

***BRECKSVILLE-BROADVIEW HEIGHTS
CITY SCHOOL DISTRICT***

CUYAHOGA COUNTY, OHIO

Single Audit

For the Year Ended June 30, 2025





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Board of Education
Brecksville-Broadview Heights City School District
6638 Mill Road
Brecksville, OH 44141

We have reviewed the *Independent Auditor's Report* of the Brecksville-Broadview Heights City School District, Cuyahoga County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2024 through June 30, 2025. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

KEITH FABER
Ohio Auditor of State

Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

April 14, 2026

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Brecksville-Broadview Heights City School District
Cuyahoga County

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Brecksville-Broadview Heights City School District
Cuyahoga County

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INDEPENDENT AUDITOR'S REPORT

Brecksville-Broadview Heights City School District
Cuyahoga County
6638 Mill Road
Brecksville, OH 44141

To the Board of Education:

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Brecksville-Broadview Heights City School District, Cuyahoga County, Ohio (the District), as of and for the year ended June 30, 2025, 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, the major fund, and the aggregate remaining fund information of the Brecksville-Broadview Heights City School District, Cuyahoga County, Ohio as of June 30, 2025, 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 Opinion

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

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.

Emphasis of Matter

As discussed in Note 22 to the financial statements, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. We did not modify our opinion regarding this matter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

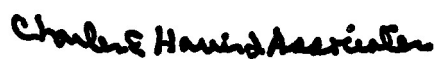
Supplementary information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2025, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
December 30, 2025

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Brecksville-Broadview Heights City School District

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025 Unaudited

The management's discussion and analysis of Brecksville-Broadview Heights 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, 2025. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key Financial Highlights for fiscal year 2025 are as follows:

- Net position increased in fiscal year 2025 primarily due to an increase in current assets due to increased property taxes receivable. This was coupled with annual debt payments and changes in the net pension/OPEB liabilities.
- Total program expenses decreased in fiscal year 2025 due to changes in the net pension/OPEB liabilities. The changes in the net pension/OPEB liabilities were offset by both certified and classified staff receiving an increase in base salary.
- The School District's capital asset additions included significant additions to all asset classes excluding land and textbooks. The School District had several ongoing construction projects at fiscal year end, including the tennis court replacement and middle school roof renovations. During the year, the School District completed the new elementary school and the high school flat roof projects.
- The School District implemented GASB Statement No. 101, *Compensated Absences*. This implementation resulted in recognizing additional long-term liabilities in the amount of \$14,346,457 at July 1, 2024.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes pertaining to those statements. These statements are organized so the reader can understand Brecksville-Broadview Heights City School District as a financial whole, or complete 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 and longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements explain 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 non-major funds presented in total in one column. In the case of Brecksville-Broadview Heights City School District, the general fund is the most significant fund.

Brecksville-Broadview Heights City School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

Unaudited

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question, "How did we do financially during fiscal year 2025?" The *Statement of Net Position* and the *Statement of Activities* answers this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting, similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in this 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 performance, demographic and socioeconomic factors and willingness of the community to support the School District.

In the Statement of Net Position and the Statement of Activities, all of the School District's activities are classified as governmental. Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, food service operations and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins with the balance sheet. 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 fund is the general fund.

Governmental Funds

The School District's activities are reported as governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are 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.

The School District as a Whole

You may recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a comparison of the School District's Net Position for fiscal year 2025 compared to fiscal year 2024:

Brecksville-Broadview Heights City School District*Management's Discussion and Analysis**For the Fiscal Year Ended June 30, 2025**Unaudited*

(Table 1)
Net Position
Governmental Activities

	2025	2024	Change
Assets			
Current and Other Assets	\$91,065,447	\$89,766,191	\$1,299,256
Net OPEB Asset	3,640,016	3,737,285	(97,269)
Capital Assets, Net	65,146,652	64,716,255	430,397
<i>Total Assets</i>	<u>159,852,115</u>	<u>158,219,731</u>	<u>1,632,384</u>
Deferred Outflows of Resources			
Deferred Charge on Refunding	931,016	962,665	(31,649)
Pension	9,752,824	10,809,991	(1,057,167)
OPEB	1,831,332	2,155,903	(324,571)
Asset Retirement Obligation	116,000	120,000	(4,000)
<i>Total Deferred Outflows of Resources</i>	<u>12,631,172</u>	<u>14,048,559</u>	<u>(1,417,387)</u>
Liabilities			
Current Liabilities	7,958,290	7,585,201	(373,089)
Long-Term Liabilities			
Due Within One Year	3,660,381	2,928,352	(732,029)
Due In More Than One Year			
Net Pension Liability	47,923,123	53,525,989	5,602,866
Net OPEB Liability	2,224,171	3,635,595	1,411,424
Other Amounts	64,722,212	52,869,626	(11,852,586)
<i>Total Liabilities</i>	<u>126,488,177</u>	<u>120,544,763</u>	<u>(5,943,414)</u>
Deferred Inflows of Resources			
Property Taxes	43,905,939	42,093,001	(1,812,938)
Pension	7,320,000	5,581,308	(1,738,692)
OPEB	6,482,053	6,988,934	506,881
<i>Total Deferred Inflows of Resources</i>	<u>57,707,992</u>	<u>54,663,243</u>	<u>(3,044,749)</u>
Net Position			
Net Investment in Capital Assets	19,469,645	18,900,501	569,144
Restricted for:			
Capital Projects	5,111,990	6,177,276	(1,065,286)
Debt Service	3,546,125	2,675,959	870,166
Unclaimed Monies	35,756	35,756	0
OPEB Plans	3,640,016	3,737,285	(97,269)
Other Purposes	1,314,009	1,574,080	(260,071)
Unrestricted (Deficit)	<u>(44,830,423)</u>	<u>(36,040,573)</u>	<u>(8,789,850)</u>
<i>Total Net Position</i>	<u>(\$11,712,882)</u>	<u>(\$2,939,716)</u>	<u>(\$8,773,166)</u>

New Accounting Pronouncement/Restatements

Table 1 provides a summary of the School District's net position for fiscal year 2025 compared to 2024. For 2025, the School District implemented GASB Statement No. 101, *Compensated Absences*. GASB Statement No. 100, *Accounting Changes and Error Corrections*, does not require Management Discussion and Analysis information for years prior to periods presented in the basic financial statements to be restated for changes in accounting principle.

Brecksville-Broadview Heights City School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

Unaudited

The implementation of GASB 101 resulted in recognizing additional compensated absences liabilities of \$14,346,457 in governmental activities at July 1, 2024. These amounts also impacted beginning net position for the cumulative effect of additional compensated absences expense (See Note 22).

Governmental Activities

The net pension liability (NPL) is one of the largest single liabilities reported by the School District at June 30, 2025. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

The School District continues to provide the services that the School District residents expect while maintaining the costs of providing those services. The most dramatic changes were to property taxes receivable and the net pension/OPEB liabilities as noted above. Property taxes receivable increased from fiscal year 2024 due to a significant increase in the School District's assessed valuation. Capital assets slightly increased due to current year additions exceeding depreciation/amortization for 2025. The School District finished construction on the new elementary school, but has started some new projects, including the middle school roof replacement. The net pension/OPEB liabilities decreased due to changes in actuarial estimates from the prior year.

In order to further understand what makes up the changes in net position for the current year, the following table gives further details regarding the results of activities for fiscal years 2025 and 2024.

Brecksville-Broadview Heights City School District*Management's Discussion and Analysis**For the Fiscal Year Ended June 30, 2025**Unaudited*

(Table 2)			
Change in Net Position			
Governmental Activities			
	2025	2024	Change
Revenues			
<i>Program Revenues</i>			
Charges for Services and Sales	\$4,421,894	\$4,503,821	(\$81,927)
Operating Grants, Contributions and Interest	2,869,196	2,841,337	27,859
<i>Total Program Revenues</i>	<u>7,291,090</u>	<u>7,345,158</u>	<u>(54,068)</u>
<i>General Revenues</i>			
Property Taxes	47,505,061	47,726,796	(221,735)
Grants and Entitlements not Restricted	10,046,076	10,027,606	18,470
Investment Earnings/Interest	2,291,796	2,117,811	173,985
Unrestricted Contributions	32,987	17,888	15,099
Gain on Sale of Capital Assets	0	645,058	(645,058)
Miscellaneous	645,170	526,146	119,024
<i>Total General Revenues</i>	<u>60,521,090</u>	<u>61,061,305</u>	<u>(540,215)</u>
<i>Total Revenues</i>	<u>67,812,180</u>	<u>68,406,463</u>	<u>(594,283)</u>
Program Expenses			
Current:			
Instruction	35,298,167	35,723,790	425,623
Support Services:			
Pupils	3,726,414	3,609,485	(116,929)
Instructional Staff	1,344,171	2,189,245	845,074
Board of Education	182,047	287,231	105,184
Administration	4,281,496	4,127,754	(153,742)
Fiscal	1,420,675	1,452,582	31,907
Business	622,044	792,945	170,901
Operation and Maintenance of Plant	4,386,904	4,098,843	(288,061)
Pupil Transportation	4,047,915	4,270,019	222,104
Central	492,607	421,359	(71,248)
Extracurricular Activities	2,176,486	2,030,774	(145,712)
Operation of Non-Instructional Services	674,461	657,057	(17,404)
Community Services - Intergovernmental	6,356	0	(6,356)
Operation of Food Service	1,526,159	1,419,802	(106,357)
Interest	2,052,987	2,070,935	17,948
<i>Total Program Expenses</i>	<u>62,238,889</u>	<u>63,151,821</u>	<u>912,932</u>
<i>Change in Net Position</i>	<u>5,573,291</u>	<u>5,254,642</u>	<u>318,649</u>
Net Position Beginning of Year as Previously Reported	(2,939,716)	(8,194,358)	(5,254,642)
Change in Accounting Principle	(14,346,457)	0	(14,346,457)
<i>Restated Net Position Beginning of Year</i>	<u>(17,286,173)</u>	<u>(8,194,358)</u>	<u>(9,091,815)</u>
<i>Net Position End of Year</i>	<u>(\$11,712,882)</u>	<u>(\$2,939,716)</u>	<u>(\$8,773,166)</u>

Brecksville-Broadview Heights City School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2025

Unaudited

New Accounting Pronouncement/Restatements

Table 2 provides a summary of the School District's change in net position for fiscal year 2025 compared to 2024. The above table also separately reflects the restatement for changes in accounting principles related to the implementation of GASB Statement No. 101, *Compensated Absences*. GASB Statement No. 100, *Accounting Changes and Error Corrections* does not require Management Discussion and Analysis information for years prior to periods presented in the basic financial statements to be restated for changes in accounting principle. The 2024 information does not reflect activity related to the additional compensated absences expenses required under GASB 101, *Compensated Absences*. (See also explanation of new accounting pronouncements provided related to Net Position - Table 1 and explanation provided in Note 22.)

Governmental Activities

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

Program revenues remained relatively consistent for governmental activities in fiscal year 2025. Charges for services and sales decreased slightly due to a decrease in extracurricular revenues. Operating grants and contributions increased due to an increase in the amount of contributions and donations the School District received during the fiscal year. The School District continues to seek out restricted grant monies as additional sources of operating revenues. General revenues decreased in fiscal year 2025. Property taxes decreased slightly due to the timing of advance settlements from the County. Investment earnings/interest revenues increased due to the continued upturn in economic conditions, which resulted in a greater return on investments. The School District realized a large gain on sale of capital assets due to the sale of the old Highland school during the prior fiscal year.

Program expenses decreased from the prior year due to changes in the net pension/OPEB asset/liabilities which was offset by wage increases for certified and classified employees and higher purchased services costs.

The School District relies heavily upon property taxes and the State School Foundation Program to support its operations. The School District also actively solicits and receives additional grant and entitlement funds to help offset operating costs.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services for 2025 compared to 2024.

