



OHIO AUDITOR OF STATE
KEITH FABER



**BRUNSWICK CITY SCHOOL DISTRICT
MEDINA COUNTY**

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MEDINA COUNTY**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Brunswick City School District
Medina County
3643 Center Road
Brunswick, Ohio 44212

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brunswick City School District, Medina County, Ohio (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Brunswick City School District, Medina County, Ohio as of June 30, 2023, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Federal Awards Receipts and Expenditures Schedule 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 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 29, 2024, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

February 29, 2024

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Brunswick City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)

The discussion and analysis of the Brunswick City School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2023 are as follows:

- Net position increased \$18 million from fiscal year 2022.
- Capital assets increased \$1 million during fiscal year 2023 through acquisitions exceeding depreciation and amortization expense.
- During the fiscal year, outstanding debt decreased through principal payments of \$4 million.

Using this Annual Report

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While the basic financial statements contain the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2023?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all nonfiduciary assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting has taken into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Brunswick City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)

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

In the *Statement of Net Position* and the *Statement of Activities*, Governmental Activities include the School District's programs and services, including instruction, support services, extracurricular activities, and non-instructional services, i.e., food service operations.

Reporting the School District's Most Significant Fund

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general and debt service funds.

Governmental Funds Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and 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 School 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.

Reporting the School District's Fiduciary Responsibilities

The School District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in custodial funds. The School District's fiduciary activities are reported in a separate *Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position*. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

Brunswick City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)

The School District as a Whole

Recall that the *Statement of Net Position* provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2023 compared to 2022:

Table 1
Net Position

	Governmental Activities		
	2023	Restated 2022	Change
Assets			
Current & Other Assets	\$ 106,218,892	\$ 92,925,620	\$ 13,293,272
Net OPEB Asset	7,323,397	6,055,714	1,267,683
Capital Assets, Net	96,726,086	95,759,351	966,735
<i>Total Assets</i>	<u>210,268,375</u>	<u>194,740,685</u>	<u>15,527,690</u>
Deferred Outflows of Resources			
Deferred Charges	925,285	987,535	(62,250)
Pension & OPEB	20,166,231	20,500,722	(334,491)
<i>Total Deferred Outflows of Resources</i>	<u>21,091,516</u>	<u>21,488,257</u>	<u>(396,741)</u>
Liabilities			
Current & Other Liabilities	10,760,472	11,958,676	(1,198,204)
Long-Term Liabilities:			
Due Within One Year	4,690,764	4,499,521	191,243
Due In More Than One Year:			
Pension & OPEB	81,370,165	51,549,722	29,820,443
Other Amounts	62,228,425	66,564,856	(4,336,431)
<i>Total Liabilities</i>	<u>159,049,826</u>	<u>134,572,775</u>	<u>24,477,051</u>
Deferred Inflows of Resources			
Property Taxes	49,603,356	45,642,270	3,961,086
Pension & OPEB	20,941,068	51,910,239	(30,969,171)
<i>Total Deferred Inflows of Resources</i>	<u>70,544,424</u>	<u>97,552,509</u>	<u>(27,008,085)</u>
Net Position			
Net Investment in Capital Assets	36,257,833	29,685,324	6,572,509
Restricted	19,823,421	17,524,545	2,298,876
Unrestricted	(54,315,613)	(63,106,211)	8,790,598
<i>Total Net Position</i>	<u>\$ 1,765,641</u>	<u>\$ (15,896,342)</u>	<u>\$ 17,661,983</u>

Brunswick City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)

The net pension liability (NPL) is one of the largest liabilities reported by the School District at June 30, 2023, and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. In a prior period, the School District also adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

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

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

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

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

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. For STRS, the plan's fiduciary net OPEB position was sufficient to cover the plan's total OPEB liability resulting in a net OPEB asset for fiscal year 2023 that is allocated to each school based on its proportionate share. The retirement system is responsible for the administration of the pension and OPEB plans.

Brunswick City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)

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

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

Capital assets include, land, land improvements, buildings and improvements, furniture and equipment, vehicles, leased equipment. These capital assets are used to provide services to students and are not available for future spending. Although the School 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 School District's net position, represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position may be used to meet the government's ongoing obligations to students and creditors.

Current and other assets increased over prior year. An increase in valuations accounts for the increase in property taxes receivable and the increase in taxes collected contributed to an increase in cash. Software subscriptions paid in advance account for an increase in prepaid expenses while a decrease in intergovernmental receivable can be attributed to the School District requesting more of their awards during the fiscal year.

There are no contracts or retainage payable in fiscal year 2023 due to the completion of outstanding construction projects, mainly accounting for the decrease in current and other liabilities.

Long-term debt decreased from fiscal year 2023 though principal payments made during the year.

Fluctuations in the net pension/OPEB liability/asset for the School District are due to changes in the actuarial liabilities/assets and related accruals that are passed through to the School District's financial statements. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows and NPL/NOL/NOA and are described in more detail in their respective notes.

Brunswick City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2023 and 2022.

Table 2
Changes in Net Position

	Governmental Activities		
	2023	Restated 2022	Change
Revenues			
<i>Program Revenues</i>			
Charges for Services	\$ 3,326,384	\$ 2,152,052	\$ 1,174,332
Operating Grants	6,050,662	11,587,268	(5,536,606)
Capital Grants	-	10,674	(10,674)
<i>Total Program Revenues</i>	<u>9,377,046</u>	<u>13,749,994</u>	<u>(4,372,948)</u>
General Revenues			
Property Taxes	55,464,134	47,281,351	8,182,783
Grants & Entitlements	33,636,752	33,268,810	367,942
Payments in Lieu of Taxes	167,700	164,900	2,800
Capital Grants not Restricted	4,738,572	4,426,470	312,102
Other	1,382,845	674,781	708,064
<i>Total General Revenues</i>	<u>95,390,003</u>	<u>85,816,312</u>	<u>9,573,691</u>
<i>Total Revenues</i>	<u>104,767,049</u>	<u>99,566,306</u>	<u>5,200,743</u>
Program Expenses			
Instruction:			
Regular	36,226,454	32,057,070	4,169,384
Special	10,272,652	9,246,992	1,025,660
Vocational	272,185	196,628	75,557
Adult/Continuing	-	4,086	(4,086)
Student Intervention Services	476,209	440,660	35,549
Other	520,267	553,261	(32,994)
Support Services:			
Pupils	10,026,713	8,387,130	1,639,583
Instructional Staff	2,168,985	2,031,650	137,335
Board of Education	524,657	411,040	113,617
Administration	4,803,207	4,103,069	700,138
Fiscal	1,783,034	1,476,273	306,761
Business	534,148	549,916	(15,768)
Operation and Maintenance of Plant	6,714,539	5,862,309	852,230
Pupil Transportation	5,354,964	4,737,271	617,693
Central	558,742	456,305	102,437
Operation of Non-Instructional/Shared Services:			
Food Service Operations	2,179,926	2,239,223	(59,297)
Community Services	651,519	679,657	(28,138)
Extracurricular Activities	1,906,181	2,058,774	(152,593)
Interest and Fiscal Charges	2,130,684	2,400,615	(269,931)
<i>Total Expenses</i>	<u>87,105,066</u>	<u>77,891,929</u>	<u>9,213,137</u>
<i>Change in Net Position</i>	17,661,983	21,674,377	(4,012,394)
<i>Net Position Beginning of Year</i>	<u>(15,896,342)</u>	<u>(37,570,719)</u>	<u>21,674,377</u>
<i>Net Position End of Year</i>	<u>\$ 1,765,641</u>	<u>\$ (15,896,342)</u>	<u>\$ 17,661,983</u>

Regular instruction for 2022 includes the change due to the restatement for comparability purposes. See Note 2.

Brunswick City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)

During fiscal year 2023, charges for services increased as the School District began charging for food services to compensate for the decreased food service grants related to COVID-19 pandemic. In addition, ESSER grant funding decreased substantially from fiscal year 2022. General revenues showed an increase due, in part, to the increase in valuations, accounting for the increase in property taxes. Investment earnings increased over prior year as market conditions fluctuate.

Overall, program expenses showed an increase. The majority of the changes in program expenses are primarily associated to changes in the School District's proportionate share of the net pension liability, net OPEB liability/asset and related accruals. As previously indicated, these items are explained in detail within their respective notes.

The dependence upon general revenues for governmental activities is apparent. The community, as a whole, is by far the primary support for the School District students.

Governmental Funds

The School District's major funds are accounted for using the modified accrual basis of accounting. Changes in fund balance are as follows:

	Fund Balance 6/30/2023	Fund Balance 6/30/2022	Increase (Decrease)
General Fund	\$ 25,620,896	\$ 16,054,874	\$ 9,566,022
Debt Service Fund	4,792,601	4,958,644	(166,043)

General fund had an increase in fund balance over the prior year, mainly due to the increase in property tax collections as previously discussed.

The fund balance in the debt service fund decreased from fiscal year 2022. This is primarily caused by the timing of property tax collections versus the due dates for debt service.

General Fund Budgeting Highlights

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

During the course of fiscal year 2023, the School District amended its general fund budget. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

Original Budget Compared to Final Budget For the general fund, original budgeted revenues were estimated higher than final budget with intergovernmental revenues and tuition and fees accounting for most of the difference. Nearly all expenditures were originally estimated higher than final budget.

Final Budget Compared to Actual Results There were no differences in final budget and actual revenues or final expenditure appropriations and actual expenditures.

Brunswick City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)

There were no significant differences in other financing sources and uses.

Capital Assets

Capital assets showed an increase in fiscal year 2023 which was attributable to current year purchases exceeding depreciation and disposals.

Major additions to capital assets in fiscal year 2023 included:

- Completion of Phase II of the Stadium project
- Completion of boiler and HVAC system replacements

See Note 8 for more information about the capital assets of the School District.

Debt

During fiscal year 2023, debt service obligations decreased due to principal payments made by the School District. See Note 13 for more information about the long-term obligations of the School District.

Current Issues

Brunswick City School District had another year of financial stability with revenues exceeding expenditures. As the preceding information indicates, the School District heavily depends on its local property taxpayers as well as the State for its operating resources. It should be noted that the financial outlook of the School District would be significantly impacted if there is any uncertainty in these revenue streams.

Local Revenues:

Emergency Levy I was originally passed in November 1987 for a five year period for 5.91 mills and it currently generates \$2.10 million per year. It has been renewed four times and in May 2019 was renewed for a ten-year period. It will expire in December 2029. Emergency Levy I is currently collected at 1.30 mills.

Emergency Levy II was originally passed in November 1994 for a five year period for 7.82 mills and it generates \$3.2 million per year. It has been renewed four times and in May 2016 was renewed for an eight year period. It will expire in December 2023 and is currently collected at 2.00 mills.

Emergency Levy III was originally passed in March 2004 for a five-year period for 6.70 mills and it generates \$5.80 million per year. It has been renewed three times and in May 2022 was renewed for a ten year period. It will expire in December 2031. It is currently being collected at 3.65mills.

Emergency Levy IV was originally passed in May 2006 for a five-year period for 4.90 mills and it generates approximately \$4.70 million per year. It has been renewed once in November 2010 for a seven-year period and most recently for a ten year period in May 2018. It will expire in December 2027. It is currently collected at 2.90 mills.

Emergency Levy VI was passed in May 2021 for a ten year period. It will expire in December 2030. It is currently being collected at 4.80 mills.

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(Unaudited)

State law fixes the amount of tax revenue, forcing it to remain constant except for increases in valuation due to new construction in the School District. In addition, legislation passed in recent years has had the effect of further eroding tax revenues by the decrease in assessment rate upon both the inventory component of personal property tax and public utility tangible property valuation. House Bill (HB) 66 has further eradicated personal (tangible) property tax revenue and effective in 2015, Governor Kasich's 2016-2017 Budget Bill all but eliminated the Property Tax Replacement Fund and resulted in additional lost revenue. The School District lost over \$41.6 million in taxable valuation and this class of property was not subject to HB 920.

Sales Tax:

In May 2007, Medina County residents passed the first-ever Sales Tax Initiative for Permanent Improvements for school districts. The one-half of one percent (0.5%) sales tax generates approximately \$17 million dollars per year for the school districts in Medina County. Based upon our School District's pro-rata share of the student population, Brunswick City Schools will receive approximately \$4.1 million per year. This county-wide levy became effective October 1, 2007 and will last until 2037.

Sales tax levy proceeds may only be used for capital expenditures. Over the years, the Board of Education has made a serious commitment to use these funds to upgrade/replace aging capital and up to date technology district-wide. This includes a district-wide one-to-one initiative, computer labs, school bus replacement, building repairs and presentation stations in the elementary buildings. The Board of Education passed a resolution to suspend collection on the Permanent Improvement Levy that was renewed in November 2006 as a result of the influx of these sales tax revenues.

State Revenues:

The legislature considers modifications to aid to schools every two years in the State's Biennial Budget.

