – Receivables

Receivables at June 30, 2017 consisted of accounts, taxes, interest, intergovernmental, and interfund.

Note 5 - Capital Assets

Governmental Activities Capital Assets

Summary by category of changes in governmental activities capital assets at June 30, 2017:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$935,308	\$0	\$0	\$935,308
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	38,654,285	9,989	0	38,664,274
Equipment	<u>5,950,699</u>	<u>121,747</u>	<u>0</u>	<u>6,072,446</u>
Totals at Historical Cost	<u>45,540,292</u>	<u>131,736</u>	<u>0</u>	<u>45,672,028</u>
Less Accumulated Depreciation:				
Buildings and Improvements	12,180,551	997,339	0	13,177,890
Equipment	<u>4,729,940</u>	<u>212,139</u>	<u>0</u>	<u>4,942,079</u>
Total Accumulated Depreciation	<u>16,910,491</u>	<u>1,209,478</u>	<u>0</u>	<u>18,119,969</u>
Governmental Activities Capital Assets, Net	<u>\$28,629,801</u>	<u>(\$1,077,742)</u>	<u>\$0</u>	<u>\$27,552,059</u>

Depreciation expenses were charged to governmental functions as follows:

Instruction:	
Regular	\$1,068,147
Special	1,860
Vocational	872
Support Services:	
Pupil	2,666
Instructional Staff	8,886
General Administration	138
School Administration	1,851
Fiscal	219
Operations and Maintenance	16,779
Pupil Transportation	34,653
Operation of Non-Instructional Services	38,706
Extracurricular Activities	34,701
Total Depreciation Expense	<u>\$1,209,478</u>

Note 6 - Defined Benefit Pension Plans

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The 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 liability represents the employer’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in accrued wages and benefits on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description – 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, annual cost-of-living adjustments, 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:

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

	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 year 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.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the employer 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, 2017, the allocation to pension, death benefits, and Medicare B was 14.00 percent. None of the 14 percent contribution rate was allocated to the Health Care Fund.

The contractually required contribution to SERS was \$273,295 for fiscal year 2017. Of this amount \$27,626 is reported as accrued wages and benefits.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – Licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement 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 will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement increased effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 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, member contributions are allocated among investment choices by the member, and employer contributions 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 services. 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.

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. Eligible survivors of members who die before service retirement may qualify for monthly benefits. 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. 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 statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2017, plan members were required to contribute 14 percent of their annual covered salary. The employer was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The contractually required contribution to STRS was \$882,156 for fiscal year 2017. Of this amount \$149,362 is reported as accrued wages and benefits.

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

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, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net pension liability was based on the share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$4,580,849	\$19,220,968	\$23,801,817
Proportion of the Net Pension Liability	0.06258780%	0.05742228%	
Pension Expense	511,678	1,432,798	1,944,476

At June 30, 2017, reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$61,785	\$776,619	\$838,404
Changes of assumptions	305,797	0	305,797
Net difference between projected and actual earnings on pension plan investments	377,853	1,595,857	1,973,710
Changes in employer proportionate share of net pension liability	0	180,173	180,173
Contributions subsequent to the measurement date	<u>273,295</u>	<u>882,156</u>	<u>1,155,451</u>
Total Deferred Outflows of Resources	<u>\$1,018,730</u>	<u>\$3,434,805</u>	<u>\$4,453,535</u>
Deferred Inflows of Resources			
Changes in employer proportionate share of net pension liability	<u>\$137,481</u>	<u>\$0</u>	<u>\$137,481</u>
Total Deferred Inflows of Resources	<u>\$137,481</u>	<u>\$0</u>	<u>\$137,481</u>

\$1,155,451 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

Fiscal Year Ending June 30:	SERS	STRS	Total
2018	\$128,075	\$421,399	\$549,474
2019	127,803	421,399	549,202
2020	243,459	1,033,774	1,277,233
2021	108,617	676,077	784,694
Total	<u>\$607,954</u>	<u>\$2,552,649</u>	<u>\$3,160,603</u>

Actuarial Assumptions - SERS

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

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, 2016, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50-18.20 percent
COLA or Ad Hoc COLA	3.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

The mortality assumptions are that mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Special mortality tables are used for the period after disability retirement. The most recent experience study was completed for the five year period ended June 30, 2015.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

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 a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

Discount Rate

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

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

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	\$6,064,759	\$4,580,849	\$3,338,755

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses, including inflation
Cost-of-Living Adjustments (COLA)	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 paid on fifth anniversary of retirement date.

