



OHIO AUDITOR OF STATE
KEITH FABER



**BRUNSWICK CITY SCHOOL DISTRICT
MEDINA COUNTY**

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MEDINA COUNTY**

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brunswick City School District, Medina County, Ohio (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Brunswick City School District, Medina County, Ohio, as of June 30, 2024, and the respective changes in financial position and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated March 19, 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.



Keith Faber
Auditor of State
Columbus, Ohio

March 19, 2025

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Brunswick City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

The discussion and analysis of the Brunswick City School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2024 are as follows:

- Net position increased \$55 million from fiscal year 2023.
- Capital assets increased during fiscal year 2024 due to the start of various construction projects.
- During the fiscal year, outstanding debt increased due to the issuance of Classroom Facilities and School Improvement bonds of \$102,000,000.

Using this Annual Report

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While the basic financial statements contain the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2024?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all nonfiduciary assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting has taken into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Brunswick City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

Reporting the School District's Fiduciary Responsibilities

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

Brunswick City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

The School District as a Whole

Recall that the *Statement of Net Position* provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2024 compared to 2023:

Table 1
Net Position

	Governmental Activities		
	2024	2023	Change
Assets			
Current & Other Assets	\$ 272,039,389	\$ 106,218,892	\$ 165,820,497
Net OPEB Asset	5,451,129	7,323,397	(1,872,268)
Capital Assets, Net	<u>98,079,592</u>	<u>96,726,086</u>	<u>1,353,506</u>
<i>Total Assets</i>	<u>375,570,110</u>	<u>210,268,375</u>	<u>165,301,735</u>
Deferred Outflows of Resources			
Deferred Charges	863,035	925,285	(62,250)
Pension & OPEB	<u>17,795,633</u>	<u>20,166,231</u>	<u>(2,370,598)</u>
<i>Total Deferred Outflows of Resources</i>	<u>18,658,668</u>	<u>21,091,516</u>	<u>(2,432,848)</u>
Liabilities			
Current & Other Liabilities	13,373,949	10,760,472	2,613,477
Long-Term Liabilities:			
Due Within One Year	4,870,992	4,690,764	180,228
Due In More Than One Year:			
Pension & OPEB	79,460,972	81,370,165	(1,909,193)
Other Amounts	<u>172,758,020</u>	<u>62,228,425</u>	<u>110,529,595</u>
<i>Total Liabilities</i>	<u>270,463,933</u>	<u>159,049,826</u>	<u>111,414,107</u>
Deferred Inflows of Resources			
Property Taxes	51,099,985	49,603,356	1,496,629
Pension & OPEB	<u>15,795,080</u>	<u>20,941,068</u>	<u>(5,145,988)</u>
<i>Total Deferred Inflows of Resources</i>	<u>66,895,065</u>	<u>70,544,424</u>	<u>(3,649,359)</u>
Net Position			
Net Investment in Capital Assets	36,845,668	36,257,833	587,835
Restricted	68,150,533	19,823,421	48,327,112
Unrestricted	<u>(48,126,421)</u>	<u>(54,315,613)</u>	<u>6,189,192</u>
<i>Total Net Position</i>	<u>\$ 56,869,780</u>	<u>\$ 1,765,641</u>	<u>\$ 55,104,139</u>

Brunswick City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

The net pension liability (NPL) is one of the largest liabilities reported by the School District at June 30, 2024, and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. In a prior period, the School District also adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

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

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

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

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

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. For STRS, the plan's fiduciary net OPEB position was sufficient to cover the plan's total OPEB liability resulting in a net OPEB asset for fiscal year 2024 that is allocated to each school based on its proportionate share. The retirement system is responsible for the administration of the pension and OPEB plans.

Brunswick City School District
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(Unaudited)

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

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

Capital assets include, land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, leased equipment. These capital assets are used to provide services to students and are not available for future spending. Although the School district's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position may be used to meet the government's ongoing obligations to students and creditors.

Current and other assets increased over prior year. This increase is primarily an increase in cash due to the issuance of new debt during the fiscal year. In addition, intergovernmental receivable increased significantly for an Ohio Facilities Construction Commission (OFCC) grant. Software subscriptions paid in advance account for an increase in prepaid expenses. Non-depreciable capital assets increased during the fiscal year with the School District starting various construction projects including a new high school, auditorium, athletic fields project, board of education office, maintenance facility and site improvements.

Current and other liabilities increased significantly. This increase can primarily be attributed to increases in accounts payable, contracts payable and accrued interest payable. Accounts and contracts payable both increased as the School District had several construction improvement projects in process at year end. Some of these projects met capitalization criteria (contracts) and some did not (accounts). The increase in accrued interest payable is the result of the new bond issuance, previously discussed.

Long-term liabilities increased significantly from fiscal year 2023 with the issuance of new bonds, previously discussed.

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

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Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2024 and 2023.

Table 2
Changes in Net Position

	Governmental Activities		
	2024	2023	Change
Revenues			
<i>Program Revenues</i>			
Charges for Services	\$ 3,377,882	\$ 3,326,384	\$ 51,498
Operating Grants	4,973,275	6,050,662	(1,077,387)
<i>Total Program Revenues</i>	<u>8,351,157</u>	<u>9,377,046</u>	<u>(1,025,889)</u>
General Revenues			
Property Taxes	55,898,953	55,464,134	434,819
Grants & Entitlements	77,140,777	33,636,752	43,504,025
Payments in Lieu of Taxes	153,800	167,700	(13,900)
Capital Grants not Restricted	4,758,670	4,738,572	20,098
Other	8,404,304	1,382,845	7,021,459
<i>Total General Revenues</i>	<u>146,356,504</u>	<u>95,390,003</u>	<u>50,966,501</u>
<i>Total Revenues</i>	<u>154,707,661</u>	<u>104,767,049</u>	<u>49,940,612</u>
Program Expenses			
Instruction:			
Regular	39,206,147	36,226,454	2,979,693
Special	11,273,628	10,272,652	1,000,976
Vocational	241,328	272,185	(30,857)
Student Intervention Services	111,679	476,209	(364,530)
Other	573,534	520,267	53,267
Support Services:			
Pupils	11,053,733	10,026,713	1,027,020
Instructional Staff	2,351,650	2,168,985	182,665
Board of Education	253,345	524,657	(271,312)
Administration	4,968,315	4,803,207	165,108
Fiscal	2,020,132	1,783,034	237,098
Business	628,872	534,148	94,724
Operation and Maintenance of Plant	7,567,383	6,714,539	852,844
Pupil Transportation	5,182,779	5,354,964	(172,185)
Central	534,959	558,742	(23,783)
Operation of Non-Instructional/Shared Services:			
Food Service Operations	2,357,719	2,179,926	177,793
Community Services	518,559	651,519	(132,960)
Extracurricular Activities	2,189,997	1,906,181	283,816
Debt Service:			
Interest and Fiscal Charges	8,569,763	2,130,684	6,439,079
<i>Total Expenses</i>	<u>99,603,522</u>	<u>87,105,066</u>	<u>12,498,456</u>
<i>Change in Net Position</i>	<u>55,104,139</u>	<u>17,661,983</u>	<u>37,442,156</u>
<i>Net Position Beginning of Year</i>	<u>1,765,641</u>	<u>(15,896,342)</u>	<u>17,661,983</u>
<i>Net Position End of Year</i>	<u>\$ 56,869,780</u>	<u>\$ 1,765,641</u>	<u>\$ 55,104,139</u>

Brunswick City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

During fiscal year 2024, operating grants saw a decrease due to the decrease in ESSER funding. Grants and Entitlements saw increase due to the OFCC grant. Investment earnings increased over prior year as the School District had significantly increased their investments with the new bond issuance.

Overall, program expenses showed an increase. The majority of the changes in program expenses are primarily associated to changes in the School District's proportionate share of the net pension liability, net OPEB liability/asset and related accruals. As previously indicated, these items are explained in detail within their respective notes. Interest and fiscal charges increased during the fiscal year due to the new debt issuance as previously mentioned.

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

Governmental Funds

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

	Fund Balance 6/30/2024	Fund Balance 6/30/2023	Increase (Decrease)
General Fund	\$ 35,154,862	\$ 25,620,896	\$ 9,533,966
Debt Service Fund	11,335,046	4,792,601	6,542,445
Building Fund	35,943,521	86,959	35,856,562
Classroom Facilities Fund	73,104,631	-	73,104,631

General fund had an increase in fund balance over the prior year, mainly due to wise spending by the School District.

The fund balance in the debt service, building and classroom facilities funds all increased due to the issuance of general obligations bonds issued. In addition, the OFCC grant awarded also contributed to the increase in the classroom facilities fund.

General Fund Budgeting Highlights

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

During the course of fiscal year 2024, the School District amended its general fund budget. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

Original Budget Compared to Final Budget For the general fund, original budgeted revenues were estimated lower than final budget with property and other local taxes accounting for most of the difference. Nearly all expenditures were originally estimated higher than final budget.

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Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

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

Capital Assets

Capital assets showed an increase in fiscal year 2024 which was attributable to the various construction projects to replace and improve facilities throughout the district. Some of these projects include a new high school, improvements to the elementary schools, a new maintenance facility, a new board of education office and various improvements to the high school campus, including a new baseball field.

See Note 9 for more information about the capital assets of the School District.

Debt

During fiscal year 2024, debt service obligations increased due to the issuance of Classroom Facilities and School Improvement Bonds. See Note 14 for more information about the long-term obligations of the School District.

Current Issues

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

Local Revenues:

Emergency Levy I was originally passed in November 1987 for a five-year period for approximately 5.91 mills and it currently generates \$2.0 million per year. It has been renewed five times and in May of 2019 was renewed for a ten-year period. It will expire in December 2029 (2030 collection) and its current estimated collection is 1.30 mills.