- In FY 2008 - FY 2009 the State used the Foundation Program changing from a per pupil formula amount to a computer base cost funding and categorical funding.
- In FY 2010 - FY 2011 the State introduced the Evidenced Based Model providing for an adequacy amount and aid was calculated as a sum of delineated factors.
- In FY 2012 - FY 2013 the ODE used a Temporary Formula based on a wealth-adjusted portion.
- In FY 2014 - FY 2015 the State Budget Act repealed the funding system and imposed caps on increases in State Aid. This limited the calculated growth in state aid a district could receive.
- In FY 2016 - FY 2017 the State again modified the "formula" using the Opportunity Grant moniker to distinguish it from prior years. Again, the State set caps so that districts would be limited in the amount of State Aid received.
- In FY 2018-FY 2019 the State maintained the current amount of *Basic Aid* for the School District as in the prior year and any increases were subject to a new formula cap.
- In FY 2020-FY 2021 the State essentially guaranteed Districts the same level of Basic Aid funding that they received in FY 2019. Additional funding was provided on a per pupil basis to address the Governor's Student Wellness and Success initiative. (*Note: Basic Aid was subsequently reduced in FY20 to address the Corona Virus Pandemic).
- In FY2021-FY2022 the State unveiled a new funding formula called the Fair School Funding Formula. The formula is based on a new set of inputs including property wealth and local capacity to arrive at a per pupil cost. The formula contains a base aid guarantee to help protect districts with declining enrollment.

Brunswick City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)

- In FY2023-2024, the State continued with this formula model, adjusting the base cost inputs and continuing the phase in of the allocation.

State Funding:

Over nineteen years ago the *DeRolph* (school funding) Case was filed in Perry County, Ohio. The first case was heard in October 1993 and Judge Linton Lewis, Jr. ruled, in July 1994, the Ohio's school-funding system unconstitutional. Following his ruling, the 5th District Court of Appeals overturned Judge Lewis's decision after the State appealed the decision ruling that the state legislature should determine the level of funding. Following that ruling, over 82% of the state's public school districts appealed to the Ohio Supreme Court's decision.

In September 2001, the court again said that the system remains unconstitutional but ordered a fix to bring it up to Ohio's "thorough and efficient" standard.

In October 2003, the United States Supreme Court declined to hear the case as submitted by the *Ohio Coalition for Equity and Adequacy of School Funding*, and thus effectively ended the *DeRolph* litigation.

In 2004 former Governor Bob Taft formed a 35-member "blue ribbon" commission to recommend changes to the school funding system. Taft's commission had found that Ohio's state share of school funding is below the national average, overall, per pupil spending is above the national average, and the overall business tax burden is somewhere in the middle of surrounding states when you include Illinois.

Ex-Governor Ted Strickland vowed to enhance the availability of funds for primary and secondary education, but the legislature did not cooperate with his mandate. There was also a grassroots effort to change the funding for education, but it has yet had the required signatures for placement on the ballot. Governor Strickland was in office for four years and we did not experience a fix.

A majority of the educators, lawmakers and business leaders support asking the General Assembly to put a constitutional amendment on the ballot to alter a provision enacted in 1976 and added to the constitution in 1980. This provision is commonly known as House Bill (HB) 920 and it prohibits increases in real property tax revenue without a local vote. Ohio has had a provision similar to HB 920 in state law since 1925. The commission proposal would give all school districts 22 mills, from the current 20 mills, on real property in which the revenue would grow with inflation or increases in property values.

Through the American Recovery and Reinvestment Act (ARRA) the School District received approximately \$1.4 million in Federal dollars to augment the loss of State Revenue in the Foundation (Basic Aid) Program. This infusion of cash was only a two-year program and expired at the end of fiscal year 2011.

The Federal government had also implemented an *Education Jobs Initiative* that added approximately \$1.1 million in additional dollars to fund the employment/rehiring of displaced instructional staff. This again was a two year program with a limited lifespan and expired at the end of fiscal year 2012.

The School District has experienced an increase in State revenue over the last decade but realized a \$1.4 million loss when Governor DeWine cut funding to schools in the last three months of the FY20 fiscal year stemming from the COVID epidemic.

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Most recently, the School District's State revenue has stabilized at pre-cut FY20 levels with the enactment of the Fair School Funding Formula.

Capital Initiatives:

The State of Ohio initially required public school districts to offer all-day kindergarten (ADK) effective August 2010. This mandate was subsequently rescinded after we initiated our expansion program. Because of the lack of classrooms at our seven elementary buildings the School District underwent a construction project to expand five of those elementary buildings. The \$24 million project also included additions to one middle school and the high school stadium. This construction project was bid in several phases and was funded without an increase in taxes to the voters.

The source of revenue for the \$24 million expansion was the sale of Certificates of Participation (COPs) which will be repaid through the *Medina County Sales Tax Fund*. At the close of fiscal year 2010 the School District had arranged the sale of the COPs. The School District was able to sell a combination of Qualified School Construction Bonds (QSCBs), Build America Bonds (BABs), and the remainder Tax Exempt Debt (TEDs). This type of financing was advantageous in that it allowed the district to save interest on its debt over traditional type financing.

The School District was limited by the Ohio School Facilities Commission (OSFC) in the amount of QSCBs the School District could issue. We sold \$4 million in QSCB, 16% of the total COPs issue at a net interest cost of less than one percent (0.94%). We sold \$15.5 million in BABs, 63% of the total COPs issue at a net interest cost of 4.22%. The remainder, \$5.1 million, was sold as TEDs at a net interest cost of 2.42%. The length of the entire issue is approximately 23 years and an average net debt service payment of less than \$1.6 million per year. Subsequently the School District refunded 100% (\$15.5 M) of the Build America Bonds; this action was prompted by the government's sequestration and reduction of the rebate from the IRS.

Phase A of the project included Applewood Elementary, Crestview Elementary, and Kidder Elementary. Phase B included Hickory Ridge Elementary, Towslee Elementary, and Visintainer Middle School. The Phase A and B of the construction project was finished prior to the start of the 2011-2012 school year. Phase C, the remainder of the project which included the Brunswick High School Athletic Complex, the stadium renovation was completed in the summer of 2011.

In 2014, the School District refunded the Build America Bonds (BABs) with standard tax-exempt debt. This enabled the School District to save additional funds through a lower interest rate. The covenants of the debt instrument permitted the refunding because the federal government failed to provide 100% of the rebate as initially guaranteed.

In 2018 the District issued \$46.5 million in bonds to co-finance a new middle school, demolishing the existing middle schools and allowing for improvements to various elementary facilities. The Middle School project was a cooperative effort between the Ohio Facilities Commission and the School District. The Commission co-funded support for the new middle school was approximately 37%. The School District issues two series of bonds (2018A and 2018B) for this purpose.

In 2019, the School District refinanced a portion of its Series 2018 debt due to a continued favorable interest rate environment. The 2019A taxable refunding locked in an all-in true interest cost of 3.33%, total savings of \$17,204,965 and net present value savings of \$6,080,375 (18.41% of the refunded par amount). The 2019B tax

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(Unaudited)

exempt refunding locked in an all-in true interest cost of 2.64%, total savings of \$90,933 and net present value savings of \$88,085 (3.10% of the refunded par amount).

In June 2023, the school District issued \$102 million in bonds to co-finance a new high school, the demolishing the existing high school and former Willetts Middle School, construction of a new maintenance and administrative facilities and provide for some site and safety improvements at Kidder and Applewood Elementary schools. The High School Project is a cooperative effort between the Ohio Facilities Commission and the School District. The Commissions co-funded support for the new high school is approximately 39%. The School District issued one series (2023) of bonds for this purpose.

Summary:

The School District's current five-year forecast includes the infusion of additional revenue stemming from the successful 2021 referendum, the recent County-wide reappraisal and short-term influx of Federal support funding. Future operating need will be subject to the ongoing cost of general operations and management will closely monitor the impact they have on the long-term outlook of the School District. As mentioned earlier, the School District has various Emergency levies which require renewal and are critical to maintaining operations. Failure to renew these existing levies could have devastating effects on the operation of the School District and the elimination or reduction of instructional programs.

Challenges such as those noted above require thoughtful resource allocation planning by management to make sure student needs are met over the next five years and to delicately manage its dependence upon local tax revenue.

In conclusion, the School District is well regarded for its budgeting practices and set of internal controls. It has committed itself to transparency and providing constituents with the best available financial information. This philosophy and focused purpose will help to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Mark Pepera, Chief Financial Officer of Brunswick City School District, 3643 Center Road, Brunswick, Ohio 44212 or mpepera@bcsoh.org.

BASIC FINANCIAL STATEMENTS

Brunswick City School District
Medina County, Ohio
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	\$ 45,640,415
Cash and Cash Equivalents in Segregated Accounts	50,789
Intergovernmental Receivable	3,589,437
Property Taxes Receivable	55,446,578
Prepaid Items	1,196,241
Materials and Supplies Inventory	295,432
Net OPEB Asset	7,323,397
Non-Depreciable Capital Assets	3,116,521
Depreciable Capital Assets, net	93,609,565
<i>Total Assets</i>	210,268,375
Deferred Outflows of Resources	
Deferred Charges on Refunding	925,285
Pension	18,576,529
OPEB	1,589,702
<i>Total Deferred Outflows of Resources</i>	21,091,516
Liabilities	
Accounts Payable	304,782
Accrued Wages and Benefits	8,457,061
Accrued Vacation Payable	149,122
Payroll Withholdings Payable	19,053
Intergovernmental Payable	1,415,770
Matured Compensated Absences Payable	202,878
Unearned Revenue	211,806
Long-Term Liabilities:	
Due Within One Year	4,690,764
Due In More Than One Year:	
Net Pension Liability	77,482,853
Net OPEB Liability	3,887,312
Other Amounts Due in More Than One Year	62,228,425
<i>Total Liabilities</i>	159,049,826
Deferred Inflows of Resources	
Property Taxes Levied for the Next Year	49,603,356
Pension	9,537,564
OPEB	11,403,504
<i>Total Deferred Inflows of Resources</i>	70,544,424
Net Position	
Net Investment in Capital Assets	36,257,833
Restricted for:	
Capital Outlay	8,252,591
Debt Service	4,701,772
Other Purposes	6,869,058
Unrestricted	(54,315,613)
<i>Total Net Position</i>	\$ 1,765,641

See accompanying notes to the basic financial statements.

Brunswick City School District
Medina County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2023

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$ 36,226,454	\$ 1,538,568	\$ 746,490	\$ (33,941,396)
Special	10,272,652	265,388	1,350,035	(8,657,229)
Vocational	272,185	-	147,734	(124,451)
Student Intervention Services	476,209	-	864,298	388,089
Other	520,267	-	-	(520,267)
Support Services:				
Pupils	10,026,713	-	536,254	(9,490,459)
Instructional Staff	2,168,985	5,603	452,274	(1,711,108)
Board of Education	524,657	-	-	(524,657)
Administration	4,803,207	11,698	230	(4,791,279)
Fiscal	1,783,034	602	-	(1,782,432)
Business	534,148	592	-	(533,556)
Operation and Maintenance of Plant	6,714,539	5,823	68,938	(6,639,778)
Pupil Transportation	5,354,964	980	31,635	(5,322,349)
Central	558,742	-	-	(558,742)
Operation of Non-Instructional/Shared Services:				
Food Service Operations	2,179,926	1,125,305	1,268,518	213,897
Community Services	651,519	254,310	584,256	187,047
Extracurricular Activities	1,906,181	117,515	-	(1,788,666)
Interest and Fiscal Charges	2,130,684	-	-	(2,130,684)
Total	<u>\$ 87,105,066</u>	<u>\$ 3,326,384</u>	<u>\$ 6,050,662</u>	<u>(77,728,020)</u>

General Revenues

Property Taxes Levied for:

General Purposes	49,893,410
Debt Services	3,886,669
Capital Outlay	1,178,646
Classroom Facilities	505,409
Grants and Entitlements not Restricted to Specific Programs	33,636,752
Capital Grants not Restricted to Specific Programs	4,738,572
Payments in Lieu of Taxes	167,700
Investment Earnings	999,953
Miscellaneous	382,892
Total General Revenues	<u>95,390,003</u>
Change in Net Position	17,661,983
Net Position Beginning of Year, Restated (See Note 2)	<u>(15,896,342)</u>
Net Position End of Year	<u>\$ 1,765,641</u>

See accompanying notes to the basic financial statements.