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 not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS’ investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	100.00 %	

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. The projection of cash flows used to determine the discount rate assumes 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. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not 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, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

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

The following table presents the proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the proportionate share of the

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease <u>(6.75%)</u>	Current Discount Rate <u>(7.75%)</u>	1% Increase <u>(8.75%)</u>
Proportionate share of the net pension liability	\$25,543,105	\$19,220,968	\$13,887,873

Changes Between Measurement Date and Report Date

In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to the net pension liability is expected to be significant.

Note 7 - Post Employment Benefits

School Employees Retirement System

Health Care Plan Description – Sections 3309.375 and 3309.69 of the Ohio Revised Code permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS’ Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The Ohio Revised Code provides the statutory authority to fund SERS’ postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plan.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer 14% contribution to the Health Care Fund in accordance with the funding policy. For the year ended June 30, 2017, the health care allocation is 0.00%. 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. By statute no employer shall pay a health care surcharge greater than 2.0% of that employer’s SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the minimum compensation level was established at \$23,500. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District’s contributions assigned to health care for the years ended June 30, 2017, 2016, and 2015 were \$0, \$0, and \$22,229, respectively.

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

The SERS Retirement Board establishes 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.

The financial reports of SERS' Health Care plan are included in its Comprehensive Annual Financial Report. That report can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

State Teachers Retirement System

Plan Description – The District participates in the cost-sharing multiple-employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS) 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 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 Ohio to offer the Plan and gives the Retirement Board 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, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2017, STRS did not allocate any employer contributions to post-employment health care. The District's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were \$0, \$0, and \$0, respectively.

Note 8 - Long-Term Debt and Other Obligations

Detail of the changes in the bonds and compensated absences of the District for the year ended June 30, 2017 is as follows:

	Interest Rate	Beginning Balance	Issued	Retired	Ending Balance	Due In One Year
Governmental Activities:						
General Obligation Bonds and Loans:						
2003 Building Construction	1.25-5.52%	\$372,120	\$0	\$372,120	\$0	\$0
2006 Refunding:						
Current Interest Bonds	3.50-4.13%	16,740,000	0	0	16,740,000	0
Capital Appreciation Bonds - Principal		386,323	0	38,692	347,631	160,669
Capital Appreciation Bonds - Interest Premium		1,056,991	204,888	116,308	1,145,571	0
		603,749	0	37,735	566,014	0
General Obligation Loan-Capital Improvements		0	200,000	0	200,000	18,602
Subtotal Bonds and Loans		19,159,183	404,888	564,855	18,999,216	179,271
Compensated Absences		892,852	81,380	30,861	943,371	81,696
Subtotal Bonds and Other Amounts		20,052,035	486,268	595,716	19,942,587	260,967
Net Pension Liability:						
STRS		15,660,941	3,560,027	0	19,220,968	0
SERS		3,651,674	929,175	0	4,580,849	0
Total Net Pension Liability		19,312,615	4,489,202	0	23,801,817	0
Total Long-Term Obligations		\$39,364,650	\$4,975,470	\$595,716	\$43,744,404	\$260,967

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

General obligation bonds and loans will be paid from the debt service fund. Compensated absences will be paid from the general and other governmental funds.

General Obligation Loan

During 2017, the District received \$200,000 in a general obligation loan that will be used for capital improvements for the District. The first payment begins on December 1, 2017. The debt will be retired from the debt service fund.

Refunded Bonds

In December 2006, the District advance refunded \$18,504,986 in bonds that were originally for improvements, renovations, and additions to school facilities. The \$981,099 premium on the issuance of these refunding bonds will be amortized over the remaining life of the debt which has a final maturity date of December 1, 2031. The debt will be retired from the debt service fund.

The refunding bonds are not subject to optional redemption prior to maturity. Of the \$18,504,986 issued, \$17,830,000 represents serial bonds and \$674,986 is capital appreciation bonds. The serial bonds mature at varying amounts through December 1, 2031.

The capital appreciation bonds will mature in fiscal years 2015, 2016, 2017, 2018, and 2019. The final maturity amount of the bonds is \$2,780,000.

The deferred amount on the refunding is \$854,875. This represents the difference between the payments to refunding bond escrow agent of \$19,359,861 and the issuance of refunding bonds of \$18,504,986.