Brecksville-Broadview Heights City School District

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025 Unaudited

(Table 3) Total and Net Cost of Program Services Governmental Activities				
	Total Cost of Services 2025	Net Cost of Services 2025	Total Cost of Services 2024	Net Cost of Services 2024
Instruction	\$35,298,167	\$33,010,368	\$35,723,790	\$33,433,357
Support Services:				
Pupils and Instructional Staff	5,070,585	4,675,556	5,798,730	5,364,403
Board of Education,				
Administration, Fiscal and Business	6,506,262	6,436,173	6,660,512	6,593,155
Operation and Maintenance of Plant	4,386,904	4,234,547	4,098,843	3,948,297
Pupil Transportation	4,047,915	3,729,564	4,270,019	3,907,512
Central	492,607	486,633	421,359	415,367
Extracurricular Activities	2,176,486	515,509	2,030,774	356,693
Operation of Non-Instructional Services	674,461	(252,602)	657,057	(193,320)
Community Services - Intergovernmental	6,356	(3,644)	0	(10,000)
Operation of Food Service	1,526,159	62,708	1,419,802	(79,736)
Interest	2,052,987	2,052,987	2,070,935	2,070,935
<i>Total Expenses</i>	<u>\$62,238,889</u>	<u>\$54,947,799</u>	<u>\$63,151,821</u>	<u>\$55,806,663</u>

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

The School District's Funds

Information about the School District's major funds begins with the balance sheet. These funds are accounted for using the modified accrual basis of accounting. For fiscal year 2025, the general fund had a decrease in fund balance primarily resulting from an increase in instruction expenditures and transfers made to other funds. The increase in instruction expenditures can primarily be attributed to an increase in base salary for staff. The increase in transfers is due to the School District setting aside more monies for future capital projects.

General Fund Budgeting Highlights

Budgeting is prescribed by the Ohio Revised Code. Essentially, the budget is the School District's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the Revised Code. During the course of fiscal year 2025, the School District amended its general fund budget numerous times to allow for insignificant amendments. The School District uses a site-based budgeting system designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, the final budget basis revenue estimate was higher than the original budget estimate. The change was mainly attributed to an increase in interest revenues as the School District had a better estimate of the annual collections. The final budget appropriations were higher than the original budget appropriations of the general fund due mainly to an increase in regular and special instruction as the School District's current year requirements became more apparent.

Brecksville-Broadview Heights City School District

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025 Unaudited

Capital Assets and Long-term Obligations

Capital Assets

During fiscal year 2025, the School District's capital asset additions included significant additions to all asset classes excluding land and textbooks. The construction in progress included the construction of the tennis court replacement and middle school roof renovations. During the year, the School District completed the new elementary school and the high school flat roof projects. Please refer to Note 10 within the Notes to the Basic Financial Statements for further information on capital assets.

Long-term Obligations

On September 11, 2018, the School District issued \$44,499,977 of Series 2018 School Improvement bonds, which included serial, term and capital appreciation (deep discount) bonds in the amounts of \$8,470,000, \$35,500,000 and \$529,977, respectively. The bonds were issued at a premium of \$7,134,164. The school improvement bonds were issued for the purpose of constructing, furnishing, equipping and otherwise improving a new elementary school. The bonds will be retired from the bond retirement fund. The bonds were issued for a thirty-six year period with a final maturity at December 1, 2054. During fiscal year 2020, a portion of the bonds were retired by the School District through an advance refunding. After the advance refunding, the original school improvement bonds have a final maturity of December 1, 2030. The capital appreciation bonds remained outstanding at June 30, 2025.

On December 17, 2019, the School District issued \$43,956,196 of Series 2019 School Improvement refunding bonds, which included serial, term and capital appreciation (deep discount) bonds in the amounts of \$2,515,000, \$40,805,000 and \$636,196, respectively. The bonds were issued at a premium of \$2,225,771. The school improvement bonds were issued for the purpose of refunding a portion of the 2018 school improvement bonds to take advantage of lower interest rates. The bonds will be retired from the bond retirement fund. The bonds were issued for a thirty-five year period with a final maturity at December 1, 2054. Although the refunding will result in the recognition of an accounting loss of \$1,105,086, the School District reduced its aggregated debt service payments by \$17,190,638 as a result of the advance refunding. The School District also incurred an economic gain (difference between the present value of the old and new debt service payments) of \$5,775,483.

The overall debt margin of the School District as of June 30, 2025, was \$101,461,586 with an unvoted debt margin of \$1,587,418. Please refer to Note 15 within the Notes to the Basic Financial Statements for further information on debt.

Current Financial Related Activities

Brecksville-Broadview Heights City School District has continued to maintain the highest standards of services to our students, parents and community at one of the lowest costs in Cuyahoga County. As with all school districts in the State of Ohio, State funding issues are constantly monitored to determine the impact on the School District. As the preceding information shows, the School District is heavily reliant on local property taxpayers.

Brecksville-Broadview Heights City School District

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2025 Unaudited

Management must continue to diligently plan expenses, staying carefully within the School District's financial forecast. Additional revenues must not be treated as a windfall to expand programs but as an opportunity to extend the time horizon of the life of the levies. All of the School District's financial abilities will be needed to meet the challenges of the future. In conclusion, the School District has committed itself to financial excellence for many years.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and 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 questions about this report or need additional financial information contact, Craig Yaniglos, Treasurer/CFO at Brecksville-Broadview Heights City School District, 6638 Mill Road, Brecksville, Ohio 44141.

Basic Financial Statements

Brecksville-Broadview Heights City School District*Statement of Net Position**June 30, 2025*

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$40,641,922
Accrued Interest Receivable	155,971
Accounts Receivable	208,490
Intergovernmental Receivable	187,083
Inventory Held for Resale	23,556
Materials and Supplies Inventory	5,069
Prepaid Items	54,696
Property Taxes Receivable	49,788,660
Net OPEB Asset (See Note 17)	3,640,016
Nondepreciable Capital Assets	4,315,594
Depreciable Capital Assets, Net	60,831,058
<i>Total Assets</i>	<u>159,852,115</u>
Deferred Outflows of Resources	
Deferred Charge on Refunding	931,016
Pension	9,752,824
OPEB	1,831,332
Asset Retirement Obligation	116,000
<i>Total Deferred Outflows of Resources</i>	<u>12,631,172</u>
Liabilities	
Accounts Payable	328,763
Accrued Wages and Benefits	5,492,013
Contracts Payable	603,681
Retainage Payable	80,909
Intergovernmental Payable	875,584
Matured Compensated Absences Payable	423,913
Accrued Interest Payable	125,449
Unearned Revenue	27,978
Long-Term Liabilities:	
Due Within One Year	3,660,381
Due in More Than One Year	
Net Pension Liability (See Note 16)	47,923,123
Net OPEB Liability (See Note 17)	2,224,171
Other Amounts	64,722,212
<i>Total Liabilities</i>	<u>126,488,177</u>
Deferred Inflows of Resources	
Property Taxes	43,905,939
Pension	7,320,000
OPEB	6,482,053
<i>Total Deferred Inflows of Resources</i>	<u>57,707,992</u>
Net Position	
Net Investment in Capital Assets	19,469,645
Restricted for:	
Capital Projects	5,111,990
Debt Service	3,546,125
Unclaimed Monies	35,756
OPEB Plans	3,640,016
Other Purposes	1,314,009
Unrestricted (Deficit)	(44,830,423)
<i>Total Net Position</i>	<u>(\$11,712,882)</u>

See accompanying notes to the basic financial statements

Brecksville-Broadview Heights City School District

Statement of Activities

For the Fiscal Year Ended June 30, 2025

	Program Revenues			Net Revenue/(Expense) and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$25,986,073	\$1,009,313	\$440,564	(\$24,536,196)
Special	9,312,094	273,821	564,101	(8,474,172)
Support Services:				
Pupils	3,726,414	0	343,547	(3,382,867)
Instructional Staff	1,344,171	0	51,482	(1,292,689)
Board of Education	182,047	0	0	(182,047)
Administration	4,281,496	70,089	0	(4,211,407)
Fiscal	1,420,675	0	0	(1,420,675)
Business	622,044	0	0	(622,044)
Operation and Maintenance of Plant	4,386,904	76,064	76,293	(4,234,547)
Pupil Transportation	4,047,915	0	318,351	(3,729,564)
Central	492,607	0	5,974	(486,633)
Extracurricular Activities	2,176,486	1,496,782	164,195	(515,509)
Operation of Non-Instructional Services	674,461	511,769	415,294	252,602
Community Services - Intergovernmental	6,356	10,000	0	3,644
Operation of Food Service	1,526,159	974,056	489,395	(62,708)
Interest	2,052,987	0	0	(2,052,987)
Totals	\$62,238,889	\$4,421,894	\$2,869,196	(54,947,799)

General Revenues

Property Taxes Levied for:

General Purposes	42,894,569
Debt Service	2,972,821
Capital Outlay	1,637,671

Grants and Entitlements not Restricted

to Specific Programs	10,046,076
Investment Earnings/Interest	2,291,796
Unrestricted Contributions	32,987
Miscellaneous	645,170

Total General Revenues **60,521,090**

Change in Net Position **5,573,291**

Net Position Beginning of Year as Previously Reported **(2,939,716)**

Change in Accounting Principle (See Note 22) **(14,346,457)**

Restated Net Position Beginning of Year **(17,286,173)**

Net Position End of Year **(\$11,712,882)**

See accompanying notes to the basic financial statements

Brecksville-Broadview Heights City School District

*Balance Sheet
Governmental Funds
June 30, 2025*

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$22,118,227	\$18,487,939	\$40,606,166
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	35,756	0	35,756
Accrued Interest Receivable	144,065	11,906	155,971
Accounts Receivable	102,270	106,220	208,490
Intergovernmental Receivable	171,563	15,520	187,083
Prepaid Items	54,696	0	54,696
Interfund Receivable	1,382	0	1,382
Inventory Held for Resale	0	23,556	23,556
Materials and Supplies Inventory	0	5,069	5,069
Property Taxes Receivable	44,965,130	4,823,530	49,788,660
<i>Total Assets</i>	<u>\$67,593,089</u>	<u>\$23,473,740</u>	<u>\$91,066,829</u>
Liabilities			
Accounts Payable	\$154,144	\$174,619	\$328,763
Accrued Wages and Benefits	5,418,018	73,995	5,492,013
Contracts Payable	0	603,681	603,681
Retainage Payable	0	80,909	80,909
Intergovernmental Payable	808,883	66,701	875,584
Interfund Payable	0	1,382	1,382
Matured Compensated Absences Payable	423,913	0	423,913
Unearned Revenue	0	27,978	27,978
<i>Total Liabilities</i>	<u>6,804,958</u>	<u>1,029,265</u>	<u>7,834,223</u>
Deferred Inflows of Resources			
Property Taxes	39,632,796	4,273,143	43,905,939
Unavailable Revenue	2,090,074	214,989	2,305,063
<i>Total Deferred Inflows of Resources</i>	<u>41,722,870</u>	<u>4,488,132</u>	<u>46,211,002</u>
Fund Balances			
Nonspendable	90,452	5,069	95,521
Restricted	0	10,419,840	10,419,840
Committed	1,436,258	7,534,298	8,970,556
Assigned	4,007,344	0	4,007,344
Unassigned (Deficit)	13,531,207	(2,864)	13,528,343
<i>Total Fund Balances</i>	<u>19,065,261</u>	<u>17,956,343</u>	<u>37,021,604</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$67,593,089</u>	<u>\$23,473,740</u>	<u>\$91,066,829</u>

See accompanying notes to the basic financial statements

Brecksville-Broadview Heights City School District

Reconciliation of Total Governmental Fund Balances to

Net Position of Governmental Activities

June 30, 2025

Total Governmental Funds Balances	\$37,021,604
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	65,146,652
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Other long-term assets are not available to pay for current-period expenditures and therefore are unavailable revenue in the funds:

Delinquent Property Taxes	2,189,547
Intergovernmental	2,864
Tuition and Fees	<u>112,652</u>

Total	2,305,063
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In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.	(125,449)
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The net pension liability and net OPEB asset/liability are not due and payable in the current period; therefore, the asset/liability and related deferred inflows/outflows are not reported in governmental funds:

Net OPEB Asset	3,640,016
Deferred Outflows - Pension	9,752,824
Deferred Outflows - OPEB	1,831,332
Net Pension Liability	(47,923,123)
Net OPEB Liability	(2,224,171)
Deferred Inflows - Pension	(7,320,000)
Deferred Inflows - OPEB	<u>(6,482,053)</u>

Total	(48,725,175)
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Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

General Obligation Bonds	(48,948,325)
Deferred Charge on Refunding	931,016
Compensated Absences	(19,028,545)
Leases Payable	(205,723)
Deferred Outflow Asset Retirement	116,000
Asset Retirement Obligation	<u>(200,000)</u>

Total	<u>(67,335,577)</u>
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<i>Net Position of Governmental Activities</i>	<u><u>(\$11,712,882)</u></u>
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See accompanying notes to the basic financial statements

