

MEDINA CITY SCHOOL DISTRICT

MEDINA COUNTY, OHIO

SINGLE AUDIT

For the Year Ended June 30, 2023



OHIO AUDITOR OF STATE
KEITH FABER



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Board of Education
Medina City School District
739 Weymouth Road
Medina, Ohio 44256

We have reviewed the *Independent Auditor's Report* of the Medina City School District, Medina County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2022 through June 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

April 05, 2024

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MEDINA COUNTY
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INDEPENDENT AUDITOR'S REPORT

Medina City School District
Medina County
739 Weymouth Road
Medina, Ohio 44256

To the Board of Education:

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2024, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
March 12, 2024

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

The discussion and analysis of Medina City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the financial statements and notes to those respective statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2023 are as follows:

- Governmental revenues totaled \$104,576,274, an increase from the prior fiscal year. The increase is attributable to general revenues. The increase in general revenues was mainly due to increased property tax and investment earnings during the fiscal year 2023.
- Governmental expenses totaled \$102,378,967, which was a increase from the prior fiscal year, primarily due to changes in the net pension liability. The change was caused by changes in assumptions from the prior fiscal year.
- Instructional expenses made up 62.6 percent of this total while support services accounted for 30.0 percent. Other expenses rounded out the remaining 7.4 percent.
- The School District's capital assets decreased by \$583,640 from the prior fiscal year. This decrease was the result of annual depreciation exceeding the purchase of new assets, which consisted of building improvements, roof replacements, paving projects, and equipment.
- Outstanding certificates of participation and general obligation bonded debt decreased from \$50,030,018 in fiscal year 2022 to \$45,081,113 in fiscal year 2023 due to paying down debt and having no new issuances in fiscal year 2023.

Using this Annual Financial Report

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

The statement of net position and the statement of activities provide information about the activities of the whole School District, presenting both an aggregate and longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements explain how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of Medina City School District, the general fund and the bond retirement fund are the most significant funds.

Medina City School District
Management's Discussion and Analysis
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Unaudited

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question, “How did we do financially during fiscal year 2023?” The statement of net position and the statement of activities answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources except fiduciary funds using the accrual basis of accounting, similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current fiscal year’s revenues and expenses regardless of when cash is received or paid.

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

In the statement of net position and the statement of activities, the School District is divided into two major activities:

- *Governmental Activities* – Most of the School District’s programs and services are reported here including instruction, support services, operation of non-instructional services, extracurricular activities and general administration.
- *Business-Type Activities* – These services are provided on a fee basis to recover all of the expenses of the goods or services provided. The School District’s business-type activities are the transportation and System to Achieve Results for Students (STARS) enterprise funds.

Reporting the School District’s Most Significant Funds

The analysis of the School District’s major funds begins on page 11. 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 fund and the bond retirement fund.

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

Medina City School District
Management's Discussion and Analysis
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Proprietary Funds The School District maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The School District uses enterprise funds to account for monies received from outside districts for repair work done to their vehicles and monies received for elementary school student supplies. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the School District's programs. These funds use the accrual basis of accounting.

The School District as a Whole

You may recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for fiscal years 2023 and 2022:

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	Restated 2022	2023	2022	2023	Restated 2022
Assets						
Current and Other Assets	\$123,465,530	\$128,675,311	\$168,623	\$109,036	\$123,634,153	\$128,784,347
Net OPEB Asset	9,065,461	7,544,655	0	0	9,065,461	7,544,655
Capital Assets, Net	81,705,637	82,289,277	0	0	81,705,637	82,289,277
Total Assets	214,236,628	218,509,243	168,623	109,036	214,405,251	218,618,279
Deferred Outflows of Resources						
Deferred Charges on Refunding	2,743,519	3,016,220	0	0	2,743,519	3,016,220
Pension	22,833,703	24,310,890	0	0	22,833,703	24,310,890
OPEB	1,940,625	2,416,026	0	0	1,940,625	2,416,026
Total Deferred Outflows of Resources	27,517,847	29,743,136	0	0	27,517,847	29,743,136
Liabilities						
Current and Other Liabilities	10,291,872	14,126,097	0	203	10,291,872	14,126,300
Long-Term Liabilities:						
Due Within One Year	5,618,597	5,643,106	0	0	5,618,597	5,643,106
Due in More than One Year:						
Net Pension Liability	94,576,339	57,706,139	0	0	94,576,339	57,706,139
Net OPEB Liability	4,453,050	6,328,906	0	0	4,453,050	6,328,906
Other Amounts	54,962,125	58,100,814	0	0	54,962,125	58,100,814
Total Liabilities	169,901,983	141,905,062	0	203	169,901,983	141,905,265
Deferred Inflows of Resources						
Property Taxes	53,298,272	53,883,315	0	0	53,298,272	53,883,315
Leases	374,233	386,433	0	0	374,233	386,433
Pension	9,708,331	46,479,527	0	0	9,708,331	46,479,527
OPEB	13,323,114	12,646,807	0	0	13,323,114	12,646,807
Total Deferred Inflows of Resources	76,703,950	113,396,082	0	0	76,703,950	113,396,082
Net Position						
Net Investment in Capital Assets	37,611,574	33,268,565	0	0	37,611,574	33,268,565
Restricted:						
Debt Service	3,965,665	3,824,912	0	0	3,965,665	3,824,912
Capital Projects	6,835,640	6,300,987	0	0	6,835,640	6,300,987
Other Purposes	4,115,805	2,091,802	0	0	4,115,805	2,091,802
Unrestricted (Deficit)	(57,380,142)	(52,535,031)	168,623	108,833	(57,211,519)	(52,426,198)
Total Net Position	(\$4,851,458)	(\$7,048,765)	\$168,623	\$108,833	(\$4,682,835)	(\$6,939,932)

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The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2023. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange; however, the School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained previously, 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 liabilities section of the statement of net position.

Total governmental assets decreased during fiscal year 2023. The decrease can be attributed to decreases in equity in pooled cash and cash equivalents and capital assets. The decrease in cash and cash equivalents is the result of paying down long-term debt obligations and a net increase in cost of services for fiscal year 2023. The decrease in capital assets was the result of annual depreciation and deletions exceeding the purchase of new assets.

Total governmental liabilities increased during fiscal year 2023. This increase was primarily due to an increase in the net pension liability, however the increase in net pension liability is partially offset by the decreases in long term debt obligations and accrued wages and benefits liabilities.