Principal and Interest Requirements

A summary of the District's future long-term debt funding requirements, including principal and interest payments as of June 30, 2017 follows:

Fiscal Year Ending June 30	Current Interest Bonds		Capital Appreciation		General Obligation Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$0	\$711,154	\$160,669	\$579,331	\$18,602	\$3,745
2019	0	711,153	186,962	803,038	37,773	6,921
2020	990,000	691,354	0	0	39,300	5,395
2021	1,030,000	650,954	0	0	40,876	3,818
2022	1,070,000	608,954	0	0	42,539	2,155
2023-2027	6,260,000	2,329,310	0	0	20,910	437
2028-2032	7,390,000	828,225	0	0	0	0
Total	<u>\$16,740,000</u>	<u>\$6,531,104</u>	<u>\$347,631</u>	<u>\$1,382,369</u>	<u>\$200,000</u>	<u>\$22,471</u>

Note 9 - Statutory Reserves

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2017, the reserve activity (cash-basis) was as follows:

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

	Capital Acquisition Reserve
Set-aside Reserve Balance as of June 30, 2016	\$0
Current Year Set-aside Requirement	263,990
Qualified Disbursements	(227,344)
Current Year Offsets	(36,646)
Total	<u>\$0</u>
Set-Aside Reserve Balance as of June 30, 2017	<u>\$0</u>

Carried Forward as of June 30, 2017

Amounts of offsets and qualifying expenditures presented in the table for the capital acquisition set-asides were limited to those necessary to reduce the year-end balance to zero. Although the District may have had additional offsets and qualifying expenditures for capital acquisitions, these amounts may not be used to reduce the set-aside requirements of future fiscal years and therefore are not presented as being carried forward to the next fiscal year.

Note 10 – Interfund Transactions

Interfund transactions at June 30, 2017, consisted of the following interfund receivable and interfund payable and transfers in and out:

	Interfund		Transfers	
	Receivable	Payable	In	Out
General	\$3,386	\$0	\$0	\$40,000
Other Governmental Funds	0	3,386	136,148	96,148
Total	<u>\$3,386</u>	<u>\$3,386</u>	<u>\$136,148</u>	<u>\$136,148</u>

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

The transfer of \$96,148 between other governmental funds (from permanent improvement fund to the classroom facilities maintenance fund) was for maintenance for the District’s OSFC project.

Note 11 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During fiscal year 2017 the District contracted with the following insurance providers for various insurance coverages, as follows:

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

<u>Insurance Provider</u>	<u>Coverage</u>	<u>Deductible</u>
Arthur J. Gallagher and Company	School Board Liability	\$10,000
Arthur J. Gallagher and Company	Excess Liability	0
Arthur J. Gallagher and Company	Excess Property	5,000
Arthur J. Gallagher and Company	Boiler & Machinery	3,500
Arthur J. Gallagher and Company	Auto Liability	1,000
Arthur J. Gallagher and Company	Cyber Liability	15,000
Arthur J. Gallagher and Company	Pollution	25,000

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

Note 12 - Insurance Purchasing Pool

Southwestern Ohio Educational Purchasing Cooperative Workers' Compensation Group Rating Plan (WCGRP) - The District participates in the WCGRP, an insurance purchasing pool. The group rating plan for workers' compensation was established under Section 4123.29 of the Ohio Revised Code. The Plan's business and affairs are conducted by an executive committee elected by members of the cooperative.

Each year, the participating school districts pay an enrollment fee to the WCGRP to cover the costs of administering the program.

Note 13 - Jointly Governed Organizations

Southwestern Ohio Instructional Technology Association (SOITA) - SOITA is a not-for-profit corporation formed under section 1702.01 of the Ohio Revised Code. The purpose of SOITA is to serve the educational needs of the area through television programming for the advancement of educational programs.

The Board of Trustees is comprised of twenty-one representatives of SOITA member schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties i.e. Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene, and Butler counties shall elect two representatives per area. All others shall elect one representative per area. All superintendents except for those from educational service centers vote on the representatives after a nomination committee nominates individuals to run. One at-large non-public representative shall be elected by the non-public school SOITA members as the State assigned SOITA service area. One at-large higher education representative shall be elected by higher education SOITA members from within the State assigned SOITA service area.

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net position shall be distributed to the federal government, or to a state or local government for a public purpose. Payments to SOITA are made from the general fund. During the fiscal year 2017, the District paid \$3,490 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association at 1205 East Fifth Street, Dayton, Ohio 45402.