Brecksville-Broadview Heights City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2025

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Property Taxes	\$42,739,816	\$4,586,398	\$47,326,214
Intergovernmental	10,295,758	2,171,881	12,467,639
Investment Earnings/Interest	2,009,605	329,513	2,339,118
Charges for Services	70,089	998,201	1,068,290
Tuition and Fees	1,325,716	511,769	1,837,485
Extracurricular Activities	709,586	762,536	1,472,122
Rentals	76,064	10,515	86,579
Contributions and Donations	32,987	408,259	441,246
Miscellaneous	525,958	119,212	645,170
<i>Total Revenues</i>	<i>57,785,579</i>	<i>9,898,284</i>	<i>67,683,863</i>
Expenditures			
Current:			
Instruction:			
Regular	26,377,228	1,458,881	27,836,109
Special	9,668,746	319,843	9,988,589
Support Services:			
Pupils	3,666,972	343,547	4,010,519
Instructional Staff	1,573,036	206,367	1,779,403
Board of Education	178,533	0	178,533
Administration	3,514,843	0	3,514,843
Fiscal	1,587,232	1,250	1,588,482
Business	625,158	0	625,158
Operation and Maintenance of Plant	4,421,001	151,038	4,572,039
Pupil Transportation	3,963,756	81,228	4,044,984
Central	458,717	5,400	464,117
Extracurricular Activities	1,043,719	951,404	1,995,123
Operation of Non-Instructional Services	0	798,008	798,008
Operation of Food Service	0	1,587,987	1,587,987
Intergovernmental	0	6,356	6,356
Capital Outlay	113,997	3,046,054	3,160,051
Debt Service:			
Principal Retirement	291,648	174,629	466,277
Interest	12,086	1,505,386	1,517,472
Capital Appreciation Bond Accretion	0	650,371	650,371
<i>Total Expenditures</i>	<i>57,496,672</i>	<i>11,287,749</i>	<i>68,784,421</i>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>288,907</i>	<i>(1,389,465)</i>	<i>(1,100,558)</i>
Other Financing Sources (Uses)			
Inception of Subscription	85,470	0	85,470
Transfers In	0	6,474,829	6,474,829
Transfers Out	(6,474,829)	0	(6,474,829)
<i>Total Other Financing Sources (Uses)</i>	<i>(6,389,359)</i>	<i>6,474,829</i>	<i>85,470</i>
<i>Net Change in Fund Balances</i>	<i>(6,100,452)</i>	<i>5,085,364</i>	<i>(1,015,088)</i>
<i>Fund Balances Beginning of Year</i>	<i>25,165,713</i>	<i>12,870,979</i>	<i>38,036,692</i>
<i>Fund Balances End of Year</i>	<i>\$19,065,261</i>	<i>\$17,956,343</i>	<i>\$37,021,604</i>

See accompanying notes to the basic financial statements

Brecksville-Broadview Heights City School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2025*

Net Change in Fund Balances - Total Governmental Funds	(\$1,015,088)
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*Amounts reported for governmental activities in the
statement of activities are different because:*

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which capital outlay exceeded depreciation/amortization in the current period:

Capital Asset Additions	3,440,633	
Current Year Depreciation/Amortization	(2,965,319)	
Total		475,314

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.	(44,917)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Property Taxes	178,847	
Intergovernmental	(7,948)	
Tuition and Fees	(42,582)	
Total		128,317

Repayment of long-term obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	1,116,648
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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:

Amortization of Bond Premiums	260,549	
Amortization of Deferred Charge on Refunding	(31,649)	
Annual Accretion	(764,415)	
Total		(535,515)

Other financing sources in the governmental funds, such as inception of subscription, increase long-term liabilities in the statement of net position:	(85,470)
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Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:

Pension	5,081,465	
OPEB	157,602	
Total		5,239,067

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

Pension	(2,274,458)	
OPEB	1,338,863	
Total		(935,595)

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:

Special Termination Benefits	283,000	
Compensated Absences	951,530	
Asset Retirement Obligation	(4,000)	
Total		1,230,530

<i>Change in Net Position of Governmental Activities</i>	<u><u>\$5,573,291</u></u>
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See accompanying notes to the basic financial statements

Brecksville-Broadview Heights City School District

*Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2025*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property Taxes	\$43,190,917	\$42,987,920	\$42,987,920	\$0
Intergovernmental	10,228,546	10,270,725	10,270,725	0
Interest	998,219	1,534,617	1,534,617	0
Charges for Services	84,849	53,384	53,384	0
Tuition and Fees	988,237	1,013,199	1,013,199	0
Extracurricular Activities	239,573	270,132	270,132	0
Rentals	24,955	76,064	76,064	0
Contributions and Donations	2,496	600	600	0
Miscellaneous	299,566	513,668	513,668	0
<i>Total Revenues</i>	<u>56,057,358</u>	<u>56,720,309</u>	<u>56,720,309</u>	<u>0</u>
Expenditures				
Current:				
Instruction:				
Regular	21,602,344	25,372,023	25,372,023	0
Special	8,174,142	9,600,561	9,600,561	0
Support Services:				
Pupils	3,036,810	3,566,745	3,566,745	0
Instructional Staff	1,305,990	1,533,891	1,533,891	0
Board of Education	173,001	203,190	203,190	0
Administration	2,987,852	3,509,244	3,509,244	0
Fiscal	1,350,172	1,585,783	1,585,783	0
Business	540,159	634,418	634,418	0
Operation and Maintenance of Plant	3,871,295	4,546,851	4,546,851	0
Pupil Transportation	3,379,035	3,968,689	3,968,689	0
Central	390,352	458,470	458,470	0
Extracurricular Activities	893,045	1,048,885	1,048,885	0
Debt Service:				
Principal	291,648	291,648	291,648	0
Interest	12,086	12,086	12,086	0
<i>Total Expenditures</i>	<u>48,007,931</u>	<u>56,332,484</u>	<u>56,332,484</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>8,049,427</u>	<u>387,825</u>	<u>387,825</u>	<u>0</u>
Other Financing Sources (Uses)				
Transfers Out	(8,185,000)	(8,185,000)	(8,185,000)	0
<i>Net Change in Fund Balance</i>	<u>(135,573)</u>	<u>(7,797,175)</u>	<u>(7,797,175)</u>	<u>0</u>
<i>Fund Balance Beginning of Year</i>	<u>26,560,170</u>	<u>26,560,170</u>	<u>26,560,170</u>	<u>0</u>
Prior Year Encumbrances Appropriated	216,578	216,578	216,578	0
<i>Fund Balance End of Year</i>	<u>\$26,641,175</u>	<u>\$18,979,573</u>	<u>\$18,979,573</u>	<u>\$0</u>

See accompanying notes to the basic financial statements

Brecksville-Broadview Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025*

Note 1 - Description of the School District and Reporting Entity

The Brecksville-Broadview Heights 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 operated under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms.

The School District serves an area of approximately 27 square miles located in a suburban area south of Cleveland, Ohio. It is located in Cuyahoga County and encompasses all of the City of Brecksville, most of the City of Broadview Heights and a small portion of the City of North Royalton. It is staffed by about 195 classified employees and 260 certified personnel who provide services to 3,650 students and other community members. The School District currently operates a PreK-5 elementary school, a middle school, a high school, an administration building and a bus garage.

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 and agencies that are not legally separate from the School District. For the School District, this includes the agencies and departments that provide the following services: general operations, food service and student related activities of the School District.

Non-public Schools – Within the School District boundaries, there are various non-public schools. Current State legislature provides funding to these non-public schools. These monies are received and disbursed on behalf of the non-public school by the Treasurer of the School District, as directed by the non-public school. These transactions are reported in a special revenue fund and as a governmental activity of the School District.

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

The School District participates in three jointly governed organizations and a shared risk pool. These organizations are Connect, Cuyahoga Valley Career Center, Ohio Schools Council Association and the Suburban Health Consortium which are presented in Notes 18 and 19 to the basic financial statements.

Brecksville-Broadview Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025*

Note 2 - Summary of Significant Accounting Policies

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

Basis of Presentation

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

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

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

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

Fund Accounting

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

Brecksville-Broadview Heights City School District

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

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 liabilities and deferred inflows of resources is reported as fund balance. The following is the School District's major governmental fund:

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

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

Measurement Focus

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

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

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, in 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 soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year-end.

Brecksville-Broadview Heights City School District

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 8). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net 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, asset retirement obligations and for pension and OPEB plans. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to asset retirement obligations is originally measured at the amount of the corresponding liability. This amount is expensed in a systemic and rational manner over the tangible asset's useful life. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 16 and 17.

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 plans and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2025, but which were levied to finance fiscal year 2026 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District unavailable revenue includes delinquent property taxes, intergovernmental and tuition and fees 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 found on page 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Notes 16 and 17).

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.

Brecksville-Broadview Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025*

Pensions/Other Postemployment Benefits (OPEB)

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

Budgetary Data

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and 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 for all funds. The Treasurer has been given the authority to allocate appropriations to the function and object level within each fund.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original and final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate that was in effect at the time the original and final appropriations were passed by the Board of Education. Prior to June 30, the Board requested and received an amended certificate in which estimated revenue closely matched actual revenue for the fiscal year.

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

Cash and Cash Equivalents

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

During fiscal year 2025, investments were limited to commercial paper, State Treasury Asset Reserve of Ohio (STAR Ohio), First American government obligations, negotiable certificates of deposit, federal home loan bank notes, federal farm credit bank notes, federal home loan mortgage corporation notes, municipal bonds and U.S. treasury notes.

Investments, except commercial paper and STAR Ohio, are reported at fair value which is based on quoted market prices. The School District's commercial paper is measured at amortized cost as it is a highly liquid debt instrument with a remaining maturity at the time of purchase of less than one year.

Brecksville-Broadview Heights City School District

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

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

STAR Ohio reserves the right to limit participant transactions to \$250 million per day. Transactions in all of a participant's accounts will be combined for this purpose. Twenty-four hours advance notice to STAR Ohio is appreciated for purchases or redemptions of \$100 million or more. For fiscal year 2025, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates.

Under existing Ohio statutes, all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Investment earnings/interest revenue credited to the general fund during fiscal year 2025 amounted to \$2,009,605, \$734,548 of which was assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2025, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which the services are consumed.

Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of expendable supplies held for consumption and donated and purchased food held for resale.

Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors or laws of other governments or imposed by law through constitutional provisions. Restricted assets in the general fund represent money restricted for unclaimed monies legally required to be maintained until the end of a five-year holding period.

Capital Assets

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

All capital assets (except for intangible right-to-use lease assets and subscription assets which are discussed below) are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an

Brecksville-Broadview Heights City School District

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year). Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Governmental Activities
	Estimated Lives
Land Improvements	15 - 40 years
Buildings and Improvements	15 - 40 years
Furniture and Equipment	5 - 20 years
Intangible Right to Use - Equipment Lease	5 - 10 years
Intangible Right to Use - Subscription	2 - 5 years
Vehicles	5 - 10 years
Textbooks	8 years

The School District is reporting intangible right to use assets related to lease assets and subscription assets. The lease assets include equipment and represent nonfinancial assets which are being utilized for a period of time through leases from another entity. Subscription assets represent intangible right to use assets related to the use of another party's IT software. These intangible right to use assets are being amortized in a systematic and rational manner over the shorter of the lease/subscription term or the useful life of the underlying asset.

Deferred Charge on Refunding

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

Bond Premiums

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight line method. Bond premiums are presented as an increase of the face amount of the general obligation bonds payable. On fund financial statements, bond premiums are received in the year the bonds are issued.

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

Interfund Balances

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

Brecksville-Broadview Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025*

Compensated Absences

For the School District, compensated absences includes leave for which employees may receive cash payments when the leave is used for time off or receive cash payments for unused leave upon termination of employment. These payments could occur during employment or upon termination of employment. Compensated absences generally do not have a set payment schedule. The School District does not offer noncash settlements. The School District uses a first-in first-out flow assumption for compensated absences.

Liabilities should be recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates and is allowed to be carried over to subsequent years, and the leave is more likely than not to be used for time off or otherwise paid in cash. For the School District, this leave includes sick and vacation time. However, the School District also has certain compensated absences that are dependent upon the occurrence of a sporadic events that affects a relatively small proportion of employees. A liability for these types of leave is recognized when the leave commences. For the School District this type of leave includes bereavement leave, military leave, personal leave, on-the-job injury leave, and court leave. Holiday leave taken on a specific date, not at the discretion of the employee is recognized as a liability when used. The liability for compensated absences includes salary-related payments, where applicable.