Emergency Levy II was originally passed in November 1994 for a five-year period for approximately 7.82 mills and it currently generates \$3.2 million per year. It has been renewed three times and in March of 2016 was renewed for an eight-year period. It will expire in December 2023 (2024 collection) and its current estimated collection is 2.00 mills. (*Unofficially, this levy was renewed in November 2024 for 10 years and will expire in 2033-2034 collection)

Emergency Levy III was originally passed in March 2004 for a five-year period for approximately 6.70 mills and it currently generates \$5.8 million per year. It has been renewed three times and recently in May of 2022 was renewed for a ten-year period and it will expire in December 2031 (2032 collection). Its current estimated collection is 3.65 mills.

Emergency Levy IV was originally passed in May 2006 for a five-year period for approximately 4.90 mills and it currently generates \$4.7 million per year. It has been renewed twice and in May 2018 was renewed for a ten-

Brunswick City School District
Management's Discussion and Analysis
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(Unaudited)

year period. The levy will expire in December 2027 (2028 collection) and its current estimated collection is 2.90 mills.

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

Sales Tax:

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

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

State Revenues:

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

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

Brunswick City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

- In FY2021-FY2022 the State unveiled a new funding formula called the Fair School Funding Formula. The formula is based on a new set of inputs including property wealth and local capacity to arrive at a per pupil cost. The formula contains a base aid guarantee to help protect districts with declining enrollment.
- In FY2023-2024, the State continued with this formula model, adjusting the base cost inputs and continuing the phase in of the allocation.

State Funding:

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

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

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

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

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

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

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

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

Brunswick City School District
Management's Discussion and Analysis
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(Unaudited)

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

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

Capital Initiatives:

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

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

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

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

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

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

Brunswick City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

In 2019, the School District refinanced a portion of its Series 2018 debt due to a continued favorable interest rate environment. The 2019A taxable refunding locked in an all-in true interest cost of 3.33%, total savings of \$17,204,965 and net present value savings of \$6,080,375 (18.41% of the refunded par amount). The 2019B tax exempt refunding locked in an all-in true interest cost of 2.64%, total savings of \$90,933 and net present value savings of \$88,085 (3.10% of the refunded par amount).

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

Summary:

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

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

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

Contacting the School District's Financial Management

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

BASIC FINANCIAL STATEMENTS

Brunswick City School District

Medina County, Ohio

Statement of Net Position

June 30, 2024

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	\$ 160,991,048
Cash and Cash Equivalents in Segregated Accounts	1,493,325
Investments in Segregated Accounts	7,159,689
Intergovernmental Receivable	43,976,022
Property Taxes Receivable	56,121,009
Prepaid Items	1,995,796
Materials and Supplies Inventory	302,500
Net OPEB Asset	5,451,129
Non-Depreciable Capital Assets	8,256,821
Depreciable Capital Assets, net	<u>89,822,771</u>
<i>Total Assets</i>	<u>375,570,110</u>
Deferred Outflows of Resources	
Deferred Charges on Refunding	863,035
Pension	15,094,989
OPEB	<u>2,700,644</u>
<i>Total Deferred Outflows of Resources</i>	<u>18,658,668</u>
Liabilities	
Accounts Payable	727,138
Accrued Wages and Benefits	8,828,063
Accrued Vacation Payable	170,031
Contracts Payable	1,175,703
Retainage Payable	83,613
Payroll Withholdings Payable	23,067
Intergovernmental Payable	1,418,704
Accrued Interest Payable	606,541
Matured Compensated Absences Payable	341,089
Long-Term Liabilities:	
Due Within One Year	4,870,992
Due In More Than One Year:	
Net Pension Liability	74,972,883
Net OPEB Liability	4,488,089
Other Amounts Due in More Than One Year	<u>172,758,020</u>
<i>Total Liabilities</i>	<u>270,463,933</u>
Deferred Inflows of Resources	
Property Taxes Levied for the Next Year	51,099,985
Pension	6,795,391
OPEB	<u>8,999,689</u>
<i>Total Deferred Inflows of Resources</i>	<u>66,895,065</u>
Net Position	
Net Investment in Capital Assets	36,845,668
Restricted for:	
Capital Outlay	56,551,452
Net OPEB Asset	5,451,129
Other Purposes	6,147,952
Unrestricted	<u>(48,126,421)</u>
<i>Total Net Position</i>	<u>\$ 56,869,780</u>

See accompanying notes to the basic financial statements.

**Brunswick City School District
Medina County, Ohio**
Statement of Activities
For the Fiscal Year Ended June 30, 2024

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$ 39,206,147	\$ 1,189,161	\$ 131,166	\$ (37,885,820)
Special	11,273,628	371,881	1,351,913	(9,549,834)
Vocational	241,328	-	85,317	(156,011)
Student Intervention Services	111,679	-	113,175	1,496
Other	573,534	-	-	(573,534)
Support Services:				
Pupils	11,053,733	-	772,945	(10,280,788)
Instructional Staff	2,351,650	894	307,836	(2,042,920)
Board of Education	253,345	-	-	(253,345)
Administration	4,968,315	35,043	1,752	(4,931,520)
Fiscal	2,020,132	473	-	(2,019,659)
Business	628,872	722	-	(628,150)
Operation and Maintenance of Plant	7,567,383	10,918	251,804	(7,304,661)
Pupil Transportation	5,182,779	-	9,632	(5,173,147)
Central	534,959	-	-	(534,959)
Operation of Non-Instructional/Shared Services:				
Food Service Operations	2,357,719	1,067,872	1,313,544	23,697
Community Services	518,559	3,947	535,561	20,949
Extracurricular Activities	2,189,997	696,971	98,630	(1,394,396)
Interest and Fiscal Charges	8,569,763	-	-	(8,569,763)
<i>Total</i>	\$ 99,603,522	\$ 3,377,882	\$ 4,973,275	(91,252,365)

General Revenues

Property Taxes Levied for:

General Purposes		50,329,708
Debt Services		3,812,552
Capital Outlay		1,251,284
Classroom Facilities		505,409
Grants and Entitlements not Restricted to Specific Programs		34,524,800
Capital Grants not Restricted to Specific Programs		4,758,670
Payments in Lieu of Taxes		153,800
Gain on Sale of Capital Assets		72,454
Grants and Entitlements - OFCC		42,615,977
Investment Earnings		8,076,799
Miscellaneous		255,051
<i>Total General Revenues</i>		<u>146,356,504</u>
<i>Change in Net Position</i>		55,104,139
<i>Net Position Beginning of Year</i>		<u>1,765,641</u>
<i>Net Position End of Year</i>	\$	56,869,780

See accompanying notes to the basic financial statements.

Brunswick City School District

Medina County, Ohio

Balance Sheet

Governmental Funds

June 30, 2024

	<u>General</u>	<u>Debt Service Fund</u>	<u>Building Fund</u>	<u>Classroom Facilities Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Equity in Pooled Cash and Investments	\$ 40,173,162	\$ 3,759,797	\$ 36,249,866	\$ 67,850,631	\$ 12,957,592	\$ 160,991,048
Cash and Cash Equivalents in Segregated Accounts	-	-	-	1,430,915	62,410	1,493,325
Investments in Segregated Accounts	-	7,159,689	-	-	-	7,159,689
Interfund Receivable	255,823	-	-	-	-	255,823
Intergovernmental Receivable	225,677	-	-	40,003,000	3,747,345	43,976,022
Property Taxes Receivable	50,533,861	3,822,795	-	-	1,764,353	56,121,009
Advances to Other Funds	136,180	-	-	-	-	136,180
Prepaid Items	99,983	-	-	-	1,895,813	1,995,796
Materials and Supplies Inventory	302,500	-	-	-	-	302,500
<i>Total Assets</i>	<u>\$ 91,727,186</u>	<u>\$ 14,742,281</u>	<u>\$ 36,249,866</u>	<u>\$ 109,284,546</u>	<u>\$ 20,427,513</u>	<u>\$ 272,431,392</u>
Liabilities						
Accounts Payable	\$ 153,732	-	-	-	573,406	727,138
Accrued Wages and Benefits	8,419,528	-	-	-	408,535	8,828,063
Contracts Payable	-	-	296,371	879,332	-	1,175,703
Retainage Payable	-	-	9,974	73,639	-	83,613
Payroll Withholdings Payable	23,067	-	-	-	-	23,067
Intergovernmental Payable	1,363,247	-	-	-	55,457	1,418,704
Interfund Payable	-	-	-	-	255,823	255,823
Advances from Other Funds	-	-	-	-	136,180	136,180
Matured Compensated Absences Payable	341,089	-	-	-	-	341,089
<i>Total Liabilities</i>	<u>10,300,663</u>	<u>-</u>	<u>306,345</u>	<u>952,971</u>	<u>1,429,401</u>	<u>12,989,380</u>
Deferred Inflows of Resources						
Property Taxes Levied for the Next Year	46,088,668	3,394,041	-	-	1,617,276	51,099,985
Unavailable Revenue - Delinquent Real Estate Tax	182,993	13,194	-	-	6,597	202,784
Unavailable Revenue - Other	-	-	-	35,226,944	2,222,690	37,449,634
<i>Total Deferred Inflows of Resources</i>	<u>46,271,661</u>	<u>3,407,235</u>	<u>-</u>	<u>35,226,944</u>	<u>3,846,563</u>	<u>88,752,403</u>
Fund Balances						
Nonspendable	545,288	-	-	-	1,895,813	2,441,101
Restricted	-	11,335,046	35,943,521	73,104,631	11,391,402	131,774,600
Committed	-	-	-	-	1,994,830	1,994,830
Assigned	1,618,448	-	-	-	-	1,618,448
Unassigned	32,991,126	-	-	-	(130,496)	32,860,630
<i>Total Fund Balance</i>	<u>35,154,862</u>	<u>11,335,046</u>	<u>35,943,521</u>	<u>73,104,631</u>	<u>15,151,549</u>	<u>170,689,609</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 91,727,186</u>	<u>\$ 14,742,281</u>	<u>\$ 36,249,866</u>	<u>\$ 109,284,546</u>	<u>\$ 20,427,513</u>	<u>\$ 272,431,392</u>

See accompanying notes to the basic financial statements.