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

Southwestern Ohio Educational Purchasing Council (SOEPC) - SOEPC is a purchasing council made up of 132 school districts and boards of developmental disabilities in 18 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment and supplies purchased by the SOEPC is held in trust for the member district by the fiscal agent. Payments to SOEPC are made from the general fund. During fiscal year 2017, the District paid \$64,243 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

Metropolitan Educational Technology Association - The District is a member of the Metropolitan Educational Technology Association (META). META develops, implements, and supports the technology and instructional needs of schools. The Board of Directors of META consists of a president and vice president along with 6 members. During fiscal year 2017, the District paid \$30,359 to META. Financial information can be obtained from David Varda, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

Shared Resources Center Regional Council of Governments - The District participates in the Shared Resources Center Regional Council of Governments (Council), a jointly governed organization consisting of educational entities within Montgomery County. The purpose of the Council is to provide cost effective services to its members and to other entities, enhance and facilitate relationships between stakeholders in the public and private sector, and collaborate on research and development for innovations in education and local government. The Council is governed by a Governing Board, consisting of one individual from each of the seven original members, including the District. The degree of control exercised by any participating educational entity is limited to its representation on the Governing Board. Financial information can be obtained from the Montgomery County Educational Service Center, 200 South Keowee Street, Dayton, Ohio 45402.

Note 14 – Contingencies

Foundation Funding

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. The impact of FTE adjustments on the fiscal year 2017 financial statements did not result in an additional receivable to, or a liability of, the District.

Litigation

The District's attorney estimates that all other potential claims against the District not covered by insurance resulting from all other litigation would not materially affect the financial statements of the District.

Grants

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

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the affect of any such disallowed claims on the overall financial position of the District at June 30, 2017, if applicable, cannot be determined at this time.

Note 15 – Accountability

The following funds had deficit fund balances at June 30, 2017:

Other Governmental Funds:	Deficit
Title I	\$10,172
IDEA Early Education	1,456
IDEA Part B	31,534

These deficits were created by the recognition of accrued liabilities. The General Fund provides transfers to cover deficit balances; however this is done when cash is needed rather than when accruals occur. These deficits do not exist on a cash basis.

Note 16 – Fund Balances

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

Fund Balances	General	Debt Service	Other Governmental Funds	Total
Nonspendable:				
Inventory	\$77,409	\$0	\$0	\$77,409
Prepays	2,142	0	129	2,271
Total Nonspendable	79,551	0	129	79,680
Restricted for:				
Athletics	0	0	72,870	72,870
Food Service	0	0	220,860	220,860
Classroom Facilities Maintenance	0	0	113,015	113,015
Debt Service	0	5,448,052	0	5,448,052
Permanent Improvement	0	0	124,616	124,616
Capital Projects	0	0	200,000	200,000
Total Restricted	0	5,448,052	731,361	6,179,413
Assigned to:				
Public School Support	99,529	0	0	99,529
Encumbrances	74,744	0	0	74,744
Total Assigned	174,273	0	0	174,273
Unassigned (Deficit)	6,032,715	0	(43,240)	5,989,475
Total Fund Balance	\$6,286,539	\$5,448,052	\$688,250	\$12,422,841

Brookville Local School District, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2017

Note 17 – Implementation of New Accounting Principles

For the fiscal year ended June 30, 2017, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*, and GASB Statement No. 80, *Blending Requirements For Certain Component Units – An Amendment of GASB No. 14*.

GASB Statement No. 77 establishes improved financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The implementation of GASB Statement No 77 did not have an effect on the financial statements of the District.

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the District.

Note 18 – Tax Abatements Entered Into by Other Governments

Other governments entered into property tax abatement agreements with property owners under the Ohio Community Reinvestment Area ("CRA") program with the taxing districts of the District. The CRA program is a directive incentive tax exemption program benefiting property owners who renovate or construct new buildings. Under this program, the other governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. Within the taxing districts of the District, City of Brookville has entered into such an agreement. Under this agreement the District's property taxes were reduced by approximately \$87,303. The District is not receiving any amounts from this other government in association with the forgone property tax revenue.

Note 19 – Subsequent Event

In June 2017 the Board of Education approved issuing refunding bonds for the purpose of refunding a portion of the School Improvement Refunding Bonds, Series 2006. The issue closed September 5, 2017 and Refunding Bonds, Series 2017A and B were issued in the amount of \$10,965,000. The District also refunded an additional \$5,355,577 of the School Improvement Refunding Bonds, Series 2006.