Liabilities for compensated absences are recognized in financial statements prepared using the economic resources measurement focus for leave that has not been used and leave that has been used but not yet paid or settled.

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

Accrued Liabilities and Long-Term Obligations

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

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

Internal Activity

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

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

Brecksville-Broadview Heights City School District

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. Nonspendable fund balance in the general fund includes unclaimed monies legally required to be maintained until the end of a five-year holding period offset by any estimated liability for payments to claimants.

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. These amounts are assigned by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education or a School District official delegated that authority by State statute. State statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Board of Education assigned fund balance for uniform school supplies, rotary, public school support and to cover a gap between estimated revenue and appropriations in fiscal year 2026’s 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.

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted net position for unclaimed monies represents amounts required to be maintained until the end of a five-year holding period offset by any estimated liability for payments to claimants. Restricted net position for OPEB plans represent

Brecksville-Broadview Heights City School District

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

the corresponding restricted asset amounts held in trust by the OPEB plans for future benefits. Net position restricted for other purposes include resources restricted for auxiliary services, vocational education and support services.

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

Leases Payable

The School District serves as lessee in various noncancellable leases. At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight line basis over its useful life. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Subscription-Based Information Technology Arrangements

The School District is reporting Subscription-Based Information Technology Arrangements (SBITAs) for various noncancellable IT software contracts. At the commencement of the subscription term, the School District initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of lease payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for subscription payments made at the commencement of the subscription term, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT asset. Subscription assets are reported with other capital assets and subscription payables are reported with long-term debt on the statement of net position : however, certain SBITA arrangements do not report a liability as all payments related to certain School District's SBITA arrangements have been made. The School District's current SBITA arrangements for software have terms ranging from three to ten years, ending in 2033.

Unearned Revenue

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

Estimates

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

Note 3 – Accountability

At June 30, 2025, the title VI-B special revenue fund has a deficit fund balance of \$2,864. This deficit is caused by the recognition of payables in accordance with generally accepted accounting principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Brecksville-Broadview Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025*

Note 4 – Fund Balances

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

Fund Balances	General	Other Governmental Funds	Total
<i>Nonspendable</i>			
Unclaimed Monies	\$35,756	\$0	\$35,756
Prepays	54,696	0	54,696
Materials and Supplies Inventory	0	5,069	5,069
<i>Total Nonspendable</i>	90,452	5,069	95,521
<i>Restricted for</i>			
Food Service Operations	0	641,772	641,772
Extracurricular Activities	0	562,191	562,191
Community Involvement	0	194,956	194,956
Data Communication	0	3,728	3,728
Non-Public Schools	0	19,005	19,005
Field House Operations	0	90,000	90,000
Debt Service Payments	0	4,601,061	4,601,061
Capital Improvements	0	4,307,127	4,307,127
<i>Total Restricted</i>	0	10,419,840	10,419,840
<i>Committed to</i>			
Scholarships	0	137,108	137,108
After School Program	0	842,390	842,390
Severance	1,436,258	0	1,436,258
Capital Improvements	0	6,554,800	6,554,800
<i>Total Committed</i>	1,436,258	7,534,298	8,970,556
<i>Assigned to</i>			
Rotary Services	102,346	0	102,346
Uniform School Supplies	560,633	0	560,633
Public School Support	186,313	0	186,313
Fiscal Year 2026 Operations	2,960,957	0	2,960,957
Purchases on Order:			
Instruction	10,299	0	10,299
Support Services	177,523	0	177,523
Extracurricular Activities	9,273	0	9,273
<i>Total Assigned</i>	4,007,344	0	4,007,344
<i>Unassigned (Deficit)</i>	13,531,207	(2,864)	13,528,343
<i>Total Fund Balances</i>	\$19,065,261	\$17,956,343	\$37,021,604

Brecksville-Broadview Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025*

Note 5 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than restricted, committed, or assigned fund balance (GAAP basis).
4. Unrecorded cash represents amounts received but not reported by the School District on the operating statements (budget), but which is reported on the GAAP basis operating statements.
5. Investments are reported at cost (budget) rather than at fair value (GAAP).
6. Budgetary revenues and expenditures of the uniform school supplies, rotary, public school support and severance funds are classified to the general fund for GAAP reporting.

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

Net Change in Fund Balance	
GAAP Basis	(\$6,100,452)
Net Adjustment for Revenue Accruals	1,757,227
Net Adjustment for Expenditure Accruals	(1,459,070)
Ending Unrecorded Cash	(103,483)
Beginning Fair Value Adjustment for Investments	(134,506)
Ending Fair Value Adjustment for Investments	(170,842)
Perspective Difference:	
Uniform School Supplies	(23,311)
Rotary	(13,695)
Public School Support	(10,439)
Severance	(1,286,258)
Adjustment for Encumbrances	(252,346)
Budget Basis	<u><u>(\$7,797,175)</u></u>

Brecksville-Broadview Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025*

Note 6 - Deposits and Investments

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

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

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

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

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

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

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

Brecksville-Broadview Heights City School District*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025*

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

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

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

Investments

As of June 30, 2025, the School District had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percentage of Total Investments
Amortized Cost				
Commercial Paper	\$2,416,556	Less than one year	N/A	9.68%
Net Asset Value (NAV) per share:				
STAR Ohio	197,422	Average 30.4 Days	AAAm	N/A
Fair Value - Level One Inputs:				
First American Government Obligation	2,510,752	Less than one year	AAAm	10.06%
Fair Value - Level Two Inputs:				
Negotiable Certificates of Deposit	3,428,698	Less than one year	N/A	
Negotiable Certificates of Deposit	2,475,307	Less than two years	N/A	
Negotiable Certificates of Deposit	1,477,988	Less than three years	N/A	
Negotiable Certificates of Deposit	998,251	Less than four years	N/A	
Negotiable Certificates of Deposit	986,102	Less than five years	N/A	
Total Negotiable Certificates of Deposit	9,366,346			37.52%
Federal Home Loan Bank Notes	488,824	Less than one year	AAA	
Federal Home Loan Bank Notes	338,133	Less than two years	AAA	
Federal Home Loan Bank Notes	922,349	Less than five years	AAA	
Total Federal Home Loan Bank Notes	1,749,306			7.01%
Federal Farm Credit Bank Notes	229,053	Less than three years	AA+	
Federal Farm Credit Bank Notes	1,380,021	Less than five years	AA+	
Total Federal Farm Credit Bank Notes	1,609,074			6.44%
Federal Home Loan Mortgage Corporation Notes	745,208	Less than one years	AA+	N/A
Municipal Bonds	\$250,783	Less than one year	AA	N/A

Brecksville-Broadview Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025*

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percentage of Total Investments
US Treasury Notes	\$317,203	Less than three years	AA+	
US Treasury Notes	2,250,300	Less than four years	AA+	
US Treasury Notes	3,553,596	Less than five years	AA+	
Total US Treasury Notes	6,121,099			24.52%
Total	\$24,966,546			

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 chart identifies the School District's recurring fair value measurements as of June 30, 2025. The First American government obligation is measured at fair value and is valued using quoted market prices (Level 1 inputs). The School District's remaining investments are measured at fair value 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 As a means of limiting its exposure to fair value losses caused by rising interest rates and according to State law, the School District's investment policy limits investment portfolio maturities to within five years from the date of purchase.

Credit Risk Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized statistical rating organization, the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized statistical rating organization and that the commercial paper be rated in the highest category at the time of purchase by at least two nationally recognized statistical rating organization. The negotiable certificates of deposit are not rated. The School District has no investment policy that addresses credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

Concentration of Credit Risk This type of risk is defined by the Governmental Accounting Standards Board as having investments of five percent or more in the securities of a single issuer. The School District's investment policy places no limit on the amount that may be invested in any one issuer.

Note 7 - Receivables

Receivables at June 30, 2025, consisted of taxes, accounts, interfund, accrued interest and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current fiscal year guarantee of federal funds. All receivables, except for property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of principal items of intergovernmental receivables follows:

Brecksville-Broadview Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025*

Governmental Activities	Amounts
Foundation Adjustments	\$140,822
City of Brecksville Fees	16,705
Medicaid Reimbursement	13,833
CAPA Ohio Department of Health Grant	10,000
Title VI-B Grant	2,864
Title II-A Grant	2,656
SERS Reimbursement	203
Total	<u>\$187,083</u>

Note 8 - Property Taxes

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

Property taxes include amounts levied against all real property and public utility property located in the School District. Real property tax revenues received in calendar year 2025 represents collections of calendar year 2024 taxes. Real property taxes received in calendar year 2025 were levied after April 1, 2024, on the assessed value listed as of January 1, 2024, the lien date. Assessed values for real property are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2025 represents collections of calendar year 2024 taxes. Public utility real and tangible personal property taxes received in calendar year 2024 become a lien December 31, 2023, were levied after April 1, 2024, and are collected in calendar year 2025 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Cuyahoga County. The County Fiscal Officer periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2025, are available to finance fiscal year 2025 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2025, 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 were levied to finance current fiscal year operations are reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

Brecksville-Broadview Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025*

The amount available as an advance at June 30, 2025 was \$3,354,912 in the general fund, \$197,055 in the bond retirement fund and \$141,207 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2024 was \$3,603,016 in the general fund, \$211,628 in the bond retirement fund and \$151,650 in the permanent improvement capital projects fund. The difference was in timing and collection by the County Fiscal Officer.

The assessed values upon which the fiscal year 2025 taxes were collected are:

	2024 Second Half Collections		2025 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$1,274,633,310	97.27 %	\$1,548,220,050	97.53 %
Public Utility Personal	35,792,250	2.73	39,198,310	2.47
Total	<u>\$1,310,425,560</u>	<u>100.00 %</u>	<u>\$1,587,418,360</u>	<u>100.00 %</u>
Tax rate per \$1,000 of assessed valuation	\$82.53		\$82.53	

Note 9 – Other Employee Benefits

Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance in the amount of \$50,000 to full-time employees and in an amount equal to double the employee's annual salary, up to a maximum of \$400,000, for administrators and administrative support staff positions from American United Life Insurance Company through the Ohio Schools Council.

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn five to twenty-five days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time. Twelve-month administrative personnel earn 20 days of vacation leave and after 12 years of service, 25 days of vacation leave are earned.

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated with no maximum. Upon retirement, payment is made for 28 percent of the total sick leave accumulation, up to a maximum accumulation of 88 days for certificated employees and 30 percent of the total sick leave accumulation, up to a maximum accumulation 115 days for classified employees. An employee receiving such payment must meet the retirement provisions set by STRS or SERS. Upon retirement for administrators, payment is made for 30 percent of the total sick leave accumulation. Upon retirement for administrative support employees, payment is made for 30 percent of the total sick leave accumulation up to a maximum accumulation of 100 days.