Brunswick City School District
Medina County, Ohio
Balance Sheet
Governmental Funds
June 30, 2023

	General	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Investments	\$ 29,448,948	\$ 4,322,281	\$ 11,869,186	\$ 45,640,415
Cash and Cash Equivalents in Segregated Accounts	-	-	50,789	50,789
Interfund Receivable	273,244	-	-	273,244
Intergovernmental Receivable	-	-	3,589,437	3,589,437
Property Taxes Receivable	49,929,005	3,772,152	1,745,421	55,446,578
Advances to Other Funds	136,180	-	-	136,180
Prepaid Items	94,251	-	1,101,990	1,196,241
Materials and Supplies Inventory	295,432	-	-	295,432
<i>Total Assets</i>	<u>\$ 80,177,060</u>	<u>\$ 8,094,433</u>	<u>\$ 18,356,823</u>	<u>\$ 106,628,316</u>
Liabilities				
Accounts Payable	\$ 148,344	\$ -	\$ 156,438	\$ 304,782
Accrued Wages and Benefits	8,002,547	-	454,514	8,457,061
Payroll Withholdings Payable	19,053	-	-	19,053
Intergovernmental Payable	1,284,547	-	131,223	1,415,770
Interfund Payable	-	-	273,244	273,244
Advances from Other Funds	-	-	136,180	136,180
Matured Compensated Absences Payable	202,878	-	-	202,878
Unearned Revenue	-	-	211,806	211,806
<i>Total Liabilities</i>	<u>9,657,369</u>	<u>-</u>	<u>1,363,405</u>	<u>11,020,774</u>
Deferred Inflows of Resources				
Property Taxes Levied for the Next Year	44,741,404	3,290,485	1,571,467	49,603,356
Unavailable Revenue - Delinquent Real Estate Tax	157,391	11,347	5,674	174,412
Unavailable Revenue - Other	-	-	2,149,099	2,149,099
<i>Total Deferred Inflows of Resources</i>	<u>44,898,795</u>	<u>3,301,832</u>	<u>3,726,240</u>	<u>51,926,867</u>
Fund Balances				
Nonspendable	529,736	-	1,101,990	1,631,726
Restricted	-	4,792,601	10,594,125	15,386,726
Committed	-	-	1,727,984	1,727,984
Assigned	976,164	-	-	976,164
Unassigned	24,114,996	-	(156,921)	23,958,075
<i>Total Fund Balance</i>	<u>25,620,896</u>	<u>4,792,601</u>	<u>13,267,178</u>	<u>43,680,675</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 80,177,060</u>	<u>\$ 8,094,433</u>	<u>\$ 18,356,823</u>	<u>\$ 106,628,316</u>

See accompanying notes to the basic financial statements.

Brunswick City School District
Medina County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2023

Total Governmental Fund Balances		\$ 43,680,675
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		96,726,086
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Intergovernmental	\$ 180,953	
Delinquent Property Taxes	174,412	
Local Grant from Sales Tax Levy	1,968,146	2,323,511
Unamortized loss on refunding represents deferred outflows, which do not use current financial resources and, therefore, are not reported in the funds.		925,285
The net pension liability and net OPEB liability/asset are not due and payable in the current period, therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Net OPEB Asset	7,323,397	
Deferred Outflows - Pension	18,576,529	
Deferred Outflows - OPEB	1,589,702	
Net Pension Liability	(77,482,853)	
Net OPEB Liability	(3,887,312)	
Deferred Inflows - Pension	(9,537,564)	
Deferred Inflows - OPEB	(11,403,504)	(74,821,605)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(42,310,000)	
Unamortized Bond Premium	(4,163,232)	
Certificates of Participation	(13,295,000)	
Capital Appreciation Bonds	(1,020,000)	
Accretion of Interest - Capital Appreciation Bonds	(765,782)	
Lease Purchase	(521,516)	
Leases	(185,966)	
Accrued Vacation Leave Payable	(149,122)	
Compensated Absences	(4,657,693)	(67,068,311)
<i>Net Position of Governmental Activities</i>		<u>\$ 1,765,641</u>

See accompanying notes to the basic financial statements.

Brunswick City School District
Medina County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2023

	General	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property and Other Local Taxes	\$ 49,917,832	\$ 3,889,555	\$ 1,684,311	\$ 55,491,698
Intergovernmental	33,187,927	205,518	11,329,346	44,722,791
Investment Income	918,522	-	183,045	1,101,567
Tuition and Fees	1,123,159	-	-	1,123,159
Extracurricular Activities	471,122	-	527,609	998,731
Charges for Services	-	-	1,142,563	1,142,563
Rent	50,807	-	11,124	61,931
Contributions and Donations	23,755	-	43,670	67,425
Payments in Lieu of Taxes	167,700	-	-	167,700
Miscellaneous	320,850	-	62,042	382,892
<i>Total Revenues</i>	<u>86,181,674</u>	<u>4,095,073</u>	<u>14,983,710</u>	<u>105,260,457</u>
Expenditures				
Instruction:				
Regular	34,588,372	-	715,812	35,304,184
Special	8,820,510	-	1,333,414	10,153,924
Vocational	111,505	-	141,313	252,818
Student Intervention Services	11,528	-	464,681	476,209
Other	518,577	-	-	518,577
Support Services:				
Pupils	10,096,032	-	529,647	10,625,679
Instructional Staff	1,885,225	-	348,477	2,233,702
Board of Education	524,657	-	-	524,657
Administration	4,889,474	-	229	4,889,703
Fiscal	1,738,020	54,287	79,878	1,872,185
Business	416,931	-	75,960	492,891
Operation and Maintenance of Plant	6,102,057	-	883,911	6,985,968
Pupil Transportation	4,832,331	-	402,702	5,235,033
Central	577,340	-	-	577,340
Operation of Non-Instructional/Shared Services:				
Food Service Operations	5,065	-	2,251,239	2,256,304
Community Services	8,535	-	646,139	654,674
Extracurricular Activities	1,496,194	-	579,894	2,076,088
Capital Outlay	-	-	2,948,071	2,948,071
Debt Service				
Principal Retirement	-	2,625,000	1,470,231	4,095,231
Interest and Fiscal Charges	-	1,581,829	633,281	2,215,110
<i>Total Expenditures</i>	<u>76,622,353</u>	<u>4,261,116</u>	<u>13,504,879</u>	<u>94,388,348</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>9,559,321</u>	<u>(166,043)</u>	<u>1,478,831</u>	<u>10,872,109</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	7,649	-	-	7,649
Transfers In	-	-	948	948
Transfers Out	(948)	-	-	(948)
<i>Total Other Financing Sources (Uses)</i>	<u>6,701</u>	<u>-</u>	<u>948</u>	<u>7,649</u>
<i>Net Change in Fund Balances</i>	9,566,022	(166,043)	1,479,779	10,879,758
<i>Fund Balances Beginning of Year, Restated (See Note 2)</i>	<u>16,054,874</u>	<u>4,958,644</u>	<u>11,787,399</u>	<u>32,800,917</u>
<i>Fund Balances End of Year</i>	<u>\$ 25,620,896</u>	<u>\$ 4,792,601</u>	<u>\$ 13,267,178</u>	<u>\$ 43,680,675</u>

See accompanying notes to the basic financial statements.

Brunswick City School District
Medina County, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2023*

Net Change in Fund Balances - Total Governmental Funds	\$	10,879,758
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.		
Capital Asset Additions	\$ 3,346,782	
Current Year Depreciation/Amortization	<u>(2,331,715)</u>	1,015,067
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(48,332)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Intergovernmental	(590,709)	
Delinquent Property Taxes	(27,564)	
Local Grant from Sales Tax Levy	<u>124,865</u>	(493,408)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds	2,625,000	
Certificates of Participation	1,135,000	
Lease Purchase	253,713	
Lease	81,518	
Accreted Interest	<u>(264,340)</u>	3,830,891
In the statement of activities, interest is accrued on outstanding bonds, and bond premium and the gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable	187,666	
Amortization of Premium on Bonds	223,350	
Amortization of Refunding Loss	<u>(62,250)</u>	348,766
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	6,811,798	
OPEB	<u>200,630</u>	7,012,428
Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(6,754,698)	
OPEB	<u>1,824,190</u>	(4,930,508)
Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Accrued Vacation Leave Payable	(43,626)	
Compensated Absences	<u>90,947</u>	47,321
<i>Change in Net Position of Governmental Activities</i>	<u>\$</u>	<u>17,661,983</u>

See accompanying notes to the basic financial statements.

Brunswick City School District
Medina County, Ohio
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property and Other Local Taxes	\$ 47,745,339	\$ 48,328,932	\$ 48,328,932	\$ -
Intergovernmental	36,096,224	33,362,694	33,362,694	-
Investment Income	362,686	1,001,412	1,001,412	-
Tuition and Fees	1,778,545	1,080,135	1,080,135	-
Extracurricular Activities	192,034	117,515	117,515	-
Rent	23,322	29,521	29,521	-
Payments in Lieu of Taxes	167,700	167,700	167,700	-
Miscellaneous	114,063	30,060	30,060	-
<i>Total Revenues</i>	<u>86,479,913</u>	<u>84,117,969</u>	<u>84,117,969</u>	<u>-</u>
Expenditures				
Instruction:				
Regular	34,359,667	33,661,129	33,661,129	-
Special	9,891,184	9,315,866	9,315,866	-
Vocational	74,567	92,591	92,591	-
Student Intervention Services	-	10,892	10,892	-
Other	803,147	612,594	612,594	-
Support Services:				
Pupils	10,049,863	9,996,347	9,996,347	-
Instructional Staff	2,090,271	1,870,572	1,870,572	-
Board of Education	688,663	571,722	571,722	-
Administration	5,215,676	4,755,324	4,755,324	-
Fiscal	1,579,702	1,752,300	1,752,300	-
Business	699,257	523,648	523,648	-
Operation and Maintenance of Plant	7,401,711	6,465,421	6,465,421	-
Pupil Transportation	5,752,785	5,111,685	5,111,685	-
Central	633,599	590,133	590,133	-
Operation of Non-Instructional/Shared Services:				
Food Service Operations	13,477	3,165	3,165	-
Extracurricular Activities	1,473,223	1,491,805	1,491,805	-
<i>Total Expenditures</i>	<u>80,726,792</u>	<u>76,825,194</u>	<u>76,825,194</u>	<u>-</u>
<i>Excess of Receipts Over (Under) Expenditures</i>	<u>5,753,121</u>	<u>7,292,775</u>	<u>7,292,775</u>	<u>-</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	2,500	7,649	7,649	-
Refund of Prior Year Expenditures	283,000	262,990	262,990	-
Refund of Prior Year Receipts	-	(948)	(948)	-
Advances Out	(50,000)	-	-	-
Transfers Out	-	(713)	(713)	-
<i>Total Other Financing Sources (Uses)</i>	<u>235,500</u>	<u>268,978</u>	<u>268,978</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	5,988,621	7,561,753	7,561,753	-
<i>Fund Balance Beginning of Year</i>	19,351,257	19,351,257	19,351,257	-
Prior Year Encumbrances Appropriated	1,690,754	1,690,754	1,690,754	-
<i>Fund Balance End of Year</i>	<u>\$ 27,030,632</u>	<u>\$ 28,603,764</u>	<u>\$ 28,603,764</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

Brunswick City School District
Medina County, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2023

	Custodial
Deductions	
Extracurricular Distributions to Other Governments	\$ 14,725
<i>Change in Net Position</i>	(14,725)
<i>Net Position Beginning of Year</i>	14,725
<i>Net Position End of Year</i>	\$ -

See accompanying notes to the basic financial statements.

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Brunswick City School District
Medina County, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023

NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Brunswick City School District (the “School District”) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five-members elected at-large for staggered four year terms. The School District provides educational services as authorized by State statute and federal guidelines.

The School District is located in Medina County and encompasses the entire City of Brunswick. The Board of Education controls the School District’s 11 instructional/support facilities.

Reporting Entity

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

Non-public Schools – Within the School District boundaries, St. Ambrose and St. Marks are operated as non-public schools. Current State legislation provides funding to these schools. These monies are received and disbursed on behalf of the schools by the Treasurer of the School District, as directed by the schools. This activity is reflected in a special revenue fund for financial reporting purposes.

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

Jointly Governed Organizations

Medina County Career Center - The Medina County Career Center is a separate body politic and corporate, established by the Ohio Revised Code to provide for the vocational needs of the students. The Board of Education is comprised of representatives appointed by the board of each participating school district. The Board is responsible for approving its own budgets, appointing personnel, and accounting and finance related activities. Brunswick City School District students may attend the vocational school. Each school district’s control is limited to its representation on the Board. To obtain financial information write to the Medina Career Center, Aaron Butts, who serves as Treasurer, at 1101 West Liberty, Medina, Ohio 44256.

Brunswick City School District
Medina County, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023

Ohio Schools Council Association - The Ohio Schools Council Association (Council) is a jointly governed organization among ninety-one school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. Financial information can be obtained by contacting Dr. William Zelei, the Executive Director of the Ohio Schools Council at 6393 Oak Tree Boulevard, Suite 377, Independence, Ohio 44131.

The School District participates in the Council's prepaid natural gas program which was implemented during fiscal year 1999. This program allows school districts to purchase natural gas at reduced rates, if the school districts will commit to participating for a twelve year period. The participants make monthly payments based on estimated usage. Each month these estimated payments are compared to their actual usage and any necessary adjustments are made.