REQUIRED SUPPLEMENTARY INFORMATION

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

	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.05742228%	0.05666642%	0.05661597%	0.05661597%
District's Proportionate Share of the Net Pension Liability	\$19,220,968	\$15,660,940	\$13,770,963	\$16,359,704
District's Covered-Employee Payroll	\$6,022,286	\$5,844,607	\$6,229,554	\$6,627,138
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	319.16%	267.96%	221.06%	246.86%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	72.10%	74.70%	69.30%

(1) - Information prior to 2014 is not available

Note- Amounts presented as of the District's measurement date which is the prior fiscal year end.

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

	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.06258780%	0.06399600%	0.06657700%	0.06657700%
District's Proportionate Share of the Net Pension Liability	\$4,580,849	\$3,651,674	\$3,369,424	\$3,960,306
District's Covered-Employee Payroll	\$1,943,743	\$2,879,454	\$1,954,127	\$2,545,838
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	235.67%	126.82%	172.43%	155.56%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%	65.52%

(1) - Information prior to 2014 is not available

note- Amounts presented as of the District's measurement date which is the prior fiscal year end.

THIS PAGE INTENTIONALLY LEFT BLANK

Brookville Local School District
 Required Supplementary Information
 Schedule of District Contributions
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years

	2017	2016	2015	2014	2013
Contractually Required Contribution	\$882,156	\$843,120	\$818,244	\$809,842	\$861,528
Contributions in Relation to the Contractually Required Contribution	(882,156)	(843,120)	(818,244)	(809,842)	(861,528)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered-Employee Payroll	\$6,301,114	\$6,022,286	\$5,844,607	\$6,229,554	\$6,627,138
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	13.00%	13.00%

2012	2011	2010	2009	2008
\$890,964	\$890,124	\$893,328	\$827,088	\$785,172
(890,964)	(890,124)	(893,328)	(827,088)	(785,172)
\$0	\$0	\$0	\$0	\$0
\$6,853,569	\$6,847,108	\$6,871,754	\$6,362,215	\$6,039,785
13.00%	13.00%	13.00%	13.00%	13.00%

Brookville Local School District
 Required Supplementary Information
 Schedule of District Contributions
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years

	2017	2016	2015	2014	2013
Contractually Required Contribution	\$273,295	\$272,124	\$379,512	\$270,842	\$352,344
Contributions in Relation to the Contractually Required Contribution	<u>(273,295)</u>	<u>(272,124)</u>	<u>(379,512)</u>	<u>(270,842)</u>	<u>(352,344)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
District Covered-Employee Payroll	\$1,952,107	\$1,943,743	\$2,879,454	\$1,954,127	\$2,545,838
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.18%	13.86%	13.84%

2012	2011	2010	2009	2008
\$337,968	\$335,304	\$296,232	\$288,780	\$308,268
(337,968)	(335,304)	(296,232)	(288,780)	(308,268)
\$0	\$0	\$0	\$0	\$0
\$2,512,773	\$2,667,494	\$2,187,829	\$2,934,756	\$3,139,185
13.45%	12.57%	13.54%	9.84%	9.82%

Brookville Local School District, Ohio
 Schedule of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual (Non-GAAP Budgetary Basis)
 For the Fiscal Year Ended June 30, 2017