Brunswick City School District
Medina County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2024

Total Governmental Fund Balances \$ 170,689,609

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.	98,079,592
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Intergovernmental	\$ 35,362,587
Delinquent Property Taxes	202,784
Local Grant from Sales Tax Levy	<u>2,087,047</u>
	37,652,418
Accrued interest payable is not due and payable in the current period and therefore not reported in the funds.	(606,541)
Unamortized loss on refunding represents deferred outflows, which do not use current financial resources and, therefore, are not reported in the funds.	863,035
The net pension liability and net OPEB liability/asset are not due and payable in the current period, therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.	
Net OPEB Asset	5,451,129
Deferred Outflows - Pension	15,094,989
Deferred Outflows - OPEB	2,700,644
Net Pension Liability	(74,972,883)
Net OPEB Liability	(4,488,089)
Deferred Inflows - Pension	(6,795,391)
Deferred Inflows - OPEB	<u>(8,999,689)</u>
	(72,009,290)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds	(141,005,000)
Unamortized Bond Premium	(16,216,541)
Certificates of Participation	(12,115,000)
Capital Appreciation Bonds	(1,600,000)
Accretion of Interest - Capital Appreciation Bonds	(1,246,914)
Lease Purchase	(263,135)
Leases	(101,759)
Accrued Vacation Leave Payable	(170,031)
Compensated Absences	<u>(5,080,663)</u>
	(177,799,043)
<i>Net Position of Governmental Activities</i>	<u>\$ 56,869,780</u>

See accompanying notes to the basic financial statements.

Brunswick City School District
Medina County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2024

	General	Debt Service Fund	Building Fund	Classroom Facilities Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Property and Other Local Taxes	\$ 50,304,106	\$ 3,810,705	\$ -	\$ -	\$ 1,755,770	\$ 55,870,581
Intergovernmental	34,029,805	199,464	-	7,389,033	9,708,658	51,326,960
Investment Income	3,164,349	99,512	1,621,157	3,091,412	249,928	8,226,358
Tuition and Fees	1,225,697	-	-	-	-	1,225,697
Extracurricular Activities	451,885	-	-	-	548,625	1,000,510
Charges for Services	-	-	-	-	1,100,737	1,100,737
Rent	36,141	-	-	-	14,797	50,938
Contributions and Donations	54,498	-	-	-	41,170	95,668
Payments in Lieu of Taxes	153,800	-	-	-	-	153,800
Miscellaneous	137,968	-	-	-	117,083	255,051
<i>Total Revenues</i>	<i>89,558,249</i>	<i>4,109,681</i>	<i>1,621,157</i>	<i>10,480,445</i>	<i>13,536,768</i>	<i>119,306,300</i>
Expenditures						
Instruction:						
Regular	36,323,995	-	-	-	1,699,811	38,023,806
Special	9,808,121	-	-	-	1,361,091	11,169,212
Vocational	125,723	-	-	-	101,670	227,393
Student Intervention Services	824	-	-	-	110,855	111,679
Other	598,581	-	-	-	-	598,581
Support Services:						
Pupils	10,578,853	-	-	-	772,030	11,350,883
Instructional Staff	1,929,094	-	-	-	313,549	2,242,643
Board of Education	253,345	-	-	-	-	253,345
Administration	4,895,366	-	-	-	5,310	4,900,676
Fiscal	1,941,899	54,479	-	-	137,010	2,133,388
Business	446,961	-	-	-	76,670	523,631
Operation and Maintenance of Plant	6,340,160	-	-	-	1,249,844	7,590,004
Pupil Transportation	4,813,929	-	-	-	59,178	4,873,107
Central	508,697	-	-	-	25,000	533,697
Operation of Non-Instructional/Shared Services:						
Food Service Operations	21,752	-	-	-	2,226,086	2,247,838
Community Services	253	-	-	-	512,629	512,882
Extracurricular Activities	1,472,684	-	-	-	618,854	2,091,538
Capital Outlay	-	-	1,108,837	4,031,572	230,989	5,371,398
Debt Service						
Principal Retirement	-	2,725,000	-	-	1,522,588	4,247,588
Interest and Fiscal Charges	-	7,400,763	-	-	578,774	7,979,537
<i>Total Expenditures</i>	<i>80,060,237</i>	<i>10,180,242</i>	<i>1,108,837</i>	<i>4,031,572</i>	<i>11,601,938</i>	<i>106,982,826</i>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>9,498,012</i>	<i>(6,070,561)</i>	<i>512,320</i>	<i>6,448,873</i>	<i>1,934,830</i>	<i>12,323,474</i>
Other Financing Sources (Uses)						
General Obligation Bonds Issued	-	-	35,344,242	66,655,758	-	102,000,000
Premium on Bonds Issued	-	12,613,006	-	-	-	12,613,006
Proceeds from Sale of Capital Assets	35,954	-	-	-	36,500	72,454
<i>Total Other Financing Sources (Uses)</i>	<i>35,954</i>	<i>12,613,006</i>	<i>35,344,242</i>	<i>66,655,758</i>	<i>36,500</i>	<i>114,685,460</i>
<i>Net Change in Fund Balances</i>	<i>9,533,966</i>	<i>6,542,445</i>	<i>35,856,562</i>	<i>73,104,631</i>	<i>1,971,330</i>	<i>127,008,934</i>
<i>Fund Balances Beginning of Year, as previously reported</i>	<i>25,620,896</i>	<i>4,792,601</i>	<i>-</i>	<i>-</i>	<i>13,267,178</i>	<i>43,680,675</i>
Change within Financial Reporting Entity (Nonmajor to Major Fund)	-	-	86,959	-	(86,959)	-
<i>Fund Balances Beginning of Year, as adjusted</i>	<i>25,620,896</i>	<i>4,792,601</i>	<i>86,959</i>	<i>-</i>	<i>13,180,219</i>	<i>43,680,675</i>
<i>Fund Balances End of Year</i>	<i>\$ 35,154,862</i>	<i>\$ 11,335,046</i>	<i>\$ 35,943,521</i>	<i>\$ 73,104,631</i>	<i>\$ 15,151,549</i>	<i>\$ 170,689,609</i>

See accompanying notes to the basic financial statements.

Brunswick City School District
Medina County, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities*
For the Fiscal Year Ended June 30, 2024

Net Change in Fund Balances - Total Governmental Funds \$ 127,008,934

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.

Capital Asset Additions	\$ 5,480,195	
Current Year Depreciation/Amortization	<u>(2,276,374)</u>	3,203,821

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. (1,850,315)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Intergovernmental	35,181,634	
Delinquent Property Taxes	28,372	
Local Grant from Sales Tax Levy	<u>118,901</u>	35,328,907

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

General Obligation Bonds	2,725,000	
Certificates of Participation	1,180,000	
Lease Purchase	258,381	
Lease	84,207	
Accreted Interest	<u>(481,132)</u>	3,766,456

Debt proceeds issued in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues.

General Obligation Bonds	(101,420,000)	
Capital Appreciation Bonds	<u>(580,000)</u>	(102,000,000)

In the statement of activities, interest is accrued on outstanding bonds, and bond premium and the gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.

Accrued Interest Payable	(606,541)	
Amortization of Premium on Bonds	(12,053,309)	
Amortization of Refunding Loss	<u>(62,250)</u>	(12,722,100)

Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.

Pension	6,973,819	
OPEB	<u>183,969</u>	7,157,788

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

Pension	(5,203,216)	
OPEB	<u>857,743</u>	(4,345,473)

Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Accrued Vacation Leave Payable	(20,909)	
Compensated Absences	<u>(422,970)</u>	(443,879)

Change in Net Position of Governmental Activities \$ 55,104,139

Brunswick City School District
Medina County, Ohio
*Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund*
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
Property and Other Local Taxes	\$ 50,437,815	\$ 51,072,116	\$ 51,072,116	\$ -
Intergovernmental	33,385,245	33,804,128	33,804,128	-
Investment Income	2,451,473	2,482,302	2,482,302	-
Tuition and Fees	1,165,028	1,179,679	1,179,679	-
Extracurricular Activities	118,446	119,936	119,936	-
Rent	15,574	15,770	15,770	-
Contributions and Donations	7,557	7,652	7,652	-
Payments in Lieu of Taxes	151,890	153,800	153,800	-
Miscellaneous	32,585	32,995	32,995	-
<i>Total Revenues</i>	<u>87,765,613</u>	<u>88,868,378</u>	<u>88,868,378</u>	<u>-</u>
Expenditures				
Instruction:				
Regular	35,990,412	35,572,123	35,572,123	-
Special	9,773,221	10,132,800	10,132,800	-
Vocational	143,721	122,751	122,751	-
Student Intervention Services	-	906	906	-
Other	370,046	621,969	621,969	-
Support Services:				
Pupils	10,586,579	10,554,469	10,554,469	-
Instructional Staff	1,978,728	1,926,278	1,926,278	-
Board of Education	588,134	402,635	402,635	-
Administration	5,042,464	4,873,725	4,873,725	-
Fiscal	1,879,166	1,941,876	1,941,876	-
Business	644,562	481,471	481,471	-
Operation and Maintenance of Plant	7,784,528	6,824,213	6,824,213	-
Pupil Transportation	5,811,578	5,209,024	5,209,024	-
Central	620,217	510,701	510,701	-
Operation of Non-Instructional/Shared Services:				
Food Service Operations	8,450	11,747	11,747	-
Extracurricular Activities	1,562,679	1,482,089	1,482,089	-
<i>Total Expenditures</i>	<u>82,784,485</u>	<u>80,668,777</u>	<u>80,668,777</u>	<u>-</u>
<i>Excess of Receipts Over (Under) Expenditures</i>	<u>4,981,128</u>	<u>8,199,601</u>	<u>8,199,601</u>	<u>-</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	-	35,954	35,954	-
Refund of Prior Year Expenditures	-	64,001	64,001	-
Refund of Prior Year Receipts	-	(8,353)	(8,353)	-
Advances Out	(50,000)	-	-	-
<i>Total Other Financing Sources (Uses)</i>	<u>(50,000)</u>	<u>91,602</u>	<u>91,602</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	<u>4,931,128</u>	<u>8,291,203</u>	<u>8,291,203</u>	<u>-</u>
<i>Fund Balance Beginning of Year</i>	<u>28,603,764</u>	<u>28,603,764</u>	<u>28,603,764</u>	<u>-</u>
Prior Year Encumbrances Appropriated	<u>1,127,831</u>	<u>1,127,831</u>	<u>1,127,831</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 34,662,723</u>	<u>\$ 38,022,798</u>	<u>\$ 38,022,798</u>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