The City of Hamilton, a municipal corporation and political subdivision duly organized and existing under the laws of the State of Ohio, issued \$89,450,000 in debt to purchase twelve years of natural gas from CMS Energy Corporation for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates its agreement, the district is entitled to recover that amount, if any, of its contributions to the operating fund which are not encumbered for its share of program administrative costs.

The School District also participates in other cooperative purchasing arrangement through the Council for school busses, vendor audit software and time clock systems.

Northeast Ohio Network for Educational Technology (NEOnet) - The Northeast Ohio Network for Educational Technology (NEOnet) is a jointly governed organization among over 100 educational entities (public, private, community and career centers) and municipalities. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of these schools supports NEOnet based upon a per pupil charge dependent upon the software package utilized. The NEOnet assembly consists of a superintendent or designated representative from each participating school district and a representative from the fiscal agent. NEOnet is governed by a Board of Directors chosen from the general membership of the NEOnet Assembly. The Board of Directors consists of a representative from the fiscal agent, the chairman of each of the operating committees, and at least three at-large Assembly members. Financial information can be obtained by contacting the Fiscal Officer at 700 Graham Road, Cuyahoga Falls, OH 44221.

Public Entity Risk Pools

Insurance Purchasing Pool – The School District participates in the Northern Ohio Area Chamber of Commerce (NOAAC) Group Retrospective Rating Program (GRP), an insurance purchasing pool. The firm of Minutemen HR provided administrative, TPA, cost control and actuarial services to the GRP. 1-800-Comp provided MCO services to the School District. Each year, participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Brunswick City School District
Medina County, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023

Risk Sharing Pool - The Suburban Health Consortium is a shared health risk pool created pursuant to State statute for the purpose of administering health care benefits. The council is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve on the Board of Directors. The assembly exercises control over the participating school districts, based on the established premiums for the insurance plans. Each school district reserves the right to terminate the plan in whole or in part at any time for their school district. If it is terminated, no further contributions will be made, but the benefits under the insurance contract shall be paid in accordance with the terms of the contract.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

Government-wide Financial Statements - The *Statement of Net Position* and the *Statement of Activities* display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

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

Brunswick City School District
Medina County, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023

Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are divided into the two categories, governmental and fiduciary.

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

General Fund - The general fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

Debt Service Fund - The debt service fund is used to account for the accumulation of property tax revenues for, and the payment of, principal and interest obligations relative to the School District's general obligation bonds.

The other governmental funds of the School District account for grants and other resources to which the School District is bound to observe constraints imposed upon the use of the resources.

Fiduciary Funds - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. Custodial Funds are used to report fiduciary activities that are not required to be reported in a trust fund.

Measurement Focus

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

Fund Financial Statements - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The *Statement of Revenues, Expenditures, and Changes in Fund Balances* reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore,

Brunswick City School District
Medina County, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023

include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Basis of Accounting

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

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

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

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

Deferred Inflows of Resources and Deferred Outflows of Resources - In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, for pension and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 10 and 11.

Brunswick City School District
Medina County, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023

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 assets that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue may include grants and entitlements and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 10 and 11).

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

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

Budgetary Data

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

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 in the budgetary statement reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflects the amounts in the amended certificate that was in effect at the time the final appropriations were passed by the Board of Education.

Brunswick City School District
Medina County, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023

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

Cash and Investments

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as “equity in pooled cash and investments” on the basic financial statements.

Except for non-participating investment contracts, investments are reported at fair value. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

During the year 2023, the School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For the fiscal year 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2023 amounted to \$889,065, which includes \$226,105 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as “equity in pooled cash and investments.” Investments with an original maturity of more than three months that are not made from the pool are reported as “investments.”

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2023 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

Brunswick City School District
Medina County, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used.

Inventories consist of donated food, purchased food, school supplies held for resale, and materials and supplies held for consumption.

Capital Assets

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

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by back-trending (i.e. estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of \$5,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the assets or materially extend an asset's life are not.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10 - 30 Years
Buildings and Improvements	75 Years
Furniture and Equipment	6 - 12 Years
Vehicles	3 -10 Years

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

Compensated Absences

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

Sick leave benefits are accrued as a liability using the termination method. An accrual for sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

Brunswick City School District
Medina County, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023

On the governmental fund statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “matured compensated absences payable” in the funds from which the employee will be paid.

Pensions and Other Postemployment Benefits (OPEB)

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

Bond Premiums

Bond premiums are recorded as other financing sources on the governmental fund statements. The bond premiums are deferred and amortized over the term of the bond using the straight-line method on the government-wide statements since the results are not significantly different from the effective-interest or bonds outstanding methods. Bond premiums are presented as an increase of the face amount of the bonds payable.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

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

Interfund Activity

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

Brunswick City School District
Medina County, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. 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. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At June 30, 2023, there was no net position restricted by enabling legislation.

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

Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the School 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 classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

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

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

Assigned – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education. The Board of Education has by resolution authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as

Brunswick City School District
Medina County, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2023

it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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

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

Estimates

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

Implementation of New Accounting Principles

For the fiscal year ended June 30, 2023, the School District has implemented GASB Statement No. 91, *Conduit Debt Obligations*, GASB Statement No. 93, paragraphs 13 and 14, *Replacement of Interbank Offered Rates*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Available Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and certain provisions of GASB Statement No. 99, *Omnibus 2022*.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the School District.

GASB Statement No. 93, paragraphs 13 and 14, provide an exception to the lease modifications guidance in GASB Statement No. 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. The implementation of GASB Statement No. 93 paragraphs 13 and 14, did not have an effect on the financial statements of the School District.

GASB Statement No. 94 improves financial reporting by establishing the definitions of public-private and public-public partnership arrangements and availability payment arrangements as well as provides uniform guidance on accounting and financial reporting for transactions that meet the definitions. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the School District.

GASB Statement No. 96 improves financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The statement also enhances the relevance and

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reliability of the financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and discloses essential information about the arrangement. The note disclosures also allow the users to understand the scale and important aspects of the SBITA activities and evaluate the obligations and assets resulting from the SBITAs. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the School District.

GASB Statement No. 99 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of certain provisions of GASB Statement No. 99 that relate to extension of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, and pledges of future revenues by pledging governments, did not have an effect on the financial statements of the School District.

Restatement of Fund Balance/Net Position

During the year, the School District restated the beginning fund balance and net position in the amount of \$358,932 to adjust accounts payable. Below is the result of the adjustment:

	Other Governmental Funds
Fund Balance, June 30, 2022	\$ 11,428,467
Accounts Payable	358,932
Restated Fund Balance, July 1, 2022	\$ 11,787,399
	Governmental Activities
Net Position (Deficit), June 30, 2022	\$ (16,255,274)
Accounts Payable	358,932
Restated Net Position (Deficit), July 1, 2022	\$ (15,896,342)

NOTE 3 – FUND BALANCE

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

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The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

	General	Bond Retirement	Other Governmental Funds	Total
Nonspendable for:				
Prepays	\$ 94,251	\$ -	\$ 1,101,990	\$ 1,196,241
Materials and Supplies Inventory	295,432	-	-	295,432
Long-Term Advances	136,180	-	-	136,180
Unclaimed Monies	3,873	-	-	3,873
Total Nonspendable	529,736	-	1,101,990	1,631,726
Restricted for:				
Capital Projects	-	-	5,543,014	5,543,014
Debt Service	-	4,792,601	-	4,792,601
Food Service	-	-	1,094,354	1,094,354
Classroom Facilities Maintenance	-	-	2,921,806	2,921,806
Student Activities	-	-	265,166	265,166
Athletics	-	-	668,243	668,243
Local Grants	-	-	3,246	3,246
State Funded Programs	-	-	5,306	5,306
Federally Funded Programs	-	-	2,160	2,160
Other Purposes	-	-	90,830	90,830
Total Restricted	-	4,792,601	10,594,125	15,386,726
Committed for:				
Capital Projects	-	-	1,727,984	1,727,984
Total Committed	-	-	1,727,984	1,727,984
Assigned for:				
Instruction	241,512	-	-	241,512
Support Services	725,712	-	-	725,712
Food Service	155	-	-	155
Extracurricular	1,315	-	-	1,315
Other Purposes	7,470	-	-	7,470
Total Assigned	976,164	-	-	976,164
Unassigned	24,114,996	-	(156,921)	23,958,075
Total Fund Balance	\$ 25,620,896	\$ 4,792,601	\$ 13,267,178	\$ 43,680,675

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Fund balances at June 30, 2023 included the following individual fund deficits:

<i>Non-Major Governmental Funds</i>	Deficit
ESSER	\$ 40,377
Title VI-B	62,237
Title I	41,567
Preschool Handicapped	2,052
Improving Teacher Quality	10,688
Total	\$ 156,921

Deficits in these non-major special revenue funds are due to adjustments for accrued liabilities. The general fund is liable for any deficits in these funds and provides transfers when cash is required, rather than when accruals occur.

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget 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 (budget basis) rather than assigned or committed fund balance (GAAP basis).
4. Some funds are included in the general fund, (GAAP basis), but have separate legally adopted budgets (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the general fund.

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GAAP Basis	\$ 9,566,022
Net Adjustment for Revenue Accruals	(1,301,786)
Net Adjustment for Expenditure Accruals	440,135
Funds Budgeted Elsewhere **	(14,787)
Adjustment for Encumbrances	<u>(1,127,831)</u>
Budget Basis	<u>\$ 7,561,753</u>

** As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes staff funds, unclaimed monies, public school support and uniform school supplies funds.

NOTE 5 – DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School District into three categories.

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation,

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Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and that the term of the agreement must not exceed 30 days;
4. Bonds and any other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptance and commercial paper notes in an amount not to exceed 40 percent of the interim monies available for investment at any one time and for a period not to exceed one hundred eighty days and two hundred seventy days, respectively; and
8. Under limited circumstances, corporate debt interests noted in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

Cash on Hand - At June 30, 2023, the School District had \$975 in undeposited cash on hand, which is included as part of "Equity in Pooled Cash and Investments."

Deposits - At year-end, \$2,996,799 of the School District's bank balance of \$2,746,799 was exposed to custodial credit risk. Although the securities were held by the pledging financial institutions' trust department in the School District's name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC. The School District's financial institutions participate in the Ohio Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

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Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by:

- Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Cash in Segregated Accounts – Cash in segregated accounts consists of accounts the longevity fund for longevity payments to employees.

Investments

As of June 30, 2023, the School District had the following investments:

Rating	Investment Type	Measurement Amount	Maturity			Percent of Total
			0 - 12 Months	13 - 36 Months	Over 36 Months	
Net Asset Value (NAV):						
AAAm	STAR Ohio	\$ 24,743,102	\$ 24,743,102	\$ -	\$ -	57.15%
N/A	First American Treasury Money Market	96,382	96,382	-	-	0.22%
Fair Value:						
U.S. Government Agency Notes:						
AA+	Federal Farm Credit Bank	1,957,820	1,957,820	-	-	4.52%
AA+	Federal National Mortgage Association	993,630	993,630	-	-	2.30%
AA+	Federal Home Loan Bank	8,423,663	1,506,207	6,530,276	387,180	19.46%
AA+	U.S. Treasury Note	488,065	488,065	-	-	1.13%
**	Negotiable Certificates of Deposit	5,428,996	1,956,297	3,239,638	233,061	12.54%
Municipal Issues:						
AAA	Franklin County	349,893	-	-	349,893	0.81%
AAA	Franklin County	169,604	-	-	169,604	0.39%
AA	City of Mansfield	100,626	100,626	-	-	0.23%
Commercial Paper:						
A-1	Canadian Imperial Holdings	263,253	263,253	-	-	0.61%
A-1	JP Morgan	277,466	277,466	-	-	0.64%
Total		<u>\$ 43,292,500</u>	<u>\$ 32,382,848</u>	<u>\$ 9,769,914</u>	<u>\$ 1,139,738</u>	<u>100.00%</u>

** Fully insured under FDIC

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The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District's recurring fair value measurements as of June 30, 2023. The School District's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

Interest Rate Risk The School District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least 2 percent and be marked to market daily.

Credit Risk The School District's investments at June 30, 2023 are rated by S&P Global Ratings.

STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2023, is 39 days.

Concentration of Credit Risk The School District places no limit on the amount that may be invested in any one issuer. The table above includes the percentage total of each investment type held by the School District as of June 30, 2023.

NOTE 6 – PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2023 represents collections of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed value listed as of January 1, 2022, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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Public utility property tax revenue received in calendar year 2023 represents collections of calendar year 2022 taxes. Public utility real and tangible personal property taxes received in calendar year 2023 became a lien December 31, 2021, were levied after April 1, 2022 and are collected in 2023 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Medina County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2023, are available to finance fiscal year 2023 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2023, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

The assessed values upon which the fiscal year 2023 taxes were collected are:

	2022 Second Half Collections		2023 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 1,284,054,920	98.03%	\$ 1,584,547,110	98.30%
Public Utility Personal Property	25,764,050	1.97%	27,386,460	1.70%
Total Assessed Values	<u>\$ 1,309,818,970</u>	<u>100.00%</u>	<u>\$ 1,611,933,570</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	<u>\$ 72.22</u>		<u>\$ 68.07</u>	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2023 consisted of taxes, interfund and intergovernmental. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the guarantee of federal funds. All current fiscal year receivables are expected to be collected within one year.