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$6,165,269	\$6,194,408	\$6,227,921	\$33,513
Revenue in lieu of taxes	274,083	275,378	276,868	1,490
Tuition and Fees	268,188	269,455	270,913	1,458
Investment Earnings	34,714	34,878	35,067	189
Intergovernmental	6,980,929	7,013,923	7,051,870	37,947
Extracurricular Activities	59,931	60,214	60,540	326
Other Revenues	108,469	108,981	109,571	590
Total Revenues	<u>13,891,583</u>	<u>13,957,237</u>	<u>14,032,750</u>	<u>75,513</u>
Expenditures:				
Current:				
Instruction:				
Regular	6,018,425	5,990,659	5,619,243	371,416
Special	1,467,648	1,460,877	1,370,304	90,573
Vocational	196,528	195,621	183,493	12,128
Other	24,699	24,585	23,061	1,524
Support Services:				
Pupil	1,040,186	1,035,387	971,194	64,193
Instructional Staff	654,452	651,432	611,044	40,388
General Administration	23,005	22,899	21,479	1,420
School Administration	1,292,281	1,286,319	1,206,568	79,751
Fiscal	264,775	263,553	247,213	16,340
Operations and Maintenance	1,223,703	1,218,058	1,142,539	75,519
Pupil Transportation	863,873	859,887	806,575	53,312
Central	82,875	82,492	77,378	5,114
Operation of Non-Instructional Services	138,056	137,419	128,899	8,520
Extracurricular Activities	427,355	425,383	399,010	26,373
Total Expenditures	<u>13,717,861</u>	<u>13,654,571</u>	<u>12,808,000</u>	<u>846,571</u>
Excess of Revenues Over (Under) Expenditures	<u>173,722</u>	<u>302,666</u>	<u>1,224,750</u>	<u>922,084</u>
Other financing sources (uses):				
Advances In	20,585	20,682	20,794	112
Advances (Out)	(3,627)	(3,610)	(3,386)	224
Transfers (Out)	(42,842)	(42,644)	(40,000)	2,644
Total Other Financing Sources (Uses)	<u>(25,884)</u>	<u>(25,572)</u>	<u>(22,592)</u>	<u>2,980</u>
Net Change in Fund Balance	147,838	277,094	1,202,158	925,064
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	<u>5,856,668</u>	<u>5,856,668</u>	<u>5,856,668</u>	<u>0</u>
Fund Balance - End of Year	<u>\$6,004,506</u>	<u>\$6,133,762</u>	<u>\$7,058,826</u>	<u>\$925,064</u>

See accompanying notes to the required supplementary information.

Brookville Local School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2017

Note 1 – Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations resolution and the certificate of estimated resources which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount that the Board of Education may appropriate. The appropriation resolution is Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Board. The legal level of control has been established by Board at the fund-object level for the General Fund and the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2017.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Board during the year.

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as an assignment of fund balance for governmental fund types and expendable trust funds (GAAP basis).
4. Some funds are reported as part of the general fund (GAAP basis) as opposed to the general fund being reported alone (budget basis).

Brookville Local School District, Ohio
Notes to the Required Supplementary Information
For The Fiscal Year Ended June 30, 2017

The following table summarizes the adjustments necessary to reconcile the GAAP basis to the budgetary basis for the General Fund.

Net Change in Fund Balance	
	General
GAAP Basis	\$1,230,013
Revenue Accruals	(194,022)
Expenditure Accruals	248,933
Advances In	20,794
Advances (Out)	(3,386)
Encumbrances	(102,500)
Funds Budgeted Elsewhere	2,326
Budget Basis	\$1,202,158

Note 2 – SERS Change in Assumptions

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

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (1) discount rate was reduced from 7.75% to 7.50%, (2) the assumed rate of inflation was reduced from 3.25% to 3.00%, (3) payroll growth assumption was reduced from 4.00% to 3.50%, (4) assumed real wage growth was reduced from 0.75% to 0.50%, (5) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (6) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (7) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (8) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

Note 3 – STRS Change in Assumptions

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

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014 - 2017. See the notes to the basic financials for the methods and assumptions in this calculation.

**BROOKVILLE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Receipts	Total Federal Non-Cash Receipts	Total Federal Expenditures	Total Federal Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education</i>						
Child Nutrition Cluster:						
School Breakfast Program	10.553	N/A	31,672	-	31,672	-
National School Lunch Program	10.555	N/A	181,115	38,823	181,115	38,823
Total Child Nutrition Cluster			<u>212,787</u>	<u>38,823</u>	<u>212,787</u>	<u>38,823</u>
Total U.S. Department of Agriculture			<u>212,787</u>	<u>38,823</u>	<u>212,787</u>	<u>38,823</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education</i>						
Special Education Cluster:						
Special Education Grants to States	84.027	H027A150111	394,420	-	387,216	-
Special Education Preschool Grants	84.173	N/A	17,660	-	16,416	-
Total Special Education Cluster			<u>412,080</u>	<u>-</u>	<u>403,632</u>	<u>-</u>
Title I Grants to Local Educational Agencies	84.010	S010A160035	176,600	-	167,525	-
Supporting Effective Instruction State Grants	84.367	S367A160034	40,130	-	38,664	-
Total U.S. Department of Education			<u>628,810</u>	<u>-</u>	<u>609,821</u>	<u>-</u>
Total Receipts and Expenditures of Federal Awards			<u><u>841,597</u></u>	<u><u>38,823</u></u>	<u><u>822,608</u></u>	<u><u>38,823</u></u>

The accompanying notes are an integral part of this schedule.