Brunswick City School District
Medina County, Ohio
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2024

	<u>Custodial</u>
Assets	
Equity in Pooled Cash and Investments	<u>\$ 24,161</u>
<i>Total Assets</i>	<u>24,161</u>
Liabilities	
Accounts Payable	<u>24,161</u>
<i>Total Liabilities</i>	<u>24,161</u>
Net Position	
Restricted for Individuals, Organizations, and Other Governments	<u>-</u>
<i>Total Net Position</i>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

Brunswick City School District
Medina County, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2024

	Custodial
Additions	
Extracurricular Amounts Collected for OHSAA	<u>\$ 40,587</u>
Deductions	
Extracurricular Distributions to OHSAA	<u>40,587</u>
<i>Change in Net Position</i>	-
<i>Net Position Beginning of Year</i>	<u>-</u>
<i>Net Position End of Year</i>	<u>\$ -</u>

See accompanying notes to the basic financial statements.

Brunswick City School District
Medina County, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

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

Reporting Entity

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

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

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

Jointly Governed Organizations

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

Brunswick City School District
Medina County, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

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

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

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

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

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

Public Entity Risk Pools

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

Brunswick City School District

Medina County, Ohio

Notes to the Basic Financial Statements

For The Fiscal Year Ended June 30, 2024

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

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

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

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

Brunswick City School District
Medina County, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

Fund Accounting

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

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

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

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

Building Fund - The building fund is used to account for the receipts and expenditures related to all special bond funds in the district. All proceeds from the sale of bonds, notes, or certificates of indebtedness, except premium and accrued interest, must be paid into this fund. Expenditures recorded here represent the costs of acquiring capital facilities including real property.

Classroom Facilities Fund - the construction fund is used to account for monies received and expended in connection with contracts entered into by the School District and the Ohio School Facilities Commission for the building and equipping of classroom facilities.

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

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

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

Brunswick City School District
Medina County, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

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

Fiduciary funds present a statement of changes in fiduciary net position which reports additions and deductions from custodial funds.

Basis of Accounting

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

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

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

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

Brunswick City School District
Medina County, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

Deferred Inflows of Resources and Deferred Outflows of Resources - In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, for pension and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 11 and 12.

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 (including delinquencies), pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2024, but which were levied to finance fiscal year 2025 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue may include grants and entitlements and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 11 and 12).

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

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

Budgetary Data

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

Brunswick City School District
Medina County, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

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

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

Cash and Investments

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

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

During the year 2024, the School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For the fiscal year 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is appreciated. STAR Ohio reserves the right to limit the transaction to \$250 million per day.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2024 amounted to \$3,164,349, which includes \$442,996 assigned from other School District funds.

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

Brunswick City School District
Medina County, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2024 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

Inventory

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

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

Capital Assets

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

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

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

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

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

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The School District

Brunswick City School District
Medina County, Ohio
Notes to the Basic Financial Statements
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records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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

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

Pensions and Other Postemployment Benefits (OPEB)

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

Bond Premiums

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

Accrued Liabilities and Long-Term Obligations

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

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

Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment

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are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At June 30, 2024, there was no net position restricted by enabling legislation.

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

Fund Balance

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

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

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

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

Assigned – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In

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governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education. The Board of Education has by resolution authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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

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

Estimates

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

Implementation of New Accounting Principles

For the fiscal year ended June 30, 2024, the School District has implemented GASB Statement No. 100, *Accounting Changes and Error Corrections*.

GASB Statement No. 100 enhances accounting and financial reporting requirements for accounting changes and error corrections to provide a more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessment accountability. The implementation of GASB Statement No. 100 was incorporated into the financial statements of the School District.

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NOTE 3 – FUND BALANCE

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

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

	General	Bond Retirement	Bond Building Fund	Classroom Facilities	Other Governmental Funds	Total
Nonspendable for:						
Prepays	\$ 99,983	\$ -	\$ -	\$ -	\$ 1,895,813	\$ 1,995,796
Inventory	302,500	-	-	-	-	302,500
Long-Term Advances	136,180	-	-	-	-	136,180
Unclaimed Monies	6,625	-	-	-	-	6,625
Total Nonspendable	545,288	-	-	-	1,895,813	2,441,101
Restricted for:						
Capital Projects	-	-	35,943,521	73,104,631	5,535,400	114,583,552
Debt Service	-	11,335,046	-	-	-	11,335,046
Classroom Facilities Maintenance	-	-	-	-	3,410,384	3,410,384
Food Service	-	-	-	-	1,251,863	1,251,863
Federally Funded Programs	-	-	-	-	1,874	1,874
State Funded Programs	-	-	-	-	29,968	29,968
Athletics	-	-	-	-	786,913	786,913
Student Activities	-	-	-	-	275,527	275,527
Other Purposes	-	-	-	-	99,473	99,473
Total Restricted	-	11,335,046	35,943,521	73,104,631	11,391,402	131,774,600
Committed for:						
Capital Projects	-	-	-	-	1,994,830	1,994,830
Total Committed	-	-	-	-	1,994,830	1,994,830
Assigned for:						
Instruction	413,064	-	-	-	-	413,064
Support Services	1,195,789	-	-	-	-	1,195,789
Extracurricular	2,745	-	-	-	-	2,745
Other Purposes	6,850	-	-	-	-	6,850
Total Assigned	1,618,448	-	-	-	-	1,618,448
Unassigned	32,991,126	-	-	-	(130,496)	32,860,630
Total Fund Balance	\$ 35,154,862	\$ 11,335,046	\$ 35,943,521	\$ 73,104,631	\$ 15,151,549	\$ 170,689,609

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Fund balances at June 30, 2024 included the following individual fund deficits:

	<u>Deficit</u>
<i>Non-Major Governmental Funds</i>	
ESSER	\$ 8,778
Title VI-B	57,341
Title I	49,469
Drug Free	788
Preschool Handicapped	2,569
Improving Teacher Quality	<u>11,551</u>
Total	<u><u>\$ 130,496</u></u>

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

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than assigned or committed fund balance (GAAP basis).
4. Some funds are included in the general fund, (GAAP basis), but have separate legally adopted budgets (budget basis).

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

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GAAP Basis	\$ 9,533,966
Net Adjustment for Revenue Accruals	(97,831)
Net Adjustment for Expenditure Accruals	618,126
Funds Budgeted Elsewhere **	(2,188)
Adjustment for Encumbrances	<u>(1,760,870)</u>
Budget Basis	<u>\$ 8,291,203</u>

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

NOTE 5 – DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

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

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

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

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

Cash on Hand - At June 30, 2024, the School District had \$6,975 in undeposited cash on hand, which is included as part of "Equity in Pooled Cash and Investments."

Deposits - At year-end, \$1,241,202 of the School District's bank balance of \$1,491,202 was exposed to custodial credit risk. Although the securities were held by the pledging financial institutions' trust department in the School District's name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC. The School District's financial institutions participate in the Ohio Collateral System (OPCS) and was approved for a reduced collateral floor of 60 percent resulting in the uninsured and uncollateralized balance.

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

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

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

Cash in Segregated Accounts – Cash in segregated accounts consists of accounts the longevity fund for longevity payments to employees, bond premiums and funds held for construction.

Investments

As of June 30, 2024, the School District had the following investments:

S&P Global Ratings	Investment Type	Measurement Value	Investment Maturities			Percent of Total
			12 Months or Less	12 to 36 Months	More Than 36 Months	
Net Asset Value (NAV):						
AAAm	STAR Ohio	\$ 22,572,963	\$ 22,572,963	\$ -	\$ -	13.33%
N/A	Money Market	364,172	364,172	-	-	0.22%
Fair Value:						
AAA	Municipal Bonds	3,037,316	2,501,800	361,080	174,436	1.79%
AA+	FFCB	10,411,227	3,276,877	7,134,350	-	6.15%
AA+	FHLMC MTN	7,892,623	474,468	6,152,183	1,265,972	4.66%
AA+	FHLB	40,224,023	17,176,399	19,194,210	3,853,414	23.75%
AA+	US Treasury Note	14,989,076	2,641,176	9,479,226	2,868,674	8.85%
N/A	Negotiable Certificates of Deposit	18,936,791	6,283,098	12,166,711	486,982	11.18%
A-1	Commercial Paper	50,935,325	50,935,325	-	-	30.07%
Total Investments		\$ 169,363,516	\$ 106,226,278	\$ 54,487,760	\$ 8,649,478	100.00%

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The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District's recurring fair value measurements as of June 30, 2024. The School District's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

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

Credit Risk The School District's investments at June 30, 2024 are rated by S&P Global Ratings.

STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2024, is 47 days.

Concentration of Credit Risk The School District places no limit on the amount that may be invested in any one issuer. The table above includes the percentage total of each investment type held by the School District as of June 30, 2024.

NOTE 6 – PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2024 represents collections of calendar year 2023 taxes. Real property taxes received in calendar year 2024 were levied after April 1, 2023, on the assessed value listed as of January 1, 2023, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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Public utility property tax revenue received in calendar year 2024 represents collections of calendar year 2023 taxes. Public utility real and tangible personal property taxes received in calendar year 2024 became a lien December 31, 2022, were levied after April 1, 2023 and are collected in 2024 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Medina County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2024, are available to finance fiscal year 2024 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2024, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

The assessed values upon which the fiscal year 2024 taxes were collected are:

	2023 Second Half Collections		2024 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 1,584,547,110	98.30%	\$ 1,599,859,770	98.22%
Public Utility Personal Property	27,386,460	1.70%	28,989,760	1.78%
Total Assessed Values	\$ 1,611,933,570	100.00%	\$ 1,628,849,530	100.00%
Tax rate per \$1,000 of assessed valuation	\$ 68.07		\$ 68.07	

NOTE 7 – TAX ABATEMENTS

Under tax abatement agreements entered into by the City of Brunswick, the District's property tax revenues were reduced by \$1,097,520.

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NOTE 8 - RECEIVABLES

Receivables at June 30, 2024 consisted of taxes, interfund and intergovernmental. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the guarantee of federal funds. All current fiscal year receivables are expected to be collected within one year.

During 2007, the voters of Medina County passed a one-half percent sales tax to be used for capital improvements at all school districts within Medina County. Collection began in October 2007 for a period of 30 years. Vendor collections of the tax are paid to the State Treasurer by the twenty-third day of the month following collection. Sales tax is distributed to the school districts of Medina County based on what is essentially a per pupil distribution formula. A receivable is recognized at year end for an estimated amount to be received based on calendar year 2024 sales transactions yet to be received as of June 30, 2024.

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2024, was as follows:

	Balance 07/01/2023	Additions	Reductions	Balance 06/30/2024
Governmental Activities				
<i>Capital Assets, not being Depreciated/Amortized</i>				
Land	\$ 3,116,521	\$ -	\$ -	\$ 3,116,521
Construction in Progress	-	5,140,300	-	5,140,300
<i>Total Nondepreciable Capital Assets</i>	<u>3,116,521</u>	<u>5,140,300</u>	<u>-</u>	<u>8,256,821</u>
<i>Capital Assets, being Depreciated/Amortized</i>				
Land Improvements	10,129,678	-	(123,713)	10,005,965
Buildings and Improvements	109,682,055	75,229	(6,077,543)	103,679,741
Furniture and Equipment	6,210,449	187,114	(351,041)	6,046,522
Vehicles	7,061,183	77,552	-	7,138,735
Leased Equipment (intangible asset)	<u>347,337</u>	<u>-</u>	<u>-</u>	<u>347,337</u>
<i>Total Capital Assets, being Depreciated/Amortized</i>	<u>133,430,702</u>	<u>339,895</u>	<u>(6,552,297)</u>	<u>127,218,300</u>
<i>Less: Accumulated Depreciation/Amortization</i>				
Land Improvements	(2,279,649)	(236,622)	77,292	(2,438,979)
Buildings and Improvements	(28,091,140)	(1,271,637)	4,283,286	(25,079,491)
Furniture and Equipment	(4,475,137)	(292,725)	341,404	(4,426,458)
Vehicles	(4,808,489)	(392,029)	-	(5,200,518)
Leased Equipment (intangible asset)	<u>(166,722)</u>	<u>(83,361)</u>	<u>-</u>	<u>(250,083)</u>
<i>Total Accumulated Depreciation/Amortization</i>	<u>(39,821,137)</u>	<u>(2,276,374)</u>	<u>4,701,982</u>	<u>(37,395,529)</u>
<i>Total Capital Assets being Depreciated/Amortized, Net</i>	<u>93,609,565</u>	<u>(1,936,479)</u>	<u>(1,850,315)</u>	<u>89,822,771</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 96,726,086</u>	<u>\$ 3,203,821</u>	<u>\$ (1,850,315)</u>	<u>\$ 98,079,592</u>

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

	<u>Total</u>
Instruction:	
Regular	\$ 769,487
Special	96,134
Vocational	11,541
Support Services:	
Pupils	30,569
Instructional Staff	47,846
Administration	60,872
Fiscal	7,585
Business	88,562
Operation and Maintenance of Plant	376,297
Pupil Transportation	499,809
Central	1,124
Operation of Non-Instructional Services:	
Food Service Operations	100,011
Community Services	531
Extracurricular	<u>186,006</u>
Total Depreciation Expense	<u><u>\$ 2,276,374</u></u>

NOTE 10 – RISK MANAGEMENT

Property and Liability

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

For fiscal year 2024, the School District participated in the Ohio Schools Council's (OSC) property, fleet, and liability insurance program. The intent of the OSC property and fleet insurance program is to provide coverage that is essential for school districts while keeping premiums under control thru volume purchasing.

Workers' Compensation

For fiscal year 2024, the School District participated in the Northern Ohio Area Chamber of Commerce (NOAAC) Group Retrospective Rating Program (GRP), an insurance purchasing pool (Note 1). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers compensation experience of the participating school districts are calculated as one and a common premium rate is applied to all school in the GRP.

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

Employee Health Benefits

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

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

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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.

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

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

The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2024, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$1,513,878 for fiscal year 2024. Of this amount, \$117,972 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. 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, a one-time 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 one-time ad-hoc COLA of 1 percent 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. Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board’s actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system.

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Eligibility charges will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age.

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

The DC Plan allows members to place all their member contributions and 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 50 and after termination of employment.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2024 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2024, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$5,459,941 for fiscal year 2024. Of this amount, \$931,669 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.2644820%	0.28028357%	
Prior Measurement Date	0.2701074%	0.28282946%	
Change in Proportionate Share	<u>-0.0056254%</u>	<u>-0.00254589%</u>	
Proportionate Share of the Net			
Pension Liability	\$ 14,613,990	\$ 60,358,893	\$ 74,972,883
Pension Expense	\$ 950,229	\$ 4,252,987	\$ 5,203,216

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

At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$ 628,142	\$ 2,200,558	\$ 2,828,700
Net Difference between Projected and Actual Earnings on Pension Plan Investments	- 103,519	- 4,970,881	- 5,074,400
Changes of Assumptions	134,997	83,073	218,070
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	1,513,878	5,459,941	6,973,819
School District Contributions Subsequent to the Measurement Date	<u>\$ 2,380,536</u>	<u>\$ 12,714,453</u>	<u>\$ 15,094,989</u>
Total Deferred Outflows of Resources			
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ -	\$ 133,941	\$ 133,941
Net Difference between Projected and Actual Earnings on Pension Plan Investments	205,413	180,899	386,312
Changes of Assumptions	-	3,741,644	3,741,644
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	222,454	2,311,040	2,533,494
Total Deferred Inflows of Resources	<u>\$ 427,867</u>	<u>\$ 6,367,524</u>	<u>\$ 6,795,391</u>

\$6,973,819 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2025	\$ 168,792	\$ (1,447,056)	\$ (1,278,264)
2026	(631,110)	(3,027,827)	(3,658,937)
2027	890,224	5,840,428	6,730,652
2028	10,885	(478,557)	(467,672)
Total	<u>\$ 438,791</u>	<u>\$ 886,988</u>	<u>\$ 1,325,779</u>

Actuarial Assumptions - SERS

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

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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, 2023, and 2022 are presented below:

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 System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
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

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

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2023:

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>	
Cash	2.00 %	0.75	%
US Equity	24.75	4.82	
Non-US Equity Developed	13.50	5.19	
Non-US Equity Emerging	6.75	5.98	
Fixed Income/Global Bonds	19.00	2.24	
Private Equity	12.00	7.49	
Real Estate/Real Assets	17.00	3.70	
Private Debt/Private Credit	<u>5.00</u>	<u>5.64</u>	
Total	<u>100.00 %</u>		

Discount Rate The total pension liability for 2023 was calculated using the discount rate of 7.00 percent. The discount rate did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate of fiscal year 2023 was 14.00 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 2023 was 6.90 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 School District's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the School District's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 21,569,507	\$ 14,613,990	\$ 8,755,297

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023, and 2022, actuarial valuation, are presented below:

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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)	0.00 percent, effective July 1, 2017

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

Actuarial assumptions used in the June 30, 2023, valuation, were based on the results of the latest available actuarial experience study, which is for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

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

*Final target weights reflected at October 1, 2022.

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

Discount Rate. The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. 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, 2023.

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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:

	Current		
	1% Decrease	Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 92,818,617	\$ 60,358,893	\$ 32,906,847

Assumption and Benefit Changes Since the Prior Measurement Date Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015, through June 30, 2021.