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During 2007, the voters of Medina County passed a one-half percent sales tax to be used for capital improvements at all school districts within Medina County. Collection began in October 2007 for a period of 30 years. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. Sales tax is distributed to the school districts of Medina County based on what is essentially a per pupil distribution formula. A receivable is recognized at year end for an estimated amount to be received based on calendar year 2023 sales transactions yet to be received as of June 30, 2023.

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Balance 07/01/2022	Additions	Reductions	Balance 06/30/2023
Governmental Activities				
Capital Assets, not being Depreciated				
Land	\$ 3,116,521	\$ -	\$ -	\$ 3,116,521
Construction in Progress	6,003,097	2,001,974	(8,005,071)	-
<i>Total Nondepreciable Capital Assets</i>	<u>9,119,618</u>	<u>2,001,974</u>	<u>(8,005,071)</u>	<u>3,116,521</u>
Capital Assets, being Depreciated/Amortized				
Land Improvements	7,755,098	2,374,580	-	10,129,678
Buildings and Improvements	103,684,554	5,997,501	-	109,682,055
Furniture and Equipment	5,931,666	637,832	(359,049)	6,210,449
Vehicles	7,093,372	339,966	(372,155)	7,061,183
Leased Equipment (intangible asset)	347,337	-	-	347,337
<i>Total Capital Assets, being Depreciated/Amortized</i>	<u>124,812,027</u>	<u>9,349,879</u>	<u>(731,204)</u>	<u>133,430,702</u>
Less: Accumulated Depreciation/Amortization				
Land Improvements	(2,043,018)	(236,631)	-	(2,279,649)
Buildings and Improvements	(26,803,463)	(1,287,677)	-	(28,091,140)
Furniture and Equipment	(4,485,238)	(300,616)	310,717	(4,475,137)
Vehicles	(4,757,214)	(423,430)	372,155	(4,808,489)
Leased Equipment (intangible asset)	(83,361)	(83,361)	-	(166,722)
<i>Total Accumulated Depreciation/Amortization</i>	<u>(38,172,294)</u>	<u>(2,331,715)</u>	<u>682,872</u>	<u>(39,821,137)</u>
<i>Total Capital Assets being Depreciated/Amortized, Net</i>	<u>86,639,733</u>	<u>7,018,164</u>	<u>(48,332)</u>	<u>93,609,565</u>
Governmental Activities Capital Assets, Net	<u>\$ 95,759,351</u>	<u>\$ 9,020,138</u>	<u>\$ (8,053,403)</u>	<u>\$ 96,726,086</u>

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Depreciation/amortization expense was charged to governmental functions as follows:

	Total
Instruction:	
Regular	\$ 833,036
Special	105,335
Vocational	12,280
Support Services:	
Pupils	33,599
Instructional Staff	52,130
Administration	66,234
Fiscal	8,405
Business	89,054
Operation and Maintenance of Plant	335,243
Pupil Transportation	514,499
Central	1,124
Operation of Non-Instructional Services:	
Food Service Operations	107,656
Community Services	588
Extracurricular	172,532
Total Depreciation Expense	\$ 2,331,715

NOTE 9 – RISK MANAGEMENT

Property and Liability

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. Settlements have not exceeded coverage in any of the last three fiscal years and there have been no significant reductions in insurance coverage from the prior year.

For fiscal year 2023, the School District participated in the Ohio Schools Council’s (OSC) property, fleet, and liability, an insurance purchasing pool. The intent of the OSC property and fleet insurance program is to provide coverage that is essential for school districts while keeping premiums under control thru volume purchasing.

Workers’ Compensation

For fiscal year 2023, the School District participated in the Northern Ohio Area Chamber of Commerce (NOAAC) Group Retrospective Rating Program (GRP), an insurance purchasing pool (Note 1). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating school districts are calculated as one and a common premium rate is applied to all school in the GRP.

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Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Minutemen HR provided administrative, TPA, cost control and actuarial services to the GRP. 1-800-Comp provided MCO services to the School District.

Employee Health Benefits

The School District participates in the Suburban Health Consortium, a shared risk pool (Note 1) to provide employee medical/prescription drug and surgical benefits. Rates are set through an annual calculation process. The School District pays a monthly premium which is placed in a common fund from which the claim payments are made for all participating districts. School District employees share the cost of the monthly premium with the Board.

Claims are paid for all participants regardless of claims flow. Upon group termination, all School District claims would be paid without regard to the School District's account balance or the Directors have the right to hold monies for an exiting school district subsequent to the settlement of all expenses and claims.

Dental, vision and prescription drug insurance is provided by the School District to all employees.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension/OPEB liability (asset) represents the School District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

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

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

The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire 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, may 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 30 years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

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An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2023.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$1,470,799 for fiscal year 2023. Of this amount, \$120,207 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

The Combined plan offers features of both the DB Plan and the DC Plan. In the Combined plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2023 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2023, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$5,340,999 for fiscal year 2023. Of this amount, \$913,645 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the employer's share of employer

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contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Date	0.2701074%	0.28282946%	
Prior Measurement Date	0.2627676%	0.28721572%	
Change in Proportionate Share	<u>0.0073398%</u>	<u>-0.00438626%</u>	
Proportionate Share of the Net			
Pension Liability	\$ 14,609,509	\$ 62,873,344	\$ 77,482,853
Pension Expense	\$ (82,415)	\$ 6,837,113	\$ 6,754,698

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five year period.

At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$ 591,697	\$ 804,861	\$ 1,396,558
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	2,187,855	2,187,855
Changes of Assumptions	144,156	7,524,050	7,668,206
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	274,169	237,943	512,112
School District Contributions Subsequent to the Measurement Date	<u>1,470,799</u>	<u>5,340,999</u>	<u>6,811,798</u>
Total Deferred Outflows of Resources	<u>\$ 2,480,821</u>	<u>\$ 16,095,708</u>	<u>\$ 18,576,529</u>
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 95,907	\$ 240,509	\$ 336,416
Net Difference between Projected and Actual Earnings on Pension Plan Investments	509,805	-	509,805
Changes of Assumptions	-	5,663,447	5,663,447
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	<u>490,570</u>	<u>2,537,326</u>	<u>3,027,896</u>
Total Deferred Inflows of Resources	<u>\$ 1,096,282</u>	<u>\$ 8,441,282</u>	<u>\$ 9,537,564</u>

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\$6,811,798 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	\$ (290,983)	\$ (527,842)	\$ (818,825)
2025	85,776	(970,368)	(884,592)
2026	(728,266)	(2,564,742)	(3,293,008)
2027	847,213	6,376,379	7,223,592
Total	\$ (86,260)	\$ 2,313,427	\$ 2,227,167

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, 2022 and June 30, 2021, are presented below:

Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent, net of investment expense, including inflation
COLA or Ad Hoc COLA	2.00 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement

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

The most recent experience study was completed for the five year period ended June 30, 2020.

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

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategies	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	<u>100.00 %</u>	

Discount Rate The total pension liability for 2022 was calculated using the discount rate of 7.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 21,504,500	\$ 14,609,509	\$ 8,800,573

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022, actuarial valuation, are presented below:

Inflation	2.50 percent
Salary Increases	
Current Measurement Period	Varies by service from 2.50 percent to 8.50 percent
Prior Measurement Period	Varies by age from 2.50 percent to 12.50 percent
Payroll Increases	3.00 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Cost-of-Living Adjustments (COLA)	0.00 percent effective July 1, 2017

For 2022, post-retirement mortality rates for healthy retirees are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Tables, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2022 valuation, were based on the results of the latest available actuarial experience study, which is for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

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<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Long-Term Expected Rate of Return**</u>
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	<u>100.00 %</u>	

*Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and is net of investment expenses. Over a 30-year period, STRS investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate. The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2022.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's Proportionate Share of the Net Pension Liability	\$ 94,978,736	\$ 62,873,344	\$ 35,722,125

Changes between the Measurement Date and the Reporting Date The discount rate was adjusted to 7.00 percent for the June 30, 2022 valuation. Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

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NOTE 11 - DEFINED BENEFIT OPEB PLANS

See Note 10 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the School District's surcharge obligation was \$200,630, which is reported as an intergovernmental payable. The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was equal to its surcharge obligation for fiscal year 2023.

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Plan Description - State Teachers Retirement System (STRS)

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability (asset) was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.2768720%	0.28282946%	
Prior Measurement Date	<u>0.2711242%</u>	<u>0.28721572%</u>	
Change in Proportionate Share	<u>0.0057478%</u>	<u>-0.00438626%</u>	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ 3,887,312	\$ (7,323,397)	
OPEB Expense	\$ (472,475)	\$ (1,351,715)	\$ (1,824,190)

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in OPEB expense beginning in the current period, using a straight-line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five-year period.

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At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$ 32,680	\$ 106,166	\$ 138,846
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	20,203	127,483	147,686
Changes of Assumptions	618,326	311,948	930,274
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	103,691	68,575	172,266
School District Contributions Subsequent to the Measurement Date	200,630	-	200,630
Total Deferred Outflows of Resources	\$ 975,530	\$ 614,172	\$ 1,589,702
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 2,486,609	\$ 1,099,844	\$ 3,586,453
Changes of Assumptions	1,595,772	5,193,003	6,788,775
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	894,229	134,047	1,028,276
Total Deferred Inflows of Resources	\$ 4,976,610	\$ 6,426,894	\$ 11,403,504

\$200,630 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction/addition to the net OPEB liability/asset in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	\$ (988,761)	\$ (1,711,677)	\$ (2,700,438)
2025	(969,973)	(1,659,705)	(2,629,678)
2026	(872,102)	(819,871)	(1,691,973)
2027	(592,942)	(327,060)	(920,002)
2028	(348,427)	(428,545)	(776,972)
Thereafter	(429,505)	(865,864)	(1,295,369)
Total	\$ (4,201,710)	\$ (5,812,722)	\$ (10,014,432)

Actuarial Assumptions - SERS

The total OPEB liability is determined by SERS' actuaries in accordance with GASB Statement No. 74, as part of their annual actuarial valuation for each retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about

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the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2022, are presented below:

Inflation	2.40 percent
Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Fiduciary Net Position Depletion	Projected to be 2044
Municipal Bond Index Rate	
Measurement Date	3.69 percent
Prior Measurement Date	1.92 percent
Single Equivalent Interest Rate	
Measurement Date	4.08 percent, net of plan investment expense, including price inflation
Prior Measurement Date	2.27 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Medicare	5.125 percent - 4.40 percent
Pre-Medicare	6.750 percent - 4.40 percent
Medical Trend Assumption	7.00 percent - 4.40 percent

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

The most recent experience study was completed for the five year period ended June 30, 2020.

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The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 five-year experience study, are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategies	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	<u>100.00 %</u>	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2022, was 4.08 percent. The discount rate used to measure total OPEB liability prior to June 30, 2022 was 2.27 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2022 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.69 percent at June 30, 2022 and 1.92 percent at June 30, 2021.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.08 percent) and higher (5.08 percent) than the current discount rate (4.08 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one

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percentage point lower (6.00 percent decreasing to 3.40 percent) and higher (8.00 percent decreasing to 5.40 percent) than the current rate (7.00 percent decreasing to 4.40 percent).

	1% Decrease	Current Discount Rate	1% Increase
School District 's Proportionate Share of the Net OPEB Liability	\$ 4,828,100	\$ 3,887,312	\$ 3,127,840

	1% Decrease	Current Trend Rate	1% Increase
School District 's Proportionate Share of the Net OPEB Liability	\$ 2,997,815	\$ 3,887,312	\$ 5,049,139

Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022, actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Projected Salary Increases	Varies by service from 2.5 percent to 8.5 percent	Varies by age from 2.5 percent to 12.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 3.94 percent ultimate	5.00 percent initial 4 percent ultimate
Medicare	-68.78 percent initial 3.94 percent ultimate	-16.18 percent initial 4 percent ultimate
Prescription Drug		
Pre-Medicare	9.00 percent initial 3.94 percent ultimate	6.50 percent initial 4 percent ultimate
Medicare	-5.47 percent initial 3.94 percent ultimate	29.98 percent initial 4 percent ultimate

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

For 2022, healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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For 2021, healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

Asset Class	Target Allocation*	Long-Term Expected Rate of Return**
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	100.00 %	

*Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and is net of investment expenses. Over a 30-year period, STRS investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2022.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2022, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the

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net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
School District 's Proportionate Share of the Net OPEB (Asset)	\$ (6,770,287)	\$ (7,323,397)	\$ (7,797,181)
	1% Decrease	Current Trend Rate	1% Increase
School District 's Proportionate Share of the Net OPEB (Asset)	\$ (7,596,143)	\$ (7,323,397)	\$ (6,979,120)

NOTE 12 – OTHER EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation, personal and sick leave benefits are derived from negotiated agreements and State laws. Employees earn the equivalent of three days of personal leave per year. Classified employees may accumulate up to the equivalent of ten days of personal leave. Classified employees and twelve month administrators earn ten to twenty-five days of vacation per year, depending upon length of service. Administrators and exempt secretaries are able to carryover any unused vacation time at year-end subject to provisions in their respective employee handbooks, however, support staff (those employees in the bargaining unit) are unable to carryover unused vacation time. Accumulated but unused vacation time is paid to administrators, exempt and classified employees upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the statutory rate of one and one-fourth days per month. Sick leave may be accumulated with no maximum. Upon retirement, payment is made for one-fourth of the first 160 days of total sick leave accumulation, 100 percent of the next twenty-five days and one-fourth of any remaining days. An employee receiving such payment must meet the retirement provisions set by STRS Ohio or SERS.

Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through various life insurance companies. The premium varies with employee depending on the terms of the union contract.

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NOTE 13 – LONG-TERM OBLIGATIONS

Changes in the School District’s long-term obligations during the fiscal year consist of the following:

	Amount Outstanding 7/1/2022	Additions	Deductions	Amount Outstanding 06/30/2023	Due Within One Year
<i>General Obligation Bonds:</i>					
School Improvement Refunding - 2005					
Serial and Term Bonds	\$ 2,370,000	\$ -	\$ 425,000	\$ 1,945,000	\$ 445,000
Unamortized Premium	170,563	-	40,935	129,628	-
School Improvement Bonds Series 2018A					
Serial and Term Bonds	1,725,000	-	355,000	1,370,000	420,000
Unamortized Premium	136,235	-	34,059	102,176	-
School Improvement Bonds Series 2018B					
Serial and Term Bonds	9,565,000	-	70,000	9,495,000	70,000
School Improvement Refunding Bonds Series 2019A					
Serial and Term Bonds	29,830,000	-	1,055,000	28,775,000	1,065,000
Capital Appreciation Bonds	1,020,000	-	-	1,020,000	-
Accretion on Capital Appreciation Bonds	501,442	264,340	-	765,782	-
Unamortized Premium	4,079,784	-	148,356	3,931,428	-
School Improvement Refunding Bonds Series 2019B					
Serial and Term Bonds	1,445,000	-	720,000	725,000	725,000
<i>Total General Obligation Bonds</i>	<u>50,843,024</u>	<u>264,340</u>	<u>2,848,350</u>	<u>48,259,014</u>	<u>2,725,000</u>
<i>Direct Borrowing:</i>					
Certificate of Participation, Series 2010 Taxable Qualified School Construction Bonds - (QSCB)	4,000,000	-	-	4,000,000	400,000
Certificate of Participation Refunding Series 2014	10,430,000	-	1,135,000	9,295,000	780,000
2020 Lease-Purchase	775,229	-	253,713	521,516	258,381
<i>Total Direct Borrowing</i>	<u>15,205,229</u>	<u>-</u>	<u>1,388,713</u>	<u>13,816,516</u>	<u>1,438,381</u>
Net Pension Liability	46,418,474	31,064,379	-	77,482,853	-
Net OPEB Liability	5,131,248	-	1,243,936	3,887,312	-
Compensated Absences	4,748,640	3,499,390	3,590,337	4,657,693	443,176
Lease Payable - Copiers	267,484	-	81,518	185,966	84,207
<i>Total Governmental Activities</i>	<u>\$122,614,099</u>	<u>\$ 34,828,109</u>	<u>\$ 9,152,854</u>	<u>\$ 148,289,354</u>	<u>\$4,690,764</u>

General obligation bonds will be paid from property taxes in the bond retirement fund and the certificates of participation will be paid from sales taxes in the sales tax fund. Compensated absences will be paid from the general fund and the food service fund. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the general fund. For additional information related to the net pension liability and net OPEB liability see Notes 10 and 11.

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2005 School Improvement Advance Refunding General Obligation Bonds

On September 22, 2005, the School District issued \$6,075,000 of general obligation bonds, which included serial and term bonds in the amount of \$1,550,000 and \$4,525,000, respectively. The bonds refunded \$6,075,000 of outstanding 2000 School Improvement General Obligation Bonds. The bonds were issued for a twenty-one year period with final maturity at December 1, 2026. At the date of refunding, \$6,726,930 (including premium and after underwriting fees, and other issuance costs) was received to pay off old debt. As a result, \$6,075,000 of the 2000 School Improvement Bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. The defeased debt in the amount of \$6,075,000 was called December 1, 2009.

These refunding bonds were issued with a premium of \$859,636, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The refunding resulted in a difference between net carrying amount of the debt and the acquisition price of \$651,930. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being amortized to interest expense over the life of the bonds using the straight-line method.

The School District refunded the 2000 General Obligation Bonds to reduce its total debt service payments over the next twenty-one years by \$826,031.

The \$6,075,000 bond issue consists of serial and term bonds. The serial bonds were issued with a varying interest rate of 4.00-5.50 percent.

The bonds maturing December 1, 2019 were subject to mandatory sinking fund redemption at a price of 100 percent of the principal amount to be redeemed plus accrued interest to the date of redemption. The principal amount subject to mandatory redemption of \$335,000 was paid on December 1, 2019.

The bonds maturing December 1, 2021 were subject to mandatory sinking fund redemption. The principal amount subject to mandatory redemption of \$400,000 was paid on December 1, 2021.

The remaining principal amount of \$425,000 matured on December 1, 2022.

The bonds maturing December 1, 2026 are subject to mandatory sinking fund redemption at a price of 100 percent of the principal amount to be redeemed plus accrued interest to the date of redemption on December 1 in the years and in the respective principal amounts:

Redemption Date	Principal Amount Subject to Mandatory Redemption
<u>December 1</u>	
2023	\$ 445,000
2024	475,000
2025	500,000

Unless previously redeemed, the remaining principal amount of \$525,000 will mature at stated maturity (December 1, 2026).

The bonds are not subject to optional redemption prior to maturity.

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2018 School Improvement Bonds

Series 2018A

In fiscal year 2018, the School District issued \$36.7 million of general obligation school improvement bonds, series 2018A for an Ohio Facilities Construction Commission project. The bonds consist of serial and term bonds at interest rates varying from 3.0 - 5.25 percent with a final maturity of December 1, 2053.

These bonds were issued with a premium of \$3.5 million, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method.

The Bonds stated to mature on December 1, 2048 (the 2048 Term Bonds) and December 1, 2053 (the 2053 Term Bonds, and, together with the 2048 Term Bonds, together, the Term Bonds), are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the Authorizing Legislation, at a redemption price equal to 100% of the principal amount redeemed, plus interest accrued to the redemption date.

The Bonds stated to mature on and after December 1, 2023 are subject to prior redemption, by and at the sole option of the School District, in whole or in part as selected by the School District (in whole multiples of \$5,000), on any date on or after June 1, 2023, at a redemption price equal to 100% of the principal amount redeemed, plus interest accrued to the redemption date.

On December 3, 2019, \$33,020,000 of these bonds were refunded.

Series 2018B

In fiscal year 2018, the School District issued \$9.8 million of general obligation school improvement bonds, series 2018B for an Ohio Facilities Construction Commission project. The bonds consist of serial and term bonds at interest rates varying from 2.0 - 4.25 percent with a final maturity of December 1, 2043.

These bonds were issued with a premium of \$73,405.

The Bonds stated to mature on December 1, 2033 (the 2033 Term Bonds), December 1, 2037 (the 2037 Term Bonds) and December 1, 2041 (the 2041 Term Bonds, and, together with the 2033 Term Bonds and the 2037 Term Bonds, collectively, the Term Bonds), are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the Authorizing Legislation, at a redemption price equal to 100% of the principal amount redeemed, plus interest accrued to the redemption date.

The Bonds stated to mature on and after December 1, 2023 are subject to prior redemption, by and at the sole option of the School District, in whole or in part as selected by the School District (in whole multiples of \$5,000), on any date on or after June 1, 2023, at a redemption price equal to 100% of the principal amount redeemed, plus interest accrued to the redemption date.

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School Improvement Refunding General Obligation Bonds

Series 2019A

On December 3, 2019, the School District issued \$33,020,000 of general obligation bonds, which included serial, term and capital appreciation bonds in the amount of \$12,640,000, \$19,360,000 and \$1,020,000, respectively. The bonds refunded \$33,020,000 of outstanding Series 2018A School Improvement General Obligation Bonds. The bonds were issued for a 35 year period with final maturity at December 1, 2054. At the date of refunding, \$37,470,674 (including premium and after underwriting fees, and other issuance costs) was received to pay off old debt. As a result, \$33,020,000 of the Series 2018A School Improvement General Obligation Bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements.

These refunding bonds were issued with a premium of \$4,450,674, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The issuance costs of \$347,003 were expensed. The refunding resulted in a difference between net carrying amount of the debt and the acquisition price of \$936,198. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being amortized to interest expense over the life of the bonds using the straight-line method.

The School District refunded the 2018A School Improvement General Obligation Bonds to reduce its total debt service payments over the next twenty-one years by \$6,080,375.

The capital appreciation bonds mature December 1, 2029, December 1, 2030, December 1, 2031, December 1, 2032, December 1, 2033 and December 1, 2034. These bonds were purchased at a discount at the time of issuance and at maturity all compounded interest is paid and the bond holder collects the face value. However, since interest is technically earned and compounded semiannually, the value of the bond increases. Therefore, as the value increases, the accretion is booked as principal liability.

The serial and capital appreciation bonds are not subject to redemption prior to maturity. The current interest bonds are subject to mandatory and optional redemption.

Series 2019B

On December 3, 2019, the School District issued \$2,795,000 of general obligation serial bonds. The bonds refunded \$2,845,000 of outstanding 2009 School Improvement Advance Refunding General Obligation Bonds. The bonds were issued for a 5 year period with final maturity at December 1, 2024. At the date of refunding, \$2,939,007 (including premium and after underwriting fees, and other issuance costs) was received to pay off old debt. As a result, \$2,845,000 of the 2009 School Improvement Advance Refunding General Obligation Bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements.

These refunding bonds were issued with a premium of \$144,007. The refunding resulted in a difference between net carrying amount of the debt and the acquisition price of an \$88,115 deficit. The premium and refunding loss were determined to be immaterial to amortize.

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The School District refunded the 2009 School Improvement Advance Refunding General Obligation Bonds to reduce its total debt service payments over the next five years by \$88,085.

The serial and capital appreciation bonds are not subject to redemption prior to maturity.

Mandatory Redemption

The current interest bonds stated to mature on December 1, 2039 (the “2039 Term Bonds”) and December 1, 2049 (the “2049 Term Bonds” and, together with the 2039 Term Bonds, the “Term Bonds”), are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the Authorizing Legislation, at a redemption price equal to 100% of the principal amount redeemed, plus interest accrued to the redemption date, on December 1 of the years shown in, and according to, the following schedule.

<u>2039 Term Bonds</u>		<u>2049 Term Bonds</u>	
<u>Year</u>	<u>Amount</u>	<u>Year</u>	<u>Amount</u>
2035	\$ 1,335,000	2040	\$ 375,000
2036	1,390,000	2041	405,000
2037	1,225,000	2042	430,000
2038	340,000	2043	450,000
2039	355,000 (a)	2044	1,995,000
		2045	2,065,000
		2046	2,135,000
		2047	2,210,000
		2048	2,285,000
		2049	2,365,000 (a)

(a) Remaining principal balance scheduled to be paid at the stated maturity of the corresponding Term Bonds.

Term Bonds redeemed by other than mandatory redemption, or purchased for cancellation, may be credited against the applicable mandatory redemption requirement for the corresponding Term Bonds.

Optional Redemption

The Current Interest Bonds stated to mature on or after December 1, 2030, are subject to prior redemption, by and at the sole option of the School District, in whole or in part as selected by the School District (in whole multiples of \$5,000), on any date on or after December 1, 2029, at a redemption price equal to 100% of the principal amount redeemed, plus interest accrued to the redemption date.