Brecksville-Broadview Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025*

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2025, was as follows:

	Balance 7/1/2024	Additions	Reductions	Balance 6/30/2025
Governmental Activities				
<i>Nondepreciable Capital Assets</i>				
Land	\$3,048,764	\$0	\$0	\$3,048,764
Construction in Progress	38,422,846	936,535	(38,092,551)	1,266,830
<i>Total Nondepreciable Capital Assets</i>	41,471,610	936,535	(38,092,551)	4,315,594
<i>Depreciable Capital Assets</i>				
<i>Tangible Assets</i>				
Land Improvements	6,589,627	369,367	(90,160)	6,868,834
Buildings and Improvements	47,164,465	38,477,699	(1,070,864)	84,571,300
Furniture and Equipment	10,460,392	986,664	(455,005)	10,992,051
Vehicles	5,405,166	677,449	0	6,082,615
Textbooks	2,399,557	0	(346,980)	2,052,577
<i>Total Tangible Assets</i>	72,019,207	40,511,179	(1,963,009)	110,567,377
<i>Intangible Right to Use</i>				
<i>Lease Assets</i>				
Intangible Right to Use - Equipment	974,991	0	(620,013)	354,978
<i>Subscription Assets</i>				
Intangible Right to Use - Software	224,486	85,470	(80,022)	229,934
<i>Total Intangible Assets</i>	1,199,477	85,470	(700,035)	584,912
<i>Total Depreciable Capital Assets</i>	73,218,684	40,596,649	(2,663,044)	111,152,289
<i>Less Accumulated Depreciation/Amortization</i>				
<i>Depreciation</i>				
Land Improvements	(3,756,471)	(215,838)	80,972	(3,891,337)
Buildings and Improvements	(29,188,694)	(2,066,098)	1,048,405	(30,206,387)
Furniture and Equipment	(9,605,095)	(120,072)	441,735	(9,283,432)
Vehicles	(4,351,934)	(305,998)	0	(4,657,932)
Textbooks	(2,399,557)	0	346,980	(2,052,577)
<i>Total Depreciation</i>	(49,301,751)	(2,708,006)	1,918,092	(50,091,665)
<i>Amortization</i>				
<i>Lease Assets</i>				
Intangible Right to Use - Equipment	(573,438)	(195,830)	620,013	(149,255)
<i>Subscription Assets</i>				
Intangible Right to Use - Software	(98,850)	(61,483)	80,022	(80,311)
<i>Total Intangible Assets</i>	(672,288)	(257,313)	700,035	(229,566)
<i>Total Accumulated Depreciation/Amortization</i>	(49,974,039)	(2,965,319)	2,618,127	(50,321,231)
<i>Total Depreciable Capital Assets, Net</i>	23,244,645	37,631,330	(44,917)	60,831,058
<i>Governmental Activities Capital Assets, Net</i>	\$64,716,255	\$38,567,865	(\$38,137,468)	\$65,146,652

Brecksville-Broadview Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025*

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

	<u>Depreciation</u>	<u>Lease Amortization</u>	<u>Subscription Amortization</u>	<u>Total</u>
Instruction				
Regular	\$1,170,935	\$0	\$11,883	\$1,182,818
Support Services				
Instructional Staff	38,489	0	5,521	44,010
Board of Education	3,514	0	0	3,514
Administration	784,367	64,933	0	849,300
Business	4,508	0	9,844	14,352
Operation and Maintenance of Plant	144,483	130,897	5,745	281,125
Pupil Transportation	330,174	0	0	330,174
Central	0	0	28,490	28,490
Operation of Food Services	2,830	0	0	2,830
Extracurricular Activities	228,706	0	0	228,706
Total Depreciation/Amortization Expense	<u>\$2,708,006</u>	<u>\$195,830</u>	<u>\$61,483</u>	<u>\$2,965,319</u>

Note 11 - Interfund Balances and Transfers***Interfund Balances***

The general fund has an interfund receivable and the other governmental funds has an interfund payable for \$1,382. The balance represents charges for services between funds. The balance resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting records, and (3) payments between funds are made. All are expected to be paid within one year.

Interfund Transfers

The general fund transferred \$50,000 to the other local grants special revenue fund to provide financial support for the School District's grant programs, \$4,829 to the athletics special revenue fund to help fund the School District's athletic programs, \$20,000 to the Blossom field house special revenue fund to help establish the field house maintenance fund, \$400,000 to the permanent improvements capital projects fund to help pay for the various capital asset projects and \$6,000,000 to the master campus plan capital projects fund to set aside money for future capital improvements.

Note 12 - Contingencies***Grants***

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2025, if applicable, cannot be determined at this time.

Brecksville-Broadview Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025*

School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education and Workforce (DEW) 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. DEW has finalized adjustments for fiscal year 2025, resulting in a receivable of \$140,822, as noted in Note 7.

Litigation

The School District is not party to legal proceedings as of June 30, 2025.

Note 13 - Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2025, the School District participated in the Ohio Schools' Council insurance program through Love Insurance Agency for various types of insurance. Coverage is as follows:

Type of Coverage	Coverage
Property	\$201,079,652
Flood and Earthquake	3,000,000
Boiler and Machinery	100,000,000
General Liability, in aggregate	13,000,000
General Liability, per occurrence	11,000,000
Fleet Insurance, per occurrence	11,000,000
Fleet Insurance, uninsured	1,000,000
Fiduciary and Employee Benefits Liability, limit	13,000,000
Fiduciary and Employee Benefits Liability, aggregate	11,000,000
Violence, Injury and Death Benefit	1,000,000
Crime Coverage	1,000,000
Cyber Coverage	1,000,000
Pollution Coverage	1,000,000

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

Worker's Compensation

The School District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. During fiscal year 2025, the School District was enrolled in a Group Retrospective rating program offered by the Ohio Bureau of Worker's Compensation and administered by MinuteMen.

Brecksville-Broadview Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025*

Employee Benefits

For fiscal year 2025, the School District was a participant in the Suburban Health Consortium (the "Consortium") to provide employee medical/surgical and prescription drug benefits. The Consortium was administered by Medical Mutual of Ohio. Payments are made to the Consortium for the monthly attachment point, monthly stop-loss premiums, and administrative charges. The entire risk of loss transfers to the Consortium upon payment of the premiums.

The School District's portion of the monthly medical insurance premium is \$774.40 for single coverage and \$1,645.80 for family coverage for full-time employees. The School District's portion of the monthly prescription drug insurance premium is \$197.14 for single coverage and \$441.04 for family coverage for fulltime employees.

Claims are paid for all participants regardless of claims flow. Upon 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 existing school district subsequent to the settlement of all expenses and claims.

Note 14 – 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 years.

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

	Capital Improvement
Set-Aside Balances as of June 30, 2024	\$0
Current Year Set-aside Requirement	849,296
Current Year Offsets	(1,643,194)
Qualifying Disbursements	(346,633)
Totals	(\$1,140,531)
Set-Aside Balance Carried Forward to Future Fiscal Years	\$0
Set-Aside Balances as of June 30, 2025	\$0

While the current year offsets and qualifying disbursements during the fiscal year reduced the capital improvement set-aside amount to below zero, this amount may not be used to reduce the set-aside requirements of future fiscal years.

Brecksville-Broadview Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025*

Note 15 - Long Term Obligations

The original issue date, interest rate, original issue amount and date of maturity of each of the School District's long-term obligations follows:

Debt Issue	Original Issue Amount	Interest Rate	Fiscal Year of Maturity
Series 2018 School Improvement Bonds			
Capital Appreciation Bonds	\$529,977	29.92%	2031
Series 2019 School Improvement Refunding Bonds			
Serial Bonds	2,515,000	2.75 - 4.00%	2033
Term Bonds	40,805,000	3.01 - 3.78%	2055
Capital Appreciation Bonds	636,196	30.00%	2031

The changes in the School District's long-term obligations during the year consist of the following:

	Principal Outstanding 7/1/24	Additions	Deductions	Principal Outstanding 6/30/25	Amounts Due in One Year
Governmental Activities					
General Obligation Bonds:					
2018 School Improvement Bonds					
Capital Appreciation Bonds	\$321,586	\$0	\$78,485	\$243,101	\$74,732
Accretion	1,264,482	443,551	366,515	1,341,518	485,268
Premium on Bonds	1,262,830	0	196,804	1,066,026	0
<i>Total 2018 School Improvement Bonds</i>	<u>2,848,898</u>	<u>443,551</u>	<u>641,804</u>	<u>2,650,645</u>	<u>560,000</u>
2019 School Improvement Refunding Bonds					
Serial Bonds	2,505,000	0	0	2,505,000	0
Term Bonds	40,805,000	0	0	40,805,000	0
Capital Appreciation Bonds	340,894	0	96,144	244,750	72,698
Accretion	830,750	320,864	283,856	867,758	307,302
Premium on Bonds	1,938,917	0	63,745	1,875,172	0
<i>Total 2019 School Refunding Bonds</i>	<u>46,420,561</u>	<u>320,864</u>	<u>443,745</u>	<u>46,297,680</u>	<u>380,000</u>
<i>Total General Obligation Bonds</i>	<u>49,269,459</u>	<u>764,415</u>	<u>1,085,549</u>	<u>48,948,325</u>	<u>940,000</u>
Other Long Term Obligations					
Net Pension Liability:					
SERS	12,144,049	0	1,145,971	10,998,078	0
STRS	41,381,940	0	4,456,895	36,925,045	0
<i>Total Net Pension Liability</i>	<u>53,525,989</u>	<u>0</u>	<u>5,602,866</u>	<u>47,923,123</u>	<u>0</u>
Net OPEB Liability:					
SERS	3,635,595	0	1,411,424	2,224,171	0
Subscriptions Payable	10,348	85,470	95,818	0	0
Leases	401,553	0	195,830	205,723	41,743
Special Termination Benefits	283,000	0	283,000	0	0
Compensated Absences	19,980,075	0	951,530	19,028,545	2,678,638
Asset Retirement Obligation	200,000	0	0	200,000	0
<i>Total Other Long-Term Obligations</i>	<u>78,036,560</u>	<u>85,470</u>	<u>8,540,468</u>	<u>69,581,562</u>	<u>2,720,381</u>
<i>Total General Long-Term Obligations</i>	<u>\$127,306,019</u>	<u>\$849,885</u>	<u>\$9,626,017</u>	<u>\$118,529,887</u>	<u>\$3,660,381</u>

Brecksville-Broadview Heights City School District

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

Increases and decreases to compensated absences are presented net on the above table. Subscriptions were paid from the general fund. Special termination benefits were paid from the general fund. The asset retirement obligation would be paid from the permanent improvement capital projects fund. For additional information related to the asset retirement obligation see Note 21. There are no repayment schedules for the net pension liability and net OPEB liability. However, employer pension and OPEB contributions are made from following funds: the general fund and the food service, other local grants, child care, miscellaneous state grants, title VI-B and miscellaneous federal grants special revenue funds. For additional information related to the net pension and net OPEB liabilities see Notes 16 and 17.

On September 11, 2018, the School District issued \$44,499,977 of Series 2018 School Improvement bonds, which included serial, term and capital appreciation (deep discount) bonds in the amounts of \$8,470,000, \$35,500,000 and \$529,977, respectively. The bonds were issued at a premium of \$7,134,164. The school improvement bonds were issued for the purpose of constructing, furnishing, equipping and otherwise improving a new elementary school. The bonds will be retired from the bond retirement fund. The bonds were issued for a thirty-six year period with a final maturity at December 1, 2054. During fiscal year 2020, a portion of the bonds were retired by the School District through an advance refunding. After the advance refunding, the original school improvement bonds have a final maturity of December 1, 2030.

The capital appreciation bonds remained outstanding at June 30, 2025. The capital appreciation bonds were originally sold at a discount of \$3,740,023, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is 2023 through 2031.

The maturity amount of outstanding capital appreciation bonds at June 30, 2025 is \$3,050,000. The accretion recorded for fiscal year 2025 was \$443,551, for a total outstanding bond liability of \$1,584,619 at June 30, 2025.

On December 17, 2019, the School District issued \$43,956,196 of Series 2019 School Improvement refunding bonds, which included serial, term and capital appreciation (deep discount) bonds in the amounts of \$2,515,000, \$40,805,000 and \$636,196, respectively. The bonds were issued at a premium of \$2,225,771. The school improvement bonds were issued for the purpose of refunding a portion of the 2018 school improvement bonds to take advantage of lower interest rates. The bonds will be retired from the bond retirement fund. The bonds were issued for a thirty-five year period with a final maturity at December 1, 2054.

The capital appreciation bonds remained outstanding at June 30, 2025. The capital appreciation bonds were originally sold at a discount of \$2,883,804, which is being accreted annually until the point of maturity of the capital appreciation bonds, which is 2023 through 2031.

The maturity amount of outstanding capital appreciation bonds at June 30, 2025 is \$2,330,000. The accretion recorded for fiscal year 2025 was \$320,864, for a total outstanding bond liability of \$1,112,508 at June 30, 2025.