**BROOKVILLE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) includes the federal award activity of Brookville Local School District (the District) under programs of the federal government for the year ended June 30, 2017. 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - 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 D – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brookville Local School District, Montgomery County, (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 20, 2018.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2017-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the District's response and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

March 20, 2018



Dave Yost • Auditor of State

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

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

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited Brookville Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Brookville Local School District's major federal program for the year ended June 30, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

Management's Responsibility

The District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in 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). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, Brookville Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2017.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

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

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

March 20, 2018

**BROOKVILLE LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2017**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2017-001

Material Weakness – Financial Statement Errors

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

**FINDING NUMBER 2017-001
(Continued)**

The District's annual financial report and underlying accounting system contained the following errors which resulted in adjustments to correctly report the District's financial activity:

- The District issued a \$200,000 general obligation loan for capital improvement during fiscal year 2017. The District booked the proceeds of the loan as Intergovernmental Revenue in the Debt Service Fund during the year rather than Other Financing Sources: Issuance of Long-Term Capital-Related Debt in the Other Governmental Funds. During the compilation procedures, the District booked the proceeds again as an increase to Other Financing Sources: Issuance of Long-Term Capital-Related Debt and Equity in Pooled Cash and Investments in the Debt Service Fund. As a result, the District overstated Intergovernmental Revenue by \$200,000, Equity in Pooled Cash and Investments by \$400,000, and Restricted Fund Balance by \$400,000 in the Debt Service Fund and understated Other Financing Sources: Issuance of Long-Term Capital-Related Debt and Equity in Pooled Cash and Investments by \$200,000 in Other Governmental Funds. Additionally, the \$200,000 was reported in the bond retirement fund and should have been recorded in the permanent improvement fund. Finally, the District overstated General Revenues: Grants and Entitlements, Not Restricted; Equity in Pooled Cash and Investments; and Net Position: Restricted for Capital Projects by \$200,000 in Governmental Activities.
- The District improperly included the portion of fiscal year 2017 grants allocated to the fiscal year 2018 grant awards by the Ohio Department of Education as Intergovernmental Receivables at June 30, 2017. As a result, Intergovernmental Receivable and Deferred Inflows of Resources - Grants and Other Taxes were overstated by \$36,832 in Other Governmental Funds. Additionally, Intergovernmental Receivable and Operating Grants and Contributions were overstated by \$36,832 in Governmental Activities.

These adjustments have been posted to the District's accounting system.

The District should implement procedures to verify the accuracy of amounts reported in the financial statements in accordance with applicable accounting standards. Failure to do so could result in the users of the financial statements basing their conclusions on materially misstated financial data.

Officials' Response

The District will review and work with their GAAP consultant to make sure that the financial statements are accurately converted in the future.

3. FINDINGS FOR FEDERAL AWARDS

None

Brookville Local School District



Timothy L. Hopkins
Superintendent
(937) 833-2181

Tiffany Hiser
Treasurer
(937) 833-5582

Jeffery J. Requarth
Dir. of Support Personnel
(937) 833-4724 / 833-0724 (fax)

Board of Education Offices
75 June Place
Brookville, Ohio 45309
Fax (937) 833-2787

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS **2 CFR 200.511(b)** **JUNE 30, 2017**

Finding Number	Finding Summary	Status	Additional Information
2016-001	The District's financial statements were misstated as a result of the pension liability calculation.	Partially Corrected – Repeated in Management Letter	The District will continue to review and work with their GAAP consultant to make sure that the GASB 68 net pension liability is implemented correctly in the future.

Brookville Local School District



Timothy L. Hopkins
Superintendent
(937) 833-2181

Tiffany Hiser
Treasurer
(937) 833-5582

Jeffery J. Requarth
Dir. of Support Personnel
(937) 833-4724 / 833-0724 (fax)

Board of Education Offices
75 June Place
Brookville, Ohio 45309
Fax (937) 833-2787

CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) JUNE 30, 2017

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-001	The District will review and work with their GAAP consultant to make sure that the financial statements are accurately converted in the future.	11/30/18	Tiffany Hiser, Treasurer



Dave Yost • Auditor of State

BROOKVILLE LOCAL SCHOOL DISTRICT

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 24, 2018**