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Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2023 are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds		Capital Appreciation Bonds		Total	
	Principal	Interest	Principal	Accretion	Principal	Interest
2024	\$ 2,725,000	\$ 1,475,204	\$ -	\$ -	\$ 2,725,000	\$ 1,475,204
2025	2,835,000	1,364,486	-	-	2,835,000	1,364,486
2026	2,945,000	1,251,460	-	-	2,945,000	1,251,460
2027	3,060,000	1,138,279	-	-	3,060,000	1,138,279
2028	1,135,000	1,064,554	-	-	1,135,000	1,064,554
2029 - 2033	1,470,000	5,041,078	775,000	4,040,000	2,245,000	9,081,078
2034 - 2038	4,465,000	4,767,875	245,000	2,275,000	4,710,000	7,042,875
2039 - 2043	8,640,000	3,478,512	-	-	8,640,000	3,478,512
2044 - 2048	10,385,000	1,727,226	-	-	10,385,000	1,727,226
2049 - 2050	4,650,000	162,509	-	-	4,650,000	162,509
Total	<u>\$ 42,310,000</u>	<u>\$21,471,183</u>	<u>\$ 1,020,000</u>	<u>\$ 6,315,000</u>	<u>\$ 43,330,000</u>	<u>\$ 27,786,183</u>

2010 Certificates of Participation

On June 17, 2010 the School District issued \$24,570,000 of certificates of participation, series 2010 bonds. They consisted of \$4,000,000 in taxable qualified school construction series 2010A (QSCB) term bonds. The bonds were issued for a sixteen year period with final maturity at December 1, 2026. Also included in the issue was \$15,460,000 of taxable build America bonds (BABS) series 2010B which is made up of \$2,880,000 serial bonds and term bonds in the amount of \$12,580,000. The series 2010B bonds were refunded on July 31, 2014. The final issue was tax exempt series 2010C serial bonds in the amount of \$5,110,000 with a varying interest rate of 2.00-3.00 percent. The maturity dates for the tax exempt bonds is December 1, 2011 through 2016. The proceeds were used to acquire, construct, purchase equipment, install and renovate recreational, school and transportation facilities. The series 2010B was refunded in 2014.

The tax exempt series 2010C bonds were issued with a premium of \$19,938, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The issuance costs of \$586,116 were expensed.

The series 2010A bonds maturing on December 1, 2023 are subject to mandatory sinking fund redemption at a price of 100 percent of the principal amount to be redeemed plus accrued interest to the date of redemption on December 1 in the years and in the respective principal amounts:

Redemption Date	Principal Amount Subject to Mandatory Redemption
<u>December 1</u>	
2023	\$ 400,000
2024	1,190,000
2025	1,200,000

Unless previously redeemed, the remaining principal amount of \$1,210,000 will mature at stated maturity (December 1, 2026).

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In the event of default, as defined by the lease agreement, the amounts payable by the School District may become due. If payments are not made, the lessor may retake possession of the project facilities, including but not limited to equipment and furniture. Additionally, the lessor has the option to sublease the project facilities, holding the School District liable for all lease payments and other payments due prior to the effective date of the sublease and for the difference between the rental and other amounts paid by the subleases pursuant to such sublease and the amounts payable by the District pursuant to the lease during the then current lease term.

2014 Current Refunding Certificates of Participation

On July 30, 2014, the School District issued \$15,895,000 in refunded certificates of participation, series 2014 bonds. The proceeds were used to refund \$15,460,000 of the School District's outstanding build America bonds (BABS) series 2010B. The bonds were issued for a 20 year period with final maturity at December 1, 2033.

These refunding bonds were issued with a premium of \$133,382, which has been offset against expenses related to issuance costs. The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$1,274,219. The issuance resulted in an economic gain of \$923,894.

In the event of default, as defined by the lease agreement, the amounts payable by the School District may become due. If payments are not made, the lessor may retake possession of the school building and transportation building facilities, including but not limited to equipment and furniture. Additionally, the lessor has the option to sublease the project facilities, holding the School District liable for all lease payments and other payments due prior to the effective date of the sublease and for the difference between the rental and other amounts paid by the subleases pursuant to such sublease and the amounts payable by the District pursuant to the lease during the then current lease term.

2020 Lease Purchase

In June, 2020, the School District entered into a lease-purchase agreement for buses for \$1,278,805 at an interest rate of 1.80 percent. The lease term began on May 4, 2020 and ends on December 1, 2024. The School District will make annual lease payments from the sales tax fund.

Whenever any event of default exists with respect to a Property Schedule, Lessor shall have the right, at its sole option without any further demand or notice, to take one or any combination of the following remedial steps:

- (a) Without terminating the Property Schedule, and by written notice to Lessee, Lessor may declare all rental payments and other amounts payable by Lessee thereunder to the end of the then-current budget year of Lessee to be due, including without limitation delinquent rental payments under the Property Schedule from prior budget years, and such amounts shall thereafter bear interest at the rate of 12% per annum or the maximum rate permitted by applicable law, whichever is less;
- (b) Lessor may terminate the Property Schedule, may enter the premises where the Property subject to the Property Schedule is located and retake possession of the Property, or require Lessee, at Lessee's expense, to promptly return any or all of the Property to the possession of Lessor at such place within the United States as Lessor shall specify, and Lessor may thereafter dispose of the Property

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For The Fiscal Year Ended June 30, 2023

in accordance with Article 9 of the Uniform Commercial Code in effect in the State; provided, however, that any proceeds from the disposition of the property in excess of the sum required to (i) defease the Property Schedule pursuant to Section 6.07, (ii) pay any other amounts then due under the Property Schedule, and (iii) pay Lessors costs and expenses associated with the disposition of the Property (including attorneys fees), shall be paid to Lessee or such other creditor of Lessee as may be enabled thereto;

- (c) By written notice to the Agent, if any, Lessor may instruct the Agent to apply all sums held by the Agent in any accounts relating to the Property Schedule under the applicable escrow or trust agreement as provided in the applicable escrow or trust agreement.
- (d) By written notice to any escrow agent (other than the Agent) who is holding proceeds of the Property Schedule, Lessor may instruct such escrow agent to release all such proceeds and any earnings thereon to Lessor, such sums to be credited to payment or Lessee's obligations under the Property Schedule;
- (e) Lessor may take any action, at law or in equity, that is permitted by applicable law and that may appear necessary or desirable to enforce or to protect any of its rights under the Property Schedule and this Agreement.

Principal and interest requirements to retire the certificates of participation outstanding at June 30, 2023 are as follows:

Fiscal Year Ending June 30,	Certificate of Participation		Lease-Purchase		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 1,180,000	\$ 564,381	\$ 258,381	\$ 9,596	\$ 1,438,381	\$ 573,977
2025	1,205,000	501,776	263,135	4,842	1,468,135	506,618
2026	1,215,000	425,125	-	-	1,215,000	425,125
2027	1,225,000	347,809	-	-	1,225,000	347,809
2028	1,240,000	287,287	-	-	1,240,000	287,287
2029 - 2033	6,845,000	729,609	-	-	6,845,000	729,609
2034	385,000	7,700	-	-	385,000	7,700
Total	<u>\$ 13,295,000</u>	<u>\$ 2,863,687</u>	<u>\$ 521,516</u>	<u>\$ 14,438</u>	<u>\$ 13,816,516</u>	<u>\$ 2,878,125</u>

Lease Payable

The School District has outstanding agreements to lease copiers. Due to the implementation of GASB Statement 87, these leases have met the criteria of leases thus requiring them to be recorded by the School District. The future lease payments were discounted based on the interest rate implicit in the lease or using the School District's incremental borrowing rate. This discount is being amortized over the life of the lease.

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A summary of the principal and interest amounts for the remaining leases is as follows:

Fiscal Year Ending June 30,	Lease Payable	
	Principal	Interest
2024	\$ 84,207	\$ 4,797
2025	86,985	2,019
2026	14,774	60
Total	\$ 185,966	\$ 6,876

NOTE 14 – INTERFUND ACTIVITY

Interfund Balances

Interfund balances at June 30, 2023, consist of the following:

	Interfund Receivable	Interfund Payable
General Fund	\$ 273,244	\$ -
<i>Nonmajor Governmental Funds:</i>		
ESSER	-	155,892
Title VI-B	-	80,318
Title III Fund	-	2,828
Title I	-	20,396
ECSE	-	1,427
Title II-A	-	12,383
Total	\$ 273,244	\$ 273,244

The interfund balances will be repaid once the anticipated revenues are received. These advances are expected to be repaid within one year. Interfund loans between governmental activities are eliminated on the statement of net position.

Advances to/from Other Funds

In fiscal year 2017, general fund advanced \$136,180 to the food service fund to cover expenditures. It is the intention of the School District to repay this advance; however, it is not known at this time when repayment will take place.

Interfund Transfers

During the fiscal year, the general fund transferred \$948 to the athletic fund to provide additional resources for current operations.

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Notes to the Basic Financial Statements
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NOTE 15 – SET ASIDES

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

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

	Capital Improvements Reserve
Set Aside Restricted Balance July 1, 2022	\$ -
Current Year Set Aside Requirement	1,429,636
Prior Year Offset from Bond Proceeds	(1,429,636)
Total	\$ -
Balance Carried Forward to Fiscal Year 2024	\$ -
Set Aside Restricted Balance June 30, 2023	\$ -

During fiscal year 2018, the School District issued \$46,525,000 in capital related debt based on a building project under taken by the School District. Those proceeds may be used as qualifying offsets to reduce the capital acquisition to zero for future years. In fiscal year 2023, \$1,429,636 of qualifying proceeds were used to reduce the capital acquisition set-aside requirement to zero. At June 30, 2023, the School District still has \$38,816,980 in qualifying proceeds that may be used to reduce the set-aside requirement for future years.

NOTE 16 – CONTINGENCIES AND COMMITMENTS

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at fiscal year end.

Litigation

The School District is not party to any claims or lawsuits that would, in the School District’s opinion, have a material effect of the basic financial statements.

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School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, ODE adjustments for fiscal year 2023 are finalized.

Encumbrance Commitments

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

<u>Fund</u>	<u>Amount</u>
General	\$ 968,849
Nonmajor Governmental	<u>1,230,454</u>
	<u>\$ 2,199,303</u>

NOTE 17 – SUBSEQUENT EVENT

On July 19, 2023, the School District issued Classroom Facilities and School Improvement Bonds in the amount of \$102,000,000 at an interest rate of 5.0 percent. These bonds mature on December 1, 2060.

Brunswick City School District
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Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>School Employees Retirement System (SERS)</i>				
School District's Proportion of the Net Pension Liability	0.2701074%	0.2627676%	0.2973106%	0.3077601%
School District's Proportionate Share of the Net Pension Liability	\$ 14,609,509	\$ 9,695,362	\$ 19,664,749	\$ 18,413,826
School District's Covered Payroll	\$ 10,132,543	\$ 8,957,814	\$ 10,479,157	\$ 10,567,504
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	144.18%	108.23%	187.66%	174.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.82%	82.86%	68.55%	70.85%
<i>State Teachers Retirement System (STRS)</i>				
School District's Proportion of the Net Pension Liability	0.28282946%	0.28721572%	0.29969103%	0.29750677%
School District's Proportionate Share of the Net Pension Liability	\$ 62,873,344	\$ 36,723,112	\$ 72,514,566	\$ 65,791,834
School District's Covered Payroll	\$ 37,081,607	\$ 35,253,679	\$ 36,306,507	\$ 35,056,864
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	169.55%	104.17%	199.73%	187.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.90%	87.80%	75.50%	77.40%

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

2019	2018	2017	2016	2015	2014
0.3094417%	0.3140176%	0.3167530%	0.3251740%	0.3465100%	0.3465100%
\$ 17,722,299	\$ 18,761,858	\$ 23,183,397	\$ 18,554,744	\$ 17,536,674	\$ 20,605,838
\$ 10,078,622	\$ 10,440,607	\$ 9,918,986	\$ 10,701,533	\$ 11,091,616	\$ 10,069,725
175.84%	179.70%	233.73%	173.38%	158.11%	204.63%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%
0.29552291%	0.29021077%	0.29366939%	0.30064004%	0.30921347%	0.30921347%
\$ 64,978,853	\$ 68,940,190	\$ 98,299,997	\$ 83,088,113	\$ 75,211,417	\$ 89,591,348
\$ 34,195,950	\$ 31,878,336	\$ 31,647,557	\$ 31,746,221	\$ 31,363,315	\$ 31,325,200
190.02%	216.26%	310.61%	261.73%	239.81%	286.00%
77.31%	75.30%	66.80%	72.10%	74.70%	69.30%