The term bonds mature on December 1, 2034, 2036, 2038, 2041, 2047, 2049 and 2054 are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption as follows:

Brecksville-Broadview Heights City School District*Notes to the Basic Financial Statements**For the Fiscal Year Ended June 30, 2025*

Year	Issue			
	<u>\$2,235,000</u>	<u>\$2,450,000</u>	<u>\$2,720,000</u>	<u>\$4,560,000</u>
2034	\$1,075,000	\$0	\$0	\$0
2036	0	1,195,000	0	0
2038	0	0	1,330,000	0
2040	0	0	0	1,425,000
2041	0	0	0	1,540,000
Total mandatory sinking fund payment:	1,075,000	1,195,000	1,330,000	2,965,000
Amount due at stated maturity	<u>1,160,000</u>	<u>1,255,000</u>	<u>1,390,000</u>	<u>1,595,000</u>
Total	<u>\$2,235,000</u>	<u>\$2,450,000</u>	<u>\$2,720,000</u>	<u>\$4,560,000</u>
<i>Stated Maturity</i>	12/1/2034	12/1/2036	12/1/2038	12/1/2041

Year	Issue		
	<u>\$11,290,000</u>	<u>\$4,510,000</u>	<u>\$13,040,000</u>
2043	\$1,650,000	\$0	\$0
2044	1,765,000	0	0
2045	1,840,000	0	0
2046	1,910,000	0	0
2047	2,020,000	0	0
2049	0	2,190,000	0
2051	0	0	2,415,000
2052	0	0	2,515,000
2053	0	0	2,610,000
2054	0	0	2,705,000
Total mandatory sinking fund payment:	9,185,000	2,190,000	10,245,000
Amount due at stated maturity	<u>2,105,000</u>	<u>2,320,000</u>	<u>2,795,000</u>
Total	<u>\$11,290,000</u>	<u>\$4,510,000</u>	<u>\$13,040,000</u>
<i>Stated Maturity</i>	12/1/2047	12/1/2049	12/1/2054

Net proceeds of \$46,181,967 along with the School District's contribution of \$3,980,295 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded bonds. As a result, \$43,960,000 of these bonds is considered defeased and the liability for the refunded bonds has been removed from the School District's financial statements.

The overall debt margin of the School District as of June 30, 2025, was \$101,461,586 with an unvoted debt margin of \$1,587,418. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2025, are as follows:

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For the Fiscal Year Ended June 30, 2025*

Fiscal Year	General Obligation Bonds				
	Serial	Term	Interest	Capital Appreciation	
				Principal	Interest
2026	\$0	\$0	\$1,505,386	\$147,430	\$792,570
2027	0	0	1,505,386	112,015	832,985
2028	0	0	1,505,386	85,494	869,506
2029	0	0	1,505,386	68,129	946,871
2030	0	0	1,505,386	52,633	987,367
2031-2035	2,505,000	2,235,000	7,228,634	22,150	462,850
2036-2040	0	6,595,000	6,328,793	0	0
2041-2045	0	8,390,000	5,080,798	0	0
2046-2050	0	10,545,000	3,430,910	0	0
2051-2055	0	13,040,000	1,267,183	0	0
Total	<u>\$2,505,000</u>	<u>\$40,805,000</u>	<u>\$30,863,248</u>	<u>\$487,851</u>	<u>\$4,892,149</u>

The School District has outstanding agreements to lease a postage meter and electrical equipment. The future lease payments were discounted based on the interest rate implicit in the lease or using the School District's incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease. These leases will be paid from the general fund. A summary of the principal and interest amounts for the remaining leases is as follows:

Year	Principal	Interest
2026	\$41,743	\$6,920
2027	43,349	5,313
2028	41,161	3,719
2029	42,689	2,191
2030	36,781	618
	<u>\$205,723</u>	<u>\$18,761</u>

Note 16 – Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

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

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

The proportionate share of each plan's unfunded benefits is presented as a net OPEB asset or long-term net pension/OPEB liability on the accrual basis of accounting. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 17 for the required OPEB disclosures.

School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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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 2024.

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, 2025, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2025, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$1,294,106 for fiscal year 2025. Of this amount \$27,060 is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. The calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of credited service. Effective August 1, 2023, any member can retire with unreduced benefits with 34 years of services credit at any age; or five years of service credit and age 65. Effective June 1, 2025 - July 1, 2027, any member can retire with unreduced benefits with 33 years of service credit at any age; or five years of service credit and age 65. Effective on or after August 1, 2027, any member can retire with unreduced benefits with 34 years of service credit at any age; or five years of service credit and age 65.

In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a permanent 1 percent COLA of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019.

Brecksville-Broadview Heights City School District

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

Eligibility changes for DB Plan members who retire with actuarially reduced benefits effective August 1, 2023, can retire with 29 years of service credit at any age; or five years of service credit and age 60. Effective June 1, 2025 - July 1, 2027, retirement eligibility for reduced benefits is 28 years of service credit at any age; or five years of service credit and age 60. Effective on or after August 1, 2027, retirement eligibility for reduced benefits is 29 years of service credit at any age; or five years of service credit and age 60.

The DC Plan allows members to place all their member contributions and 11.09 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 2.91 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members 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 2025 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2025, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$3,787,359 for fiscal year 2025. Of this amount \$659,975 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.21499110%	0.19190200%	
Prior Measurement Date	0.21978130%	0.19216188%	
Change in Proportionate Share	<u>-0.00479020%</u>	<u>-0.00025988%</u>	
Proportionate Share of the Net Pension Liability	\$10,998,078	\$36,925,045	\$47,923,123
Pension Expense	\$683,709	\$1,590,749	\$2,274,458

At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$419,898	\$2,325,312	\$2,745,210
Changes of assumptions	98,386	1,701,709	1,800,095
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	0	126,054	126,054
School District contributions subsequent to the measurement date	<u>1,294,106</u>	<u>3,787,359</u>	<u>5,081,465</u>
Total Deferred Outflows of Resources	<u>\$1,812,390</u>	<u>\$7,940,434</u>	<u>\$9,752,824</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$0	\$20,220	\$20,220
Changes of assumptions	0	1,280,897	1,280,897
Net difference between projected and actual earnings on pension plan investments	687,923	3,174,803	3,862,726
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>629,267</u>	<u>1,526,890</u>	<u>2,156,157</u>
Total Deferred Inflows of Resources	<u>\$1,317,190</u>	<u>\$6,002,810</u>	<u>\$7,320,000</u>

\$5,081,465 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	(\$866,310)	(\$2,645,416)	(\$3,511,726)
2027	428,255	2,953,758	3,382,013
2028	(158,565)	(1,372,667)	(1,531,232)
2029	(202,286)	(785,410)	(987,696)
Total	<u>(\$798,906)</u>	<u>(\$1,849,735)</u>	<u>(\$2,648,641)</u>

Actuarial Assumptions - SERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2137.

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, 2024, are presented as follows:

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

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

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. ORC 3309.15 and the SERS Board-adopted Investment Policy govern investment activity. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted 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. As of June 30, 2024:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (geometric)
Cash	3.00 %	0.97 %
US Equity	22.00	4.68
Non-US Equity Developed	12.00	4.96
Non-US Equity Emerging	6.00	5.66
Fixed Income/Global Bonds	18.00	2.38
Private Equity	14.00	7.10
Real Estate	13.00	3.64
Infrastructure	7.00	4.80
Private Debt/Private Credit	5.00	5.86
Total	100.00 %	

Discount Rate The total pension liability for 2024 was calculated using the discount rate of 7.00 percent. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 20-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate for fiscal year 2024 was 14 percent. 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. The annual money-weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2024 was 9.31 percent.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$16,825,535	\$10,998,078	\$6,091,672

Brecksville-Broadview Heights City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Actuarial Assumptions - STRS

Key methods and assumptions used in the June 30, 2024, actuarial valuation are presented as follows:

Inflation	2.50 percent
Salary increases	From 2.5 percent to 8.5 percent based on service
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

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. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2024, 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%	6.90%
International Equity	22.00	7.70
Alternatives	19.00	9.10
Fixed Income	22.00	4.50
Real Estate	10.00	5.10
Liquidity Reserves	1.00	2.40
Total	<u>100.00%</u>	

* Final target weights reflected at October 1, 2022.

** 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.4 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, 2024. 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

Brecksville-Broadview Heights City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

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, 2024. 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, 2024.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$59,566,569	\$36,925,045	\$17,774,206

Note 17 - Defined Benefit OPEB Plans

See Note 16 for a description of the net OPEB liability (asset).

School Employees Retirement System (SERS)

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

The Health Care program is financed through a combination of employer contributions, recipient premiums, investment returns, and any funds received on behalf of SERS' participation in Medicare programs. The System's goal is to maintain a health care reserve account with a 20-year solvency period in order to ensure that fluctuations in the cost of health care do not cause an interruption in the program. However, during any period in which the 20-year solvency period is not achieved, the System shall manage the Health Care Fund on a pay-as-you-go basis.

Brecksville-Broadview Heights City School District

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. 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 2025, 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 2025, this amount was \$30,000. 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 2025, the School District's surcharge obligation was \$157,602.

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 \$157,602 for fiscal year 2025, all of which is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Medicare Part D is a federal program to help cover the costs of prescription drugs for Medicare beneficiaries. This program allows STRS Ohio to recover part of the cost for providing prescription coverage since all eligible STRS Ohio health care plans include creditable prescription drug coverage.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2025, STRS did not allocate any employer contributions to post-employment health care.

Brecksville-Broadview Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025*

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

The net OPEB liability (asset) was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an independent actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.21837830%	0.19190200%	
Prior Measurement Date	0.22068080%	0.19216188%	
Change in Proportionate Share	<u>-0.00230250%</u>	<u>-0.00025988%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$2,224,171	\$0	\$2,224,171
Net OPEB (Asset)	\$0	(\$3,640,016)	(\$3,640,016)
OPEB Expense	(\$552,105)	(\$786,758)	(\$1,338,863)

At June 30, 2025, 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	\$0	\$158,238	\$158,238
Changes of assumptions	954,614	448,036	1,402,650
Net difference between projected and actual earnings on OPEB plan investments	10,859	0	10,859
Changes in proportionate Share and difference between School District contributions and proportionate share of contributions	66,778	35,205	101,983
School District contributions subsequent to the measurement date	<u>157,602</u>	<u>0</u>	<u>157,602</u>
Total Deferred Outflows of Resources	<u>\$1,189,853</u>	<u>\$641,479</u>	<u>\$1,831,332</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$2,398,236	\$392,269	\$2,790,505
Changes of assumptions	1,021,704	1,641,624	2,663,328
Net difference between projected and actual earnings on OPEB plan investments	0	156,293	156,293
Changes in Proportionate Share and difference between School District contributions and proportionate share of contributions	<u>866,983</u>	<u>4,944</u>	<u>871,927</u>
Total Deferred Inflows of Resources	<u>\$4,286,923</u>	<u>\$2,195,130</u>	<u>\$6,482,053</u>

Brecksville-Broadview Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025*

\$157,602 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase in the net OPEB asset in the year ending June 30, 2026. 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:			
2026	(\$862,188)	(\$553,091)	(\$1,415,279)
2027	(557,650)	(240,107)	(797,757)
2028	(414,334)	(308,765)	(723,099)
2029	(354,680)	(286,469)	(641,149)
2030	(351,410)	(230,914)	(582,324)
Thereafter	(714,410)	65,695	(648,715)
Total	<u>(\$3,254,672)</u>	<u>(\$1,553,651)</u>	<u>(\$4,808,323)</u>

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2024, are presented as follows:

Brecksville-Broadview Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025*

	June 30, 2024
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
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Fiduciary Net Position is Projected to be Depleted	2059
Municipal Bond Index Rate:	
Measurement Date	3.93 percent
Prior Measurement Date	3.86 percent
Single Equivalent Interest Rate,	
Measurement Date	4.88 percent
Prior Measurement Date	4.27 percent
Health Care Cost Trend Rate	
Medical Trend Assumption	
Measurement Date	7.00 to 4.40 percent
Prior Measurement Date	6.75 to 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. Mortality rates are projected using a fully generational projection with Scale MP-2020.

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board on April 15, 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 (expected return, net of investment expense and inflation) 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 assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 16.

Brecksville-Broadview Heights City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2024, was 4.88 percent. The discount rate used to measure total OPEB liability prior to June 30, 2024, was 4.27 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2059 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2023, and the June 30, 2024, 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 was 3.93 percent at June 30, 2024, and 3.86 percent at June 30, 2023.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.88%) and higher (5.88%) than the current discount rate (4.88%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate.

	1% Decrease (3.88%)	Current Discount Rate (4.88%)	1% Increase (5.88%)
School District's proportionate share of the net OPEB liability	\$2,965,855	\$2,224,171	\$1,634,806
	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$1,503,458	\$2,224,171	\$3,171,495

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2024, actuarial valuation compared to the prior year are presented as follows:

Brecksville-Broadview Heights City School District*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025*

	June 30, 2024	June 30, 2023
Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	Varies by service from 2.5 percent to 8.5 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	7.50 percent initial 4.14 percent ultimate
Medicare	-112.22 percent initial 3.94 percent ultimate	-10.94 percent initial 4.14 percent ultimate
Prescription Drug		
Pre-Medicare	8.00 percent initial 3.94 percent ultimate	-11.95 percent initial 4.14 percent ultimate
Medicare	-15.14 percent initial 3.94 percent ultimate	1.33 percent initial 4.14 percent ultimate

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

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.