NOTE 12 - DEFINED BENEFIT OPEB PLANS

See Note 11 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, 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 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.00 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.50 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the School District's surcharge obligation was \$183,969, which is reported as an intergovernmental payable. The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was equal to its surcharge obligation for fiscal year 2024.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. 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.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2024, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability (asset) was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

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	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.2724272%	0.28028357%	
Prior Measurement Date	0.2768720%	0.28282946%	
Change in Proportionate Share	<u>-0.0044448%</u>	<u>-0.00254589%</u>	
Proportionate Share of the Net OPEB Liability (Asset)	\$ 4,488,089	\$ (5,451,129)	
OPEB Expense	\$ (548,056)	\$ (309,687)	\$ (857,743)

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

At June 30, 2024, 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	\$ 9,351	\$ 8,498	\$ 17,849
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	34,783	9,730	44,513
Changes of Assumptions	1,517,556	803,029	2,320,585
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	85,289	48,439	133,728
School District Contributions Subsequent to the Measurement Date	183,969	-	183,969
Total Deferred Outflows of Resources	<u>\$ 1,830,948</u>	<u>\$ 869,696</u>	<u>\$ 2,700,644</u>

	SERS	STRS	Total
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 2,314,677	\$ 831,440	\$ 3,146,117
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	-	-	-
Changes of Assumptions	1,274,660	3,596,577	4,871,237
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	909,889	72,446	982,335
Total Deferred Inflows of Resources	<u>\$ 4,499,226</u>	<u>\$ 4,500,463</u>	<u>\$ 8,999,689</u>

\$183,969 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction/addition to the net OPEB liability/asset in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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Fiscal Year Ending June 30:	SERS	STRS	Total
2025	\$ (918,576)	\$ (1,598,846)	\$ (2,517,422)
2026	(822,190)	(766,855)	(1,589,045)
2027	(546,881)	(278,177)	(825,058)
2028	(304,689)	(378,752)	(683,441)
2029	(168,122)	(345,723)	(513,845)
Thereafter	<u>(91,789)</u>	<u>(262,414)</u>	<u>(354,203)</u>
Total	<u>\$ (2,852,247)</u>	<u>\$ (3,630,767)</u>	<u>\$ (6,483,014)</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, 2023, are presented below:

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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	2048
Municipal Bond Index Rate	
Measurement Date	3.86 percent
Prior Measurement Date	3.69 percent
Single Equivalent Interest Rate	
Measurement Date	4.27 percent
Prior Measurement Date	4.08 percent
Health Care Cost Trend Rate	
Medicare	5.125 to 4.40 percent
Pre-Medicare	6.75 to 4.40 percent
Medical Trend Assumption	
Measurement Date	6.75 to 4.40 percent
Prior Measurement Date	7.00 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 capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The 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, 2023:

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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	
Cash	2.00 %	0.75	%
US Equity	24.75	4.82	
Non-US Equity Developed	13.50	5.19	
Non-US Equity Emerging	6.75	5.98	
Fixed Income/Global Bonds	19.00	2.24	
Private Equity	12.00	7.49	
Real Estate/Real Assets	17.00	3.70	
Private Debt/Private Credit	5.00	5.64	
Total	<u>100.00 %</u>		

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2048 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, 2022, and the June 30, 2023, total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.86 percent at June 30, 2023, and 3.69 percent at June 30, 2022.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.27 percent) and higher (5.27 percent) than the current discount rate (4.27 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (5.75 percent decreasing to 3.40 percent) and higher (7.75 percent decreasing to 5.40 percent) than the current rate (6.75 percent decreasing to 4.40 percent).

	Current		
	1% Decrease	Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 5,737,061	\$ 4,488,089	\$ 3,503,223
	Current		
	1% Decrease	Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 3,297,244	\$ 4,488,089	\$ 6,066,120

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Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023, and 2022, actuarial valuation are presented below:

	June 30, 2023	June 30, 2022
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	3.00 percent	3.00 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 4.14 percent ultimate	7.50 percent initial 3.94 percent ultimate
Medicare	-10.94 percent initial 4.14 percent ultimate	-68.78 percent initial 3.94 percent ultimate
Prescription Drug		
Pre-Medicare	-11.95 percent initial 4.14 percent ultimate	9.00 percent initial 3.94 percent ultimate
Medicare	1.33 percent initial 4.14 percent ultimate	-5.47 percent initial 3.94 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, 2023, valuation is 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:

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

*Final target weights reflected at October 1, 2022.

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2023. 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, 2023. 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, 2023.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2023, 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.

	Current		
	1% Decrease	Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB (Asset)	\$ (4,613,667)	\$ (5,451,129)	\$ (6,180,469)
Current			
	1% Decrease	Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB (Asset)	\$ (6,214,313)	\$ (5,451,129)	\$ (4,531,885)

Benefit Term Changes Since the Prior Measurement Date Healthcare trends were updated to reflect emerging claims and recoveries experiences as well as benefit changes effective January 1, 2024.

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NOTE 13 – OTHER EMPLOYEE BENEFITS

Compensated Absences

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

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

Life Insurance

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

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NOTE 14 – LONG-TERM OBLIGATIONS

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

	Amount Outstanding 7/1/2023	Additions	Deductions	Amount Outstanding 06/30/2024	Due Within One Year
<i>General Obligation Bonds:</i>					
School Improvement Refunding - 2005					
Serial and Term Bonds	\$ 1,945,000	\$ -	\$ 445,000	\$ 1,500,000	\$ 475,000
Unamortized Premium	129,628	-	40,935	88,693	-
School Improvement Bonds Series 2018A					
Serial and Term Bonds	1,370,000	-	420,000	950,000	455,000
Unamortized Premium	102,176	-	34,059	68,117	-
School Improvement Bonds Series 2018B					
Serial and Term Bonds	9,495,000	-	70,000	9,425,000	75,000
School Improvement Refunding Bonds Series 2019A					
Serial and Term Bonds	28,775,000	-	1,065,000	27,710,000	1,830,000
Capital Appreciation Bonds	1,020,000	-	-	1,020,000	-
Accretion on Capital Appreciation Bonds	765,782	310,268	-	1,076,050	-
Unamortized Premium	3,931,428	-	148,356	3,783,072	-
School Improvement Refunding Bonds Series 2019B					
Serial and Term Bonds	725,000	-	725,000	-	-
Classroom Facilities and School Improvement Bonds Series 2023					
Serial and Term Bonds	-	101,420,000	-	101,420,000	5,000
Capital Appreciation Bonds	-	580,000	-	580,000	-
Accretion on Capital Appreciation Bonds	-	170,864	-	170,864	-
Unamortized Premium	-	12,613,006	336,347	12,276,659	-
<i>Total General Obligation Bonds</i>	<u>48,259,014</u>	<u>115,094,138</u>	<u>3,284,697</u>	<u>160,068,455</u>	<u>2,840,000</u>
<i>Direct Borrowing:</i>					
Certificate of Participation, Series 2010					
Taxable Qualified School Construction Bonds - (QSCB)	4,000,000	-	400,000	3,600,000	1,190,000
Certificate of Participation Refunding Series 2014					
9,295,000	-	780,000	8,515,000	15,000	
2020 Lease-Purchase	521,516	-	258,381	263,135	263,135
<i>Total Direct Borrowing</i>	<u>13,816,516</u>	<u>-</u>	<u>1,438,381</u>	<u>12,378,135</u>	<u>1,468,135</u>
Net Pension Liability	77,482,853	-	2,509,970	74,972,883	-
Net OPEB Liability	3,887,312	600,777	-	4,488,089	-
Compensated Absences	4,657,693	4,005,225	3,582,255	5,080,663	475,872
Lease Payable - Copiers	185,966	-	84,207	101,759	86,985
<i>Total Governmental Activities</i>	<u>\$148,289,354</u>	<u>\$119,700,140</u>	<u>\$ 10,899,510</u>	<u>\$ 257,089,984</u>	<u>\$4,870,992</u>

General obligation bonds will be paid from property taxes in the bond retirement fund and the certificates of participation will be paid from sales taxes in the sales tax fund. Compensated absences will be paid from the general fund and the food service fund. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the general fund. For additional information related to the net pension liability and net OPEB liability see Notes 11 and 12.

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2005 School Improvement Advance Refunding General Obligation Bonds

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

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

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

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

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

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

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

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

Redemption Date	Principal Amount	
	Subject to Mandatory	Redemption
December 1		
2024	\$	475,000
2025		500,000

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

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

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2018 School Improvement Bonds

Series 2018A

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

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

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

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

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

Series 2018B

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

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

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

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

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School Improvement Refunding General Obligation Bonds

Series 2019A

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

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

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

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

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

Series 2019B

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

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

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

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

Mandatory Redemption

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

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

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

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

Optional Redemption

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

School Improvement Bonds- Series 2023

On July 19, 2023, the School District issued \$102,000,000 classroom facilities and school improvement bonds, which included serial, term and capital appreciation bonds in the amount of \$13,205,000, \$88,215,000 and \$580,000, respectively. The bonds were issued for a 37.5 year period with final maturity at December 1, 2060.

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These bonds were issued with a premium of \$12,613,006, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The issuance costs of \$310,000 were expensed.

The capital appreciation bonds mature December 1, 2029, December 1, 2030, December 1, 2031, December 1, 2032, December 1, 2033, December 1, 2034, December 1, 2035, and December 1, 2036. These bonds were purchased at a discount at the time of issuance and at maturity all compounded interest is paid and the bond holder collects the face value. However, since interest is technically earned and compounded semiannually, the value of the bond increases. Therefore, as the value increases, the accretion is booked as principal liability.