Brunswick City School District
Medina County, Ohio
Required Supplementary Information
Schedule of the School District's Contributions - Pension
Last Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>School Employees Retirement System (SERS)</i>				
Contractually Required Contribution	\$ 1,470,799	\$ 1,418,556	\$ 1,254,094	\$ 1,467,082
Contributions in Relation to the Contractually Required Contribution	<u>(1,470,799)</u>	<u>(1,418,556)</u>	<u>(1,254,094)</u>	<u>(1,467,082)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 10,505,707	\$ 10,132,543	\$ 8,957,814	\$ 10,479,157
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
<i>State Teachers Retirement System (STRS)</i>				
Contractually Required Contribution	\$ 5,340,999	\$ 5,191,425	\$ 4,935,515	\$ 5,082,911
Contributions in Relation to the Contractually Required Contribution	<u>(5,340,999)</u>	<u>(5,191,425)</u>	<u>(4,935,515)</u>	<u>(5,082,911)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 38,149,993	\$ 37,081,607	\$ 35,253,679	\$ 36,306,507
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 1,426,613	\$ 1,360,614	\$ 1,461,685	\$ 1,388,658	\$ 1,410,462	\$ 1,537,298
<u>(1,426,613)</u>	<u>(1,360,614)</u>	<u>(1,461,685)</u>	<u>(1,388,658)</u>	<u>(1,410,462)</u>	<u>(1,537,298)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 10,567,504	\$ 10,078,622	\$ 10,440,607	\$ 9,918,986	\$ 10,701,533	\$ 11,091,616
13.50%	13.50%	14.00%	14.00%	13.18%	13.86%
\$ 4,907,961	\$ 4,787,433	\$ 4,462,967	\$ 4,430,658	\$ 4,444,471	\$ 4,077,231
<u>(4,907,961)</u>	<u>(4,787,433)</u>	<u>(4,462,967)</u>	<u>(4,430,658)</u>	<u>(4,444,471)</u>	<u>(4,077,231)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 35,056,864	\$ 34,195,950	\$ 31,878,336	\$ 31,647,557	\$ 31,746,221	\$ 31,363,315
14.00%	14.00%	14.00%	14.00%	14.00%	13.00%

Brunswick City School District
Medina County, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
Last Seven Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>School Employees Retirement System (SERS)</i>				
School District's Proportion of the Net OPEB Liability	0.2768720%	0.2711242%	0.3004710%	0.3157910%
School District's Proportionate Share of the Net OPEB Liability	\$ 3,887,312	\$ 5,131,248	\$ 6,530,207	\$ 7,941,469
School District's Covered Payroll	\$ 10,132,543	\$ 8,957,814	\$ 10,479,157	\$ 10,567,504
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	38.36%	57.28%	62.32%	75.15%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%	15.57%
<i>State Teachers Retirement System (STRS)</i>				
School District's Proportion of the Net OPEB Liability (Asset)	0.28282946%	0.28721572%	0.29969100%	0.29750700%
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (7,323,397)	\$ (6,055,714)	\$ (5,267,063)	\$ (4,927,430)
School District's Covered Payroll	\$ 37,081,607	\$ 35,253,679	\$ 36,306,507	\$ 35,056,864
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-19.75%	-17.18%	-14.51%	-14.06%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	230.73%	174.73%	182.10%	174.70%

(1) Information prior to 2017 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

2019	2018	2017
0.3141490%	0.3194038%	0.3241469%
\$ 8,715,328	\$ 8,571,959	\$ 9,239,385
\$ 10,078,622	\$ 10,440,607	\$ 9,918,986
86.47%	82.10%	93.15%
13.57%	12.46%	11.49%
0.29552300%	0.29021077%	0.29366939%
\$ (4,748,752)	\$ 11,322,953	\$ 15,705,515
\$ 34,195,950	\$ 31,878,336	\$ 31,647,557
-13.89%	35.52%	49.63%
176.00%	47.10%	37.30%

Brunswick City School District
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Required Supplementary Information
Schedule of the School District's Contributions - OPEB
Last Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<i>School Employees Retirement System (SERS)</i>				
Contractually Required Contribution (1)	\$ 200,630	\$ 184,315	\$ 174,988	\$ 154,964
Contributions in Relation to the Contractually Required Contribution	<u>(200,630)</u>	<u>(184,315)</u>	<u>(174,988)</u>	<u>(154,964)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 10,505,707	\$ 10,132,543	\$ 8,957,814	\$ 10,479,157
OPEB Contributions as a Percentage of Covered Payroll (1)	1.91%	1.82%	1.95%	1.48%
<i>State Teachers Retirement System (STRS)</i>				
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 38,149,993	\$ 37,081,607	\$ 35,253,679	\$ 36,306,507
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 247,447	\$ 221,086	\$ 170,693	\$ 177,545	\$ 221,496	\$ 151,735
<u>(247,447)</u>	<u>(221,086)</u>	<u>(170,693)</u>	<u>(177,545)</u>	<u>(221,496)</u>	<u>(151,735)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 10,567,504	\$ 10,078,622	\$ 10,440,607	\$ 9,918,986	\$ 10,701,533	\$ 11,091,616
2.34%	2.19%	1.63%	1.79%	2.07%	1.37%
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 313,633
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(313,633)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 35,056,864	\$ 34,195,950	\$ 31,878,336	\$ 31,647,557	\$ 31,746,221	\$ 31,363,315
0.00%	0.00%	0.00%	0.00%	0.00%	1.00%

Brunswick City School District
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Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

NOTE 1 - NET PENSION LIABILITY

There were no changes in assumptions or benefit terms for the fiscal years reported unless otherwise stated below:

Changes in Assumptions - SERS

For fiscal year 2022, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.00 percent to 2.40 percent
- Payroll growth assumption was reduced from 3.50 percent to 1.75 percent
- Assumed real wage growth was reduced from 0.50 percent to 0.85 percent
- Discount rate was reduced from 7.50 percent to 7.00 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members, service retirees and beneficiaries, and disabled members were updated.

For fiscal year 2017, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00 percent to 3.50 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- 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.
- Mortality among service retired members, and beneficiaries was updated to RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

Changes in Benefit Terms - SERS

For fiscal year 2022, cost-of-living adjustments were increased from 2.00 percent to 2.50 percent.

For fiscal year 2021, cost-of-living adjustments were reduced from 2.50 percent to 2.00 percent.

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

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Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

Changes in Assumptions – STRS

For fiscal year 2022, the Retirement Board approved several changes to the actuarial assumptions. The salary increases were where changed from 12.50 percent at age 20 to 2.50 percent at age 65 to varying by service from 2.50 percent to 8.50 percent. The healthy and disabled mortality assumptions were updated to the Pub-2010 mortality tables with generational improvement scale MP-2020.

For fiscal year 2021, the long term expected rate of return was reduced from 7.45 percent to 7.00 percent.

For fiscal year 2018, the Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Changes in Benefit Terms - STRS

For fiscal year 2018, the cost-of-living adjustment (COLA) was reduced to zero.

NOTE 2 - NET OPEB LIABILITY (ASSET)

Changes in Assumptions – SERS

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

Municipal Bond Index Rate:

Fiscal year 2023	3.69 percent
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Fiscal year 2023	4.08 percent
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

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Pre-Medicare Trend Assumption

Fiscal year 2023	6.75 percent initially, decreasing to 4.40 percent
Fiscal year 2022	6.75 percent initially, decreasing to 4.40 percent
Fiscal year 2021	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2020	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2019	7.25 percent initially, decreasing to 4.75 percent
Fiscal year 2018	7.50 percent initially, decreasing to 4.00 percent

Medicare Trend Assumption

Fiscal year 2023	7.00 percent initially, decreasing to 4.40 percent
Fiscal year 2022	5.125 percent initially, decreasing to 4.40 percent
Fiscal year 2021	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2020	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2019	5.375 percent initially, decreasing to 4.75 percent
Fiscal year 2018	5.50 percent initially, decreasing to 5.00 percent

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

Changes in Assumptions – STRS

For fiscal year 2022, the healthy and disabled mortality assumptions were updated to the RPub-2010 mortality tables with generational improvement scale MP-2020. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

For fiscal year 2022, the following changes were made to the actuarial assumptions:

- Projected salary increases from 3.25 to 10.75 percent, including wage inflation to varying by service from 2.50 to 8.50 percent
- Medicare medical health care cost trends from -16.18 percent initial to -68.78 percent initial and 4.00 percent ultimate to 3.94 percent ultimate
- Medicare prescription drug health care cost trends from 29.98 percent initial to -5.47 percent initial and 4.00 percent ultimate to 3.94 percent ultimate

For fiscal year 2021, valuation year per capita health care costs were updated. Health care cost trend rates ranged from -5.20 percent to 9.60 percent initially for fiscal year 2020 and changed for fiscal year 2021 to a range of -6.69 percent to 11.87 percent, initially.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent. Valuation year per capita health care costs were updated. Health care cost trend rates ranged from 6.00 percent to 11 percent initially and a 4.50 percent ultimate rate for fiscal year 2018 and changed for fiscal year 2019 to a range of -5.20 percent to 9.60 percent, initially and a 4.00 percent ultimate rate.

For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees

Brunswick City School District
Medina County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2023

and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Changes in Benefit Terms – STRS

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

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

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

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. This was subsequently extended, see above paragraph.

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**BRUNSWICK CITY SCHOOL DISTRICT
MEDINA COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal Assistance Listing Number	Receipts	Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed Through the Ohio Department of Education:</i>			
<u>Child Nutrition Cluster:</u>			
School Breakfast Program	10.553	\$107,483	\$107,483
National School Lunch Program	10.555	741,616	1,682,518
COVID-19 National School Lunch Program	10.555	-	110,349
COVID-19 USDA NP SCAF	10.555	153,813	20,124
National School Lunch Program- Non-Cash Assistance	10.555	179,788	179,788
Total National School Lunch Program		<u>1,075,217</u>	<u>1,992,779</u>
Total Child Nutrition Cluster		<u>1,182,700</u>	<u>2,100,262</u>
NSLP Equipment Assistance	10.579	70,101	70,101
COVID-19 - SNAP State/Local P-EBT	10.649	3,135	3,135
TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>1,255,936</u>	<u>2,173,498</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed Through the Ohio Department of Education:</i>			
<u>Special Education Cluster:</u>			
Special Education - Grants to States	84.027	180,960	143,904
		1,204,236	1,245,763
COVID-19 - Special Education - Grants to States		<u>126,406</u>	<u>132,227</u>
Total Special Education - Grants to States		<u>1,511,602</u>	<u>1,521,894</u>
Special Education - Preschool Grants	84.173	3,798	3,039
		28,334	29,118
COVID-19 - Special Education - Preschool Grants		<u>5,305</u>	<u>5,947</u>
Total Special Education - Preschool Grants		<u>37,437</u>	<u>38,104</u>
Total Special Education Cluster		<u>1,549,039</u>	<u>1,559,998</u>
Title I Grants to Local Educational Agencies	84.010	110,490	88,119
		439,032	459,428
		<u>8,888</u>	<u>8,888</u>
Total Title I Grants to Local Educational Agencies		<u>558,410</u>	<u>556,435</u>
Student Support and Academic Enrichment Program	84.424	3,134	-
		<u>42,862</u>	<u>42,862</u>
Total Student Support and Academic Enrichment Program		<u>45,996</u>	<u>42,862</u>
Supporting Effective Instruction State Grants	84.367	35,589	28,303
		<u>114,244</u>	<u>126,627</u>
Total Supporting Effective Instruction State Grants		<u>149,833</u>	<u>154,930</u>
COVID-19 Education Stabilization Fund	84.425C	-	259
	84.425D	758,652	734,042
	84.425U	145,834	145,834
	84.425U	1,964,197	1,927,238
	84.425W	<u>6,688</u>	<u>6,688</u>
Total Education Stabilization Fund		<u>2,875,371</u>	<u>2,814,061</u>
English Language Acquisition State Grants	84.365	6,746	9,574
<i>Passed Through the Educational Service Center of Northeast Ohio:</i>			
English Language Acquisition State Grants	84.365	8,846	1,301
Total English Language Acquisition State Grants		<u>15,592</u>	<u>10,875</u>
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>5,194,241</u>	<u>5,139,161</u>
<u>U.S. DEPARTMENT OF TREASURY</u>			
<i>Passed Through the Ohio Department of Education:</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	271,243	59,437
TOTAL U.S. DEPARTMENT OF TREASURY		<u>271,243</u>	<u>59,437</u>
TOTALS		<u>\$6,721,420</u>	<u>\$7,372,096</u>

The accompanying notes are an integral part of this schedule.

**BRUNSWICK CITY SCHOOL DISTRICT
MEDINA COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE A – BASIS OF PRESENTATION

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) includes the federal award activity of Brunswick City School District (the District) under programs of the federal government for the year ended June 30, 2023. 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

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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



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

Brunswick City School District
Medina County
3643 Center Road
Brunswick, Ohio 44212

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brunswick City School District, Medina County, Ohio (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 29, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

February 29, 2024

OHIO AUDITOR OF STATE KEITH FABER



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

Brunswick City School District
Medina County
3643 Center Road
Brunswick, Ohio 44212

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Brunswick City School District's, Medina County, Ohio (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Brunswick City School District's major federal programs for the year ended June 30, 2023. Brunswick City School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Brunswick City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

February 29, 2024

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**BRUNSWICK CITY SCHOOL DISTRICT
MEDINA COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	<ul style="list-style-type: none"> • COVID-19 - Education Stabilization Fund, AL 84.425C, AL 84.425D, and AL 84.425U • Special Education Cluster
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

OHIO AUDITOR OF STATE KEITH FABER



BRUNSWICK CITY SCHOOL DISTRICT

MEDINA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/21/2024

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

This report is a matter of public record and is available online at
www.ohioauditor.gov