Actuarial assumptions used in the June 30, 2024, 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.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 16.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2024. 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, 2024. 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, 2024.

Brecksville-Broadview Heights City School District

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2024, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB (asset)	(\$2,959,572)	(\$3,640,016)	(\$4,232,147)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB (asset)	(\$4,272,145)	(\$3,640,016)	(\$2,879,795)

Note 18 – Jointly Governed Organizations

Connect

Connect is a jointly governed computer service bureau owned and operated by thirteen public school districts. Connect was formed when the Lakeshore Northeast Ohio Computer Consortium and the Lake Erie Educational Computer Association merged during fiscal year 2012. The primary function of Connect is to provide to its members the support and leadership which enables organizations to achieve their objectives through innovative and cost effective shared technology solutions. Major areas of service provided by Connect include accounting, payroll, inventory, career guidance services, handicapped student tracking, pupil scheduling, attendance reporting and grade reporting. Connect is wholly owned by its member districts and is governed by a Board of Directors (member Superintendents). Connect's Board exercises total control over the operations of the organization including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the Board. Connect's current membership includes the Educational Service Center of Cuyahoga County and thirteen school districts in Cuyahoga County. Each year, the Board of Directors elects a Chairman, a Vice Chairman, and a Recording Secretary. The Treasurer of the fiscal agent is a nonvoting, ex-officio member of the Board of Directors. The Cuyahoga County Educational Service Center serves as the fiscal agent of Connect. Each school district supports Connect based upon a per pupil charge dependent upon the software packages used. In fiscal year 2025, the School District paid \$272,398 to Connect. Financial information can be obtained by contacting the Treasurer of the fiscal agent at 6393 Oak Tree Boulevard, Independence, Ohio 44131.

Cuyahoga Valley Career Center

The Cuyahoga Valley Career Center is a joint vocational school which is a jointly governed organization among eleven school districts. Each participating school district appoints one board member to the Cuyahoga Valley Career Center's Board of Education. The Board exercises total control over the operations of the Center including budgeting, appropriating, contracting, and designating management. The students of each participating school district may attend classes offered at the vocational facility. Each participant's control over the operation of the Cuyahoga Valley Career Center is limited to representation on the board. Continued existence of the Cuyahoga Valley Career Center is not dependent on the School District's continued

Brecksville-Broadview Heights City School District

Notes to the Basic Financial Statements For the Fiscal Year Ended June 30, 2025

participation. In fiscal year 2025, the School District did not contribute to Cuyahoga Valley Career Center. Financial information can be obtained from the Cuyahoga Valley Career School District, 8001 Brecksville Road, Brecksville, Ohio 44141.

Ohio Schools Council Association

The Ohio Schools Council (Council) is a jointly governed organization among 302 members. The jointly governed organization was created by school districts for the purpose of saving money through volume purchases. Each district supports the Council by paying an annual participation fee. Each school district member's superintendent serves as a representative of the Assembly. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board is the policy making authority of the Council. The Board exercises total control over the operations of the Association including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. The Board meets monthly September to June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. In fiscal year 2025, the School District paid \$5,221 to the Council. Financial information can be obtained by contacting William Zelei, the Executive Director of the Ohio Schools Council at 6393 Oak Tree Boulevard, Suite 377, Independence, Ohio 44131.

The School District participates in the Council's natural gas purchase program. This program allows the School District to purchase natural gas at reduced rates. Constellation New Energy (formerly Compass Energy) has been selected as the supplier and program manager. There are currently 185 participants in the program, including the Brecksville-Broadview Heights City School District. The participants make monthly payments based on estimated usage and estimated prices. Each August, these estimated payments are compared to their actual usage and actual prices for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in August until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the August monthly estimated billing. Any school district that requests a refund of their excess amount has the amount returned in November of that fiscal year.

Note 19 – Shared Risk Pool

The Suburban Health Consortium (the "Consortium") is a shared health risk pool created on October 1, 2001, formed by the Boards of Education of several school districts in northeast Ohio, for the purposes of maximizing benefits and/or reducing costs of group health, life, dental and/or other insurance coverage for their employees and the eligible dependents and designated beneficiaries of such employees. The Consortium was formed and operates as a legally separate entity under Ohio Revised Code Section 9.833. The Board of Directors is the governing body of the Consortium. The Board of Education of each Consortium Member appoints its Superintendent or such Superintendent's designee to be its representative on the Board of Directors. The officers of the Board of Directors consist of a Chairman, Vice-Chairman and Recording Secretary, who are elected at the annual meeting of Board of Directors and serve until the next annual meeting. All of the authority of the Consortium is exercised by or under the direction of the Board of Directors. The Board of Directors also set all premiums and other amounts to be paid by the Consortium Members, and the Board of Directors have the authority to waive premiums and other payments. All members of the Board of Directors serve without compensation.

Brecksville-Broadview Heights City School District

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025*

The Fiscal Agent shall be the Board of Education responsible for administering the financial transactions of the Consortium (Orange City School District). Effective October 1, 2025, Brecksville-Broadview Heights City School District began serving as the Fiscal Agent for the Consortium. The Fiscal Agent shall carry out the responsibilities of the Consortium Fund, enter into contracts on behalf of the Consortium as authorized by the Directors and carry out such other responsibilities as approved by the Directors and agreed to by the Fiscal Agent. Each District Member enrolled in a benefit program may require contributions from its employees toward the cost of any benefit program being offered by such District Member, and such contributions shall be included in the payments from such District Member to the Fiscal Agent for such benefit program. Contributions are to be submitted by each District Member, to the Fiscal Agent, required under the terms of the Consortium Agreement and any benefit program in which such District Member is enrolled to the Fiscal Agent on a monthly basis, or as otherwise required in accordance with any benefit program in which such District Member is enrolled. All general administrative costs incurred by the Consortium that are not covered by the premium payments shall be shared equally by the Consortium Members as approved by the Directors, and shall be paid by each Consortium Member upon receipt of notice from the Fiscal Agent that such payment is due. It is the express intention of the Consortium Members that the Consortium Agreement and the Consortium shall continue for an indefinite term, but may be terminated as provided in the Consortium Agreement.

Any Consortium Member wishing to withdraw from participation in the Consortium or any benefit program shall notify the Fiscal Agent at least one hundred eighty (180) days prior to the effective date of withdrawal. Upon withdrawal of a Consortium Member, the Consortium shall pay the run out of all claims for such Consortium Member provided such Consortium Member has paid to the Consortium, prior to the effective date of withdrawal a withdrawal fee in the amount equal to two months' premiums at the Consortium Member's current rate. Payment of the withdrawal fee does not extend insurance coverage for two months. Upon automatic withdrawal, for non-payment of premiums required by the Consortium Agreement, the Consortium shall pay the run out of all claims for such Consortium Member provided that the Consortium has received from such Consortium Member all outstanding and unpaid premiums and other amounts and the withdrawal fee equal to two months' premiums at the Consortium Member's current rates. Any Consortium Member which withdraws from the Consortium pursuant to the Consortium Agreement shall have no claim to the Consortium's assets. Financial information for the Consortium can be obtained from the Treasurer of the Brecksville-Broadview Heights City School District (the Fiscal Agent) at 6638 Mill Road, Brecksville, Ohio 44141.

Note 20 – Significant Commitments

Encumbrances

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

General	\$252,346
Other Governmental Funds	1,758,231
Total	<u>\$2,010,577</u>

Brecksville-Broadview Heights City School District*Notes to the Basic Financial Statements**For the Fiscal Year Ended June 30, 2025***Contractual Commitments**

At June 30, 2025, the School District's significant contractual commitments consisted of the following:

Project	Contract Amount	Amount Paid	Remaining on Contract
Tennis Court Replacement	\$639,804	\$591,177	\$48,627
Transportation Fuel System Replacement	15,397	0	15,397
Asphalt Replacement and Repair	273,353	19,500	253,853
Middle School Roofing Replacement	505,413	25,737	479,676
Middle School Sewer Repair	24,455	0	24,455
Middle School Abatement	50,387	0	50,387
Total	<u>\$1,508,809</u>	<u>\$636,414</u>	<u>\$872,395</u>

All of the remaining commitment amounts were encumbered at year end. The amounts of \$44,687, \$603,681 and \$80,909 in accounts, contracts and retainage payable, respectively, have been capitalized.

Note 21 – Asset Retirement Obligation

The Governmental Accounting Standard Board's (GASB) Statement No. 83, *Certain Asset Retirement Obligations*, provides guidance related to asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The Bureau of Underground Storage Tank Regulations (BUSTR) regulates petroleum and hazardous substances stored in underground storage tanks. These regulations are included in Ohio Administrative Code Section 1301-7-9 and require a School District classified as an "owner" or "operator," to remove from the ground any underground storage tank (UST) that is not in use for a year or more. A permit must first be obtained for that year it is not being used. Once the UST is removed, the soil in the UST cavity and excavated material must be tested for contamination. This asset retirement obligation (ARO) of \$200,000 associated with the School District's underground storage tanks was estimated by the School District. The remaining useful life of these USTs is 30 years. The School District maintains insurance related to any potential pollution remediation associated with the USTs.

Note 22 – Change in Accounting Principles

For fiscal year 2025, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences* and GASB Statement No. 102, *Certain Risk Disclosures*.

GASB 101 will result in a liability for compensated absences that more appropriately reflects when a government incurs such an obligation. In addition, the model can be applied consistently to any type of compensated absence and will eliminate potential comparability issues between governments that offer different types of leave. For the School District, GASB Statement No. 101 increased the compensated absences liability and the cumulative effects of compensated absence related expense decreased beginning net position. This change in accounting principle is separately displayed by reporting unit in the accompanying financial statements.

Brecksville-Broadview Heights City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

GASB 102 will provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. GASB 102 requirements apply only to note disclosure and do not have any effect on beginning net position/fund balance. The School District evaluated their concentrations and constraints but did not have any events that required disclosure.

Note 23 – Subsequent Events

Effective October 1, 2025, the School District began serving as the fiscal agent for the Suburban Health Consortium.

Brecksville-Broadview Heights City School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2025

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Required Supplementary Information

Brecksville-Broadview Heights City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2025	2024	2023	2022
School District's Proportion of the Net Pension Liability	0.21499110%	0.21978130%	0.23739520%	0.23511060%
School District's Proportionate Share of the Net Pension Liability	\$10,998,078	\$12,144,049	\$12,840,177	\$8,674,899
School District's Covered Payroll	\$9,036,100	\$8,611,871	\$8,641,250	\$8,316,386
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	121.71%	141.02%	148.59%	104.31%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.52%	76.06%	75.82%	82.86%

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

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017	2016
0.23233610%	0.23787830%	0.28352150%	0.24815850%	0.25169350%	0.26081240%
\$15,367,198	\$14,232,677	\$16,237,801	\$14,826,922	\$18,421,642	\$14,882,208
\$7,923,536	\$8,388,904	\$8,059,985	\$7,942,350	\$7,785,229	\$7,851,813
193.94%	169.66%	201.46%	186.68%	236.62%	189.54%
68.55%	70.85%	71.36%	69.50%	62.98%	69.16%

Brecksville-Broadview Heights City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
Last Nine Fiscal Years (1)

	2025	2024	2023	2022
School District's Proportion of the Net OPEB Liability	0.21837830%	0.22068080%	0.24020290%	0.23401860%
School District's Proportionate Share of the Net OPEB Liability	\$2,224,171	\$3,635,595	\$3,372,475	\$4,428,995
School District's Covered Payroll	\$9,036,100	\$8,611,871	\$8,641,250	\$8,316,386
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	24.61%	42.22%	39.03%	53.26%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	44.50%	30.02%	30.34%	24.08%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017
0.23395710%	0.24251020%	0.28275560%	0.25120810%	0.25403603%
\$5,084,654	\$6,098,621	\$7,844,404	\$3,741,765	\$7,240,967
\$7,923,536	\$8,388,904	\$8,059,985	\$7,942,350	\$7,785,229
64.17%	72.70%	97.33%	47.11%	93.01%
18.17%	15.57%	13.57%	12.46%	11.49%