The bonds maturing December 1, 2048, December 1, 2053 and December 1, 2060 are subject to mandatory sinking fund redemption at a price of 100 percent of the principal amount to be redeemed plus accrued interest to the date of redemption on December 1 in the years and in the respective principal amounts:

<u>2048 Term Bonds</u>		<u>2053 Term Bonds</u>	
Year	Amount	Year	Amount
2045	\$ 2,135,000	2050	\$ 2,615,000
2046	2,220,000	2051	5,115,000
2047	2,315,000	2052	5,385,000
2048	2,410,000	2053	5,665,000
2049	2,510,000	2054	5,965,000

<u>2060 Term Bonds</u>	
Year	Amount
2055	\$ 6,275,000
2056	6,620,000
2057	6,985,000
2058	7,370,000
2059	7,775,000
2060	8,200,000
2061	8,655,000

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Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2024 are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds		Capital Appreciation Bonds		Total	
	Principal	Interest	Principal	Accretion	Principal	Interest
2025	\$ 2,840,000	\$ 6,655,212	\$ -	\$ -	\$ 2,840,000	\$ 6,655,212
2026	2,950,000	6,541,935	-	-	2,950,000	6,541,935
2027	3,065,000	6,428,504	-	-	3,065,000	6,428,504
2028	1,665,000	6,341,404	-	-	1,665,000	6,341,404
2029	1,780,000	6,275,798	-	-	1,780,000	6,275,798
2030 - 2034	360,000	31,179,590	1,370,000	9,280,000	1,730,000	40,459,590
2035 - 2039	8,880,000	30,626,106	230,000	4,615,000	9,110,000	35,241,106
2040 - 2044	18,195,000	27,474,204	-	-	18,195,000	27,474,204
2045 - 2049	22,280,000	23,357,434	-	-	22,280,000	23,357,434
2050 - 2054	27,110,000	17,936,378	0	0	27,110,000	17,936,378
2055 - 2059	35,025,000	9,657,314	0	0	35,025,000	9,657,314
2060 - 2061	16,855,000	939,538	0	0	16,855,000	939,538
Total	\$ 141,005,000	\$ 173,413,417	\$ 1,600,000	\$ 13,895,000	\$ 142,605,000	\$ 187,308,417

2010 Certificates of Participation

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

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

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

Redemption Date	Principal Amount	
	Subject to Mandatory	Redemption
December 1		
2024	\$ 1,190,000	
2025		1,200,000

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

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

2014 Current Refunding Certificates of Participation

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

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

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

2020 Lease Purchase

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

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

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

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

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

Principal and interest requirements to retire the certificates of participation and lease purchases outstanding at June 30, 2024 are as follows:

Fiscal Year Ending June 30,	Certificate of Participation		Lease-Purchase		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 1,205,000	\$ 501,776	\$ 263,135	\$ 4,842	\$ 1,468,135	\$ 506,618
2026	1,215,000	425,125	-	-	1,215,000	425,125
2027	1,225,000	347,809	-	-	1,225,000	347,809
2028	1,240,000	287,287	-	-	1,240,000	287,287
2029	1,280,000	243,188	-	-	1,280,000	243,188
2030 - 2034	5,950,000	494,121	-	-	5,950,000	494,121
Total	\$ 12,115,000	\$ 2,299,306	\$ 263,135	\$ 4,842	\$ 12,378,135	\$ 2,304,148

Lease Payable

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

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

Fiscal Year Ending June 30,	<u>Lease Payable</u>	
	Principal	Interest
2025	\$ 86,985	\$ 2,019
2026	<u>14,774</u>	<u>60</u>
Total	<u><u>\$ 101,759</u></u>	<u><u>\$ 2,079</u></u>

NOTE 15 – INTERFUND ACTIVITY

Interfund Balances

Interfund balances at June 30, 2024, consist of the following:

	Interfund Receivable	Interfund Payable
General Fund	\$ 255,823	\$ -
<i>Nonmajor Governmental Funds:</i>		
ESSE	-	130,056
Title VI-B	-	74,247
Title III Fund	-	4,914
Title I	-	24,040
Title IV-A	-	5,304
ECSE	-	2,154
Title II-A	-	15,108
Total	<u><u>\$ 255,823</u></u>	<u><u>\$ 255,823</u></u>

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

Advances to/from Other Funds

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

Brunswick City School District
Medina County, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

NOTE 16 – SET ASIDES

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

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

	Capital Improvements Reserve
Set Aside Restricted Balance July 1, 2023	\$ -
Current Year Set Aside Requirement	1,313,974
Prior Year Offset from Bond Proceeds	<u>(1,313,974)</u>
Total	<u><u>\$ -</u></u>
Balance Carried Forward to Fiscal Year 2025	<u><u>\$ -</u></u>
Set Aside Restricted Balance June 30, 2024	<u><u>\$ -</u></u>

During fiscal year 2018 and fiscal year 2024, the School District issued \$46,525,000 and \$102,000,000, respectively, in capital related debt based on a building projects undertaken by the School District. Those proceeds may be used as qualifying offsets to reduce the capital acquisition to zero for future years. In fiscal year 2024, \$1,313,974 of qualifying proceeds were used to reduce the capital acquisition set-aside requirement to zero. At June 30, 2024, the School District still has \$139,503,006 in qualifying proceeds that may be used to reduce the set-aside requirement for future years.

NOTE 17 – CONTINGENCIES AND COMMITMENTS

Grants

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

Litigation

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

Brunswick City School District
Medina County, Ohio
Notes to the Basic Financial Statements
For The Fiscal Year Ended June 30, 2024

Encumbrance Commitments

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

<u>Fund</u>	<u>Amount</u>
General	\$ 1,764,846
Bond Retirement	1,000
Building Fund	2,816,542
Classroom Facilities	6,330,976
Nonmajor Governmental	<u>3,326,964</u>
	<u><u>\$ 14,240,328</u></u>

Contractual Commitments

As of June 30, 2024, the School District had outstanding contractual commitments for various projects were as follows:

Contract	Contract Amount	Expensed	Remaining Contract
New High School	\$ 7,371,035	\$ 2,521,473	\$ 4,849,562
High School Auditorium	630,722	230,094	400,628
High School Athletic Fields	136,850	52,828	84,022
New Board of Education	376,359	188,445	187,914
New Maintenance Facility	991,881	181,429	810,452
Applewood Elementary School Site Improvements	385,225	120,898	264,327
Kidder Elementary School Site Improvements	1,066,471	334,321	732,150
Old High School Abatement and Demolition	184,610	7,790	176,820
Towlsee Elementary School Abatement and Demolition	1,062,513	812,013	250,500
Willetts Middle School Abatement and Demolition	760,517	690,294	70,223
Old Maintenance Facility Abatement and Demolition Project	<u>30,920</u>	<u>715</u>	<u>30,205</u>
	<u><u>\$ 12,997,103</u></u>	<u><u>\$ 5,140,300</u></u>	<u><u>\$ 7,856,803</u></u>

Based on timing of when contracts are encumbered, contractual commitments identified above may or may not be included in the outstanding encumbrance commitments previously disclosed in this note.

REQUIRED SUPPLEMENTARY
INFORMATION

Brunswick City School District

Medina County, Ohio

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net Pension Liability

Last Ten Fiscal Years

	2024	2023	2022	2021	2020
<i>School Employees Retirement System (SERS)</i>					
School District's Proportion of the Net Pension Liability	0.2644820%	0.2701074%	0.2627676%	0.2973106%	0.3077601%
School District's Proportionate Share of the Net Pension Liability	\$ 14,613,990	\$ 14,609,509	\$ 9,695,362	\$ 19,664,749	\$ 18,413,826
School District's Covered Payroll	\$ 10,505,707	\$ 10,132,543	\$ 8,957,814	\$ 10,479,157	\$ 10,567,504
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	139.11%	144.18%	108.23%	187.66%	174.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.06%	75.82%	82.86%	68.55%	70.85%
<i>State Teachers Retirement System (STRS)</i>					
School District's Proportion of the Net Pension Liability	0.28028357%	0.28282946%	0.28721572%	0.29969103%	0.29750677%
School District's Proportionate Share of the Net Pension Liability	\$ 60,358,893	\$ 62,873,344	\$ 36,723,112	\$ 72,514,566	\$ 65,791,834
School District's Covered Payroll	\$ 38,149,993	\$ 37,081,607	\$ 35,253,679	\$ 36,306,507	\$ 35,056,864
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	158.21%	169.55%	104.17%	199.73%	187.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.02%	78.90%	87.80%	75.50%	77.40%

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

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

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

	2024	2023	2022	2021	2020
<i>School Employees Retirement System (SERS)</i>					
Contractually Required Contribution	\$ 1,513,878	\$ 1,470,799	\$ 1,418,556	\$ 1,254,094	\$ 1,467,082
Contributions in Relation to the Contractually Required Contribution	<u>(1,513,878)</u>	<u>(1,470,799)</u>	<u>(1,418,556)</u>	<u>(1,254,094)</u>	<u>(1,467,082)</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>				
School District's Covered Payroll	\$ 10,813,414	\$ 10,505,707	\$ 10,132,543	\$ 8,957,814	\$ 10,479,157
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%
<i>State Teachers Retirement System (STRS)</i>					
Contractually Required Contribution	\$ 5,459,941	\$ 5,340,999	\$ 5,191,425	\$ 4,935,515	\$ 5,082,911
Contributions in Relation to the Contractually Required Contribution	<u>(5,459,941)</u>	<u>(5,340,999)</u>	<u>(5,191,425)</u>	<u>(4,935,515)</u>	<u>(5,082,911)</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>				
School District's Covered Payroll	\$ 38,999,579	\$ 38,149,993	\$ 37,081,607	\$ 35,253,679	\$ 36,306,507
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%

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

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

	2024	2023	2022	2021	2020
<i>School Employees Retirement System (SERS)</i>					
School District's Proportion of the Net OPEB Liability	0.2724272%	0.2768720%	0.2711242%	0.3004710%	0.3157910%
School District's Proportionate Share of the Net OPEB Liability	\$ 4,488,089	\$ 3,887,312	\$ 5,131,248	\$ 6,530,207	\$ 7,941,469
School District's Covered Payroll	\$ 10,505,707	\$ 10,132,543	\$ 8,957,814	\$ 10,479,157	\$ 10,567,504
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	42.72%	38.36%	57.28%	62.32%	75.15%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.02%	30.34%	24.08%	18.17%	15.57%
<i>State Teachers Retirement System (STRS)</i>					
School District's Proportion of the Net OPEB Liability (Asset)	0.28028357%	0.28282946%	0.28721572%	0.29969100%	0.29750700%
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (5,451,129)	\$ (7,323,397)	\$ (6,055,714)	\$ (5,267,063)	\$ (4,927,430)
School District's Covered Payroll	\$ 38,149,993	\$ 37,081,607	\$ 35,253,679	\$ 36,306,507	\$ 35,056,864
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-14.29%	-19.75%	-17.18%	-14.51%	-14.06%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	168.52%	230.73%	174.73%	182.10%	174.70%

(1) Information prior to 2017 is not available.