Brecksville-Broadview Heights City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2025	2024	2023	2022
School District's Proportion of the Net Pension Liability	0.19190200%	0.19216188%	0.20015591%	0.19666057%
School District's Proportionate Share of the Net Pension Liability	\$36,925,045	\$41,381,940	\$44,494,913	\$25,144,821
School District's Covered Payroll	\$26,553,064	\$25,882,550	\$26,249,293	\$24,509,414
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	139.06%	159.88%	169.51%	102.59%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.50%	80.00%	78.90%	87.80%

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

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017	2016
0.20146116%	0.20082190%	0.20267251%	0.20213635%	0.20815781%	0.21498607%
\$48,746,432	\$44,410,556	\$44,563,134	\$48,017,923	\$69,676,694	\$59,415,861
\$24,915,957	\$23,223,807	\$23,045,000	\$22,294,243	\$22,404,614	\$22,802,700
195.64%	191.23%	193.37%	215.38%	310.99%	260.57%
75.50%	77.40%	77.30%	75.30%	66.80%	72.10%

Brecksville-Broadview Heights City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB (Asset) Liability
State Teachers Retirement System of Ohio
Last Nine Fiscal Years (1)

	2025	2024	2023	2022
School District's Proportion of the Net OPEB Asset/Liability	0.19190200%	0.19216188%	0.20015591%	0.19666057%
School District's Proportionate Share of the Net OPEB (Asset) Liability	(\$3,640,016)	(\$3,737,285)	(\$5,182,704)	(\$4,146,427)
School District's Covered Payroll	\$26,553,064	\$25,882,550	\$26,249,293	\$24,509,414
School District's Proportionate Share of the Net OPEB (Asset) Liability as a Percentage of its Covered Payroll	-13.71%	-14.44%	-19.74%	-16.92%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	158.00%	168.50%	230.70%	174.70%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information

2021	2020	2019	2018	2017
0.20146116%	0.20082190%	0.20267251%	0.20213635%	0.20815781%
(\$3,540,676)	(\$3,326,093)	(\$3,256,740)	\$7,886,614	\$11,132,334
\$24,915,957	\$23,223,807	\$23,045,000	\$22,294,243	\$22,404,614
-14.21%	-14.32%	-14.13%	35.38%	49.69%
182.10%	174.70%	176.00%	47.10%	37.30%

Brecksville-Broadview Heights City School District
Required Supplementary Information
Schedule of the School District's Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2025	2024	2023	2022
Net Pension Liability				
Contractually Required Contribution	\$1,294,106	\$1,265,054	\$1,205,662	\$1,209,775
Contributions in Relation to the Contractually Required Contribution	(1,294,106)	(1,265,054)	(1,205,662)	(1,209,775)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$9,243,614	\$9,036,100	\$8,611,871	\$8,641,250
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability				
Contractually Required Contribution (2)	\$157,602	\$152,983	\$131,786	\$143,896
Contributions in Relation to the Contractually Required Contribution	(157,602)	(152,983)	(131,786)	(143,896)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.70%</u>	<u>1.69%</u>	<u>1.53%</u>	<u>1.67%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.70%</u>	<u>15.69%</u>	<u>15.53%</u>	<u>15.67%</u>

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

(2) Includes Surcharge

See accompanying notes to the required supplementary information

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$1,164,294	\$1,109,295	\$1,132,502	\$1,088,098	\$1,111,929	\$1,089,932
(1,164,294)	(1,109,295)	(1,132,502)	(1,088,098)	(1,111,929)	(1,089,932)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$8,316,386	\$7,923,536	\$8,388,904	\$8,059,985	\$7,942,350	\$7,785,229
<u>14.00%</u>	<u>14.00%</u>	<u>13.50%</u>	<u>13.50%</u>	<u>14.00%</u>	<u>14.00%</u>
\$111,500	\$116,540	\$184,022	\$171,397	\$134,068	\$124,134
(111,500)	(116,540)	(184,022)	(171,397)	(134,068)	(124,134)
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>1.34%</u>	<u>1.47%</u>	<u>2.19%</u>	<u>2.13%</u>	<u>1.69%</u>	<u>1.59%</u>
<u>15.34%</u>	<u>15.47%</u>	<u>15.69%</u>	<u>15.63%</u>	<u>15.69%</u>	<u>15.59%</u>

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
Net Pension Liability				
Contractually Required Contribution	\$3,787,359	\$3,717,429	\$3,623,557	\$3,674,901
Contributions in Relation to the Contractually Required Contribution	<u>(3,787,359)</u>	<u>(3,717,429)</u>	<u>(3,623,557)</u>	<u>(3,674,901)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll	\$27,052,564	\$26,553,064	\$25,882,550	\$26,249,293
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

Net OPEB Liability (1)

(1) Although the covered payroll for the net OPEB liability is the same as the net pension liability, there were no OPEB related required contributions for 2016-2025, STRS did not allocate any employer contributions to postemployment health care; therefore, there is no required supplementary information to present related to the statutorily established employer contribution requirements for the net OPEB liability.

See accompanying notes to the required supplementary information

<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$3,431,318	\$3,488,234	\$3,251,333	\$3,226,300	\$3,121,194	\$3,136,646
<u>(3,431,318)</u>	<u>(3,488,234)</u>	<u>(3,251,333)</u>	<u>(3,226,300)</u>	<u>(3,121,194)</u>	<u>(3,136,646)</u>
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
\$24,509,414	\$24,915,957	\$23,223,807	\$23,045,000	\$22,294,243	\$22,404,614
<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

Brecksville-Broadview Heights City School District

Notes to Required Supplementary Information

For the Fiscal Year Ended June 30, 2025

Net Pension Liability

Changes in Benefit Terms/Assumptions – SERS

Beginning in fiscal year 2018, on each anniversary of the initial retirement, the allowance of all retirees and survivors may be increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0 percent nor greater than 2.5 percent. The COLA was suspended for 2018-2020. Prior to 2018, an assumption of 3 percent was used. For 2021, the cost-of living adjustment was reduced from 2.5 percent to 2 percent. For 2023 and 2024, the cost-of-living adjustment was increased from 2 percent to 2.5 percent.

Amounts reported in 2022 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in prior years are presented as follows:

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

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

Amounts report for 2017 through 2021 use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions – STRS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal years 2018-2021 and fiscal year 2017 and prior are presented as follows:

Brecksville-Broadview Heights City School District

Notes to Required Supplementary Information

For the Fiscal Year Ended June 30, 2025

	<u>Fiscal Year 2022</u>	<u>Fiscal Years 2021-2018</u>	<u>Fiscal Year 2017 and Prior</u>
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	Varies by Service from 2.5 percent to 8.5 percent	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	See Below	See Below	See Below
Payroll Increases	3 percent	3 percent	3.5 percent
Cost-of-Living Adjustment: (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring after August 1, 2013, or later, COLA commences on fifth anniversary of retirement date.

Investment rate of return:

Beginning with Fiscal Year 2022	7.00 percent, net of investment expenses, including inflation
Fiscal Years 2018 through 2021	7.45 percent, net of investment expenses, including inflation
Fiscal Year 2017 and prior	7.75 percent, net of investment expenses, including inflation

Beginning with fiscal year 2022, 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. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

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

Brecksville-Broadview Heights City School District

Notes to Required Supplementary Information For the Fiscal Year Ended June 30, 2025

Changes in Benefit Term – STRS

For 2024 and 2025, demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015, through June 30, 2021.

For fiscal year 2023, the Board approved a one-time 3 percent COLA effective on the anniversary of a benefit recipient's retirement date for those eligible during fiscal year 2023 and eliminated the age 60 requirement to receive unreduced retirement that was scheduled to go into effect August 1, 2026.

Net OPEB Liability

Changes in Assumptions – SERS

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

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

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

Municipal Bond Index Rate:

Fiscal year 2025	3.93 percent
Fiscal year 2024	3.86 percent
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 2025	4.88 percent
Fiscal year 2024	4.27 percent
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

Brecksville-Broadview Heights City School District

Notes to Required Supplementary Information For the Fiscal Year Ended June 30, 2025

Changes in Assumptions – STRS

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

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

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

For fiscal year 2023, the projected salary increases were changed from age based to service based. Healthcare trends were updated to reflect emerging claims and recoveries experience.

Changes in Benefit Terms – STRS

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

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

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

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

Brecksville-Broadview Heights City School District

Notes to Required Supplementary Information

For the Fiscal Year Ended June 30, 2025

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

For fiscal year 2023, healthcare trends were updated to reflect emerging claims and recoveries experience.

For fiscal year 2024, healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024.

For fiscal year 2025, healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2025. The larger Medicare trends for Years 2027 and 2028 reflect the assumed impact of the expiration of current Medicare Advantage contract on December 31, 2028.

Brecksville-Broadview Heights City School District
Cuyahoga County
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025
(Prepared by Management)

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal ALN	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE <i>Passed Through Ohio Department of Education</i>		
Child Nutrition Cluster:		
Cash Assistance:		
National School Breakfast Program (SSO)	10.553	\$ 44,818
National School Lunch Program	10.555	335,652
Non-Cash Assistance (Food Distribution):		
National School Lunch Program	10.555	62,493
Total Child Nutrition Cluster		<u>442,963</u>
Total U.S. Department of Agriculture		442,963
U.S. DEPARTMENT OF EDUCATION <i>Passed Through Ohio Department of Education</i>		
Title I		
Title I Grants to Local Education Agencies - 2024	84.010	6,511
Title I Grants to Local Education Agencies - 2025	84.010	273,305
Total Title 1		<u>279,816</u>
Special Education Cluster		
Special Education Grants to States - 2024	84.027	710
Special Education Grants to States - 2024	84.027	814,975
Special Education Preschool Grants - 2025	84.173	22,656
Total Special Education Cluster		<u>838,341</u>
Supporting Effective Instruction State Grants - 2024 (Title IIA)	84.367	3,591
Supporting Effective Instruction State Grants - 2025 (Title IIA)	84.367	51,771
Total Supporting Effective Instruction State Grants		<u>55,362</u>
English Language Acquisition State Grants (Title III)	84.365	17,525
Immigrant Children and Youth	84.365	3,578
Total Language Acquisition State Grants		<u>21,103</u>
Student Support and Academic Enrichment Program (Title IV) - 2025	84.424	<u>17,738</u>
Total U.S. Department of Education		<u>1,212,360</u>
Total Expenditures of Federal Awards		<u><u>\$ 1,655,323</u></u>

The accompanying notes are an integral part of this schedule.

Brecksville-Broadview Heights City School District
Cuyahoga County, Ohio
Notes to the Schedule of Expenditures of Federal Awards
2 CFR 200.510(b)(6)
For the Fiscal Year Ended June 30, 2025
(Prepared by Management)

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Brecksville-Broadview Heights City School District (the District) under programs of the federal government for the fiscal year ended June 30, 2025. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C - INDIRECT COST RATE

The District has elected not to use the 10-15 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

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

Brecksville-Broadview Heights City School District
Cuyahoga County
6638 Mill Road
Brecksville, OH 44141

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Brecksville-Broadview Heights City School District, Cuyahoga County, Ohio (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 30, 2025. We noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*.

Report on Internal Control Over Financial Reporting

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

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

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

Brecksville-Broadview Heights City School District
Cuyahoga County
Independent Auditor's Report on Internal Control Over
Financial Report and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*
Page 2

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.



Charles E. Harris & Associates, Inc.
December 30, 2025

Charles E. Harris & Associates, Inc.

Certified Public Accountants

6200 Rockside Woods Blvd. N Ste 215

Independence OH 44131-2373

Phone - (216) 575-1630

Fax - (216) 436-2411

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

Brecksville-Broadview Heights City School District
Cuyahoga County
6638 Mill Road
Brecksville, OH 44141

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Brecksville-Broadview Heights City School District, Cuyahoga County, Ohio's (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2025. The District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2025.

Basis for Opinion on the 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 the major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Brecksville-Broadview Heights City School District
Cuyahoga County
Independent Auditor's Report on Compliance with Requirements
Applicable to the Major Federal Program and on Internal Control
Over Compliance Required by the Uniform Guidance
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Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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



Charles E. Harris & Associates, Inc.
December 30, 2025

Brecksville-Broadview Heights City School District
Cuyahoga County
Schedule of Findings
2 CFR § 200.515
June 30, 2025

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Cluster – AL #84.027 and #84.173
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

OHIO AUDITOR OF STATE KEITH FABER



BRECKSVILLE-BROADVIEW HEIGHTS CITY SCHOOL DISTRICT

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 4/21/2026

65 East State 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