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

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

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

	2024	2023	2022	2021	2020
<i>School Employees Retirement System (SERS)</i>					
Contractually Required Contribution (1)	\$ 183,969	\$ 200,630	\$ 184,315	\$ 174,988	\$ 154,964
Contributions in Relation to the Contractually Required Contribution	<u>(183,969)</u>	<u>(200,630)</u>	<u>(184,315)</u>	<u>(174,988)</u>	<u>(154,964)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>				
School District's Covered Payroll	\$ 10,813,414	\$ 10,505,707	\$ 10,132,543	\$ 8,957,814	\$ 10,479,157
OPEB Contributions as a Percentage of Covered Payroll (1)	1.70%	1.91%	1.82%	1.95%	1.48%
<i>State Teachers Retirement System (STRS)</i>					
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	<u>\$ -</u>				
Contribution Deficiency (Excess)	<u>\$ -</u>				
School District's Covered Payroll	\$ 38,999,579	\$ 38,149,993	\$ 37,081,607	\$ 35,253,679	\$ 36,306,507
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

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

Brunswick City School District
Medina County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

NOTE 1 - NET PENSION LIABILITY

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

Changes in Assumptions - SERS

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:

	<u>Fiscal Year 2022</u>	<u>Fiscal Years 2021-2017</u>	<u>Fiscal Years 2016 and Prior</u>
Wage Inflation	2.40%	3.00%	3.25%
Future Salary Increases, including inflation	3.25% to 13.58%	3.50% to 18.20%	4.00% to 22.00%
Investment Rate of Return	7.00% net of system expenses	7.50% net of investment expenses, including inflation	7.75% net of investment expenses, including inflation

Beginning in 2022, amounts reported use mortality rates 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. Future improvement in mortality rates is reflected by applying the MP2020 projection scale generationally.

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.

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 Benefit Terms - SERS

For fiscal year 2022, COLA were increased from 2.00 percent to 2.50 percent.

For fiscal year 2021, COLA were reduced from 2.50 percent to 2.00 percent.

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

Brunswick City School District
Medina County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

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:

	<u>Fiscal Years 2022 and 2023</u>	<u>Fiscal Years 2021-2018</u>	<u>Fiscal Years 2017 and Prior</u>
Inflation	2.50%	2.50%	2.75%
Projected Salary Increases	From 2.50% to 12.50% based on age	From 12.50% at age 20 to 2.50% at age 65	From 12.25% at age 20 to 2.75% at age 70
Investment Rate of Return, net of investment expenses, including inflation	7.00%	7.45%	7.75%
Payroll Increases	3.00%	3.00%	3.50%

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 Disabled 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 RP2014 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.

Changes in Benefit Terms - STRS

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.

For fiscal year 2018, the COLA was reduced to zero.

Fiscal year 2017 and prior, COLA was 2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013 or later, 2 percent COLA commences on fifth anniversary of retirement date

Brunswick City School District
Medina County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

NOTE 2 - NET OPEB LIABILITY (ASSET)

Changes in Assumptions – SERS

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:

	<u>Fiscal Years 2023 and 2022</u>	<u>Fiscal Years 2021-2017</u>
Inflation	2.40%	3.00%
Future Salary Increases, including inflation	3.25% to 13.58%	3.50% to 18.20%
Investment Rate of Return, net of investment expenses, including inflation	7.00%	7.50%

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

<u>Assumption</u>	<u>Fiscal Year</u>							
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Municipal Bond Index Rate	3.86%	3.69%	1.92%	2.45%	3.13%	3.62%	3.56%	2.92%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	4.27%	4.08%	2.27%	2.63%	3.22%	3.70%	3.63%	2.98%

Changes in Assumptions – STRS

For fiscal year 2023, the projected salary increases were changed from age based (2.5 percent to 12.50 percent) to service based (2.5 percent to 8.5 percent).

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

Brunswick City School District
Medina County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

Changes in Benefit Terms – STRS

Effective January 1, 2024, Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes.

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

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 calendar year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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

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

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

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

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**BRUNSWICK CITY SCHOOL DISTRICT
MEDINA COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/ Pass Through Grantor/ Program Title	Federal Assistance Listing Number	Receipts	Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through the Ohio Department of Education and Workforce:</i>			
<u>Child Nutrition Cluster:</u>			
School Breakfast Program	10.553	\$124,809	\$124,809
National School Lunch Program	10.555	785,343	785,343
COVID-19 USDA NP SCAF (Round II)		-	133,689
COVID-19 USDA NP SCAF (Round III)		154,798	54,907
COVID-19 USDA NP SCAF (Round IV)		2,873	-
National School Lunch Program- Non-Cash Assistance		146,648	146,648
Total National School Lunch Program	1,089,662		1,120,587
Total Child Nutrition Cluster		1,214,471	1,245,396
TOTAL U.S. DEPARTMENT OF AGRICULTURE		1,214,471	1,245,396
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through the Ohio Department of Education and Workforce:</i>			
<u>Special Education Cluster:</u>			
Special Education - Grants to States	84.027	1,414,240	1,488,488
		175,886	134,359
COVID-19 Special Education - Grants to States	84.027X	67,604	28,812
Total Special Education - Grants to States		1,657,730	1,651,659
Special Education - Preschool Grants	84.173	28,562	30,715
		3,919	3,136
COVID-19 Special Education - Preschool Grants	84.173X	3,142	2,500
Total Special Education - Preschool Grants		35,623	36,351
Total Special Education Cluster		1,693,353	1,688,010
Title I Grants to Local Educational Agencies	84.010	477,398	501,438
		99,801	79,404
Total Title I Grants to Local Educational Agencies		577,199	580,842
Student Support and Academic Enrichment Program	84.424	49,133	54,437
		4,000	4,000
Total Student Support and Academic Enrichment Program		53,133	58,437
Supporting Effective Instruction State Grants	84.367	113,886	128,994
		33,691	21,308
Total Supporting Effective Instruction State Grants		147,577	150,302
English Language Acquisition State Grants	84.365	6,655	11,569
		3,115	287
Total English Language Acquisition State Grants		9,770	11,856
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425D	59,018	43,889
	84.425U	320,682	309,975
	84.425W	8,498	8,498
Total COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER)		388,198	362,362
TOTAL U.S. DEPARTMENT OF EDUCATION		2,869,230	2,851,809
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through the Ohio Facilities Construction Commission:</i>			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds-OH K-12 School Safety	21.027	-	211,806
TOTAL U.S. DEPARTMENT OF TREASURY		-	211,806
TOTAL		\$4,083,701	\$4,309,011

The accompanying notes are an integral part of this schedule.

**BRUNSWICK CITY SCHOOL DISTRICT
MEDINA COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE A – BASIS OF PRESENTATION

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) includes the federal award activity of Brunswick City School District (the District) under programs of the federal government for the year ended June 30, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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



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Columbus, Ohio 43215
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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brunswick City School District, Medina County, Ohio (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 19, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Brunswick City School District
Medina County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *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.



Keith Faber
Auditor of State
Columbus, Ohio

March 19, 2025



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

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

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Brunswick City School District's, Medina County, Ohio (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Brunswick City School District's major federal program for the year ended June 30, 2024. Brunswick City School District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Brunswick City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2024.

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.

Brunswick City School District

Medina 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

Page 3

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

March 19, 2025

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BRUNSWICK CITY SCHOOL DISTRICT
MEDINA COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2024

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

4. OTHER – FINDINGS FOR RECOVERY

In addition, we identified the following other issue related to a Finding for Recovery. This issue did not impact our GAGAS or Single Audit Compliance and Controls reports.

FINDING NUMBER 2024-001

Finding for Recovery Resolved Under Audit

The Negotiated Agreement between the Board of Education of Brunswick City School District and the Brunswick Educational Support Professionals Association/OEA/NEA, Article 19.09 states employees shall annually be issued a written employment notice containing the following information:

1. Date of initial employment/system seniority date
2. Hourly rate of pay
3. Classification/classification seniority date
4. Usual hours per day or usual hours per week

Due to a clerical error, the District paid Sumaya Claridge, Special Education Paraprofessional Bus Aide, a higher hourly rate than the rate stated on her Notice of Salary for school year 2023-24. This error resulted in an overpayment of \$3,336.42.

In accordance with the above facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Sumaya Claridge in the amount of \$3,336.42 and in favor of Brunswick City School District's General Fund in the amount of \$3,336.42.

The District and Ms. Claridge signed an agreement for repayment of the Finding on December 10, 2024 for \$139.02 to be deducted from her pay for 24 consecutive pays, beginning on January 15, 2025. As of March 19, 2025, \$695.10 has been repaid to the General Fund.

The District should implement procedures to ensure individuals are compensated based upon the correct pay rates in accordance with the appropriate salary schedule, employment contract, and/or collective bargaining agreement.

Officials' Response: The District has entered into a repayment agreement to satisfy the liability. The District has strengthened its processes to mitigate future risk on this type of issue.

OHIO AUDITOR OF STATE KEITH FABER



BRUNSWICK CITY SCHOOL DISTRICT

MEDINA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/27/2025

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