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

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

Table 2 shows total revenues, expenses and changes in net position for fiscal years 2023 and 2022:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charges for Services	\$4,362,949	\$2,844,561	\$70,887	\$39,156	\$4,433,836	\$2,883,717
Operating Grants and Contributions	8,736,458	10,745,060	0	0	8,736,458	10,745,060
Capital Grants and Contributions	296,913	5,073	0	0	296,913	5,073
Total Program Revenues	13,396,320	13,594,694	70,887	39,156	13,467,207	13,633,850
General Revenues:						
Property Taxes	62,397,134	58,123,967	0	0	62,397,134	58,123,967
Grants and Entitlements, not Restricted	22,480,016	23,248,026	0	0	22,480,016	23,248,026
Grants Restricted for Permanent Improvements	4,427,213	4,132,350	0	0	4,427,213	4,132,350
Investment Earnings/Interest	1,091,883	(1,685,673)	0	0	1,091,883	(1,685,673)
Miscellaneous	783,708	673,916	25,455	20,766	809,163	694,682
Total General Revenues	91,179,954	84,492,586	25,455	20,766	91,205,409	84,513,352
Total Revenues	104,576,274	98,087,280	96,342	59,922	104,672,616	98,147,202
Program Expenses						
Instruction:						
Regular	46,641,455	41,456,294	0	0	46,641,455	41,456,294
Special	16,133,392	14,457,302	0	0	16,133,392	14,457,302
Special - External Portion	921,343	782,464	0	0	921,343	782,464
Vocational	328,888	326,151	0	0	328,888	326,151
Student Intervention Services	29,435	62,271	0	0	29,435	62,271
Support Services:						
Pupils	6,834,083	5,810,668	0	0	6,834,083	5,810,668
Instructional Staff	1,755,423	1,803,288	0	0	1,755,423	1,803,288
Board of Education	195,047	157,668	0	0	195,047	157,668
Administration	6,215,656	6,006,094	0	0	6,215,656	6,006,094
Fiscal	1,595,097	1,731,923	0	0	1,595,097	1,731,923
Business	224,783	369,702	0	0	224,783	369,702
Operation and Maintenance of Plant	9,030,043	8,965,918	0	0	9,030,043	8,965,918
Pupil Transportation	4,519,055	4,109,227	0	0	4,519,055	4,109,227
Central	408,915	434,462	0	0	408,915	434,462
Operation of Non-Instructional Services	858,449	856,633	0	0	858,449	856,633
Food Service Operations	2,541,233	3,139,187	0	0	2,541,233	3,139,187
Extracurricular Activities	2,523,611	1,846,385	0	0	2,523,611	1,846,385
Interest	1,623,059	1,830,085	0	0	1,623,059	1,830,085
Business-Type Activities	0	0	36,552	32,807	36,552	32,807
Total Program Expenses	102,378,967	94,145,722	36,552	32,807	102,415,519	94,178,529
Change in Net Position	2,197,307	3,941,558	59,790	27,115	2,257,097	3,968,673
Net Position Beginning of Year - Restated	(7,048,765)	(10,990,323)	108,833	81,718	(6,939,932)	(10,908,605)
Net Position End of Year	(\$4,851,458)	(\$7,048,765)	\$168,623	\$108,833	(\$4,682,835)	(\$6,939,932)

Medina City School District
Management's Discussion and Analysis
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Unaudited

The vast majority of revenue supporting all governmental activities is general revenue. General revenue increased from the prior fiscal year due to increases in property tax revenue and investment earnings. The increase in property taxes was primarily due to the amount available as an advance from the County being higher in fiscal year 2023. The increase in investment earnings was due to the fair value adjustment for investments. The remaining amount of revenue received was in the form of program revenues.

Governmental Activities

The School District carefully tracks its revenues and expenses in order to avoid creating a deficit. Although the School District relies heavily upon local property taxes to support its operations, the School District relies upon and actively solicits and receives additional grant and entitlement funding to help offset some operating costs.

As one can see, the majority of the School District's expenses are used towards instructional purposes. Additional expenses include support services, such as pupils, instructional staff, general administration, maintenance, and pupil transportation; community services; food services; numerous extracurricular activities; and interest and fiscal charges.

The statement of activities shows the total net cost of program services. Table 3 shows the total cost of services for governmental activities and the net cost of those services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Governmental Activities

	Total Cost of Services in 2023	Net Cost of Services in 2023	Total Cost of Services in 2022	Net Cost of Services in 2022
Instruction:				
Regular	\$46,641,455	(\$45,597,266)	\$41,456,294	(\$40,133,687)
Special	16,133,392	(12,787,329)	14,457,302	(11,267,725)
Special - External Portion	921,343	0	782,464	0
Vocational	328,888	(313,132)	326,151	(306,563)
Student Intervention Services	29,435	(28,853)	62,271	(41,107)
Support Services:				
Pupils	6,834,083	(6,418,106)	5,810,668	(5,598,974)
Instructional Staff	1,755,423	(1,550,473)	1,803,288	(1,588,018)
Board of Education	195,047	(194,490)	157,668	(157,180)
Administration	6,215,656	(6,034,943)	6,006,094	(5,720,976)
Fiscal	1,595,097	(1,590,616)	1,731,923	(1,726,545)
Business	224,783	(155,161)	369,702	(368,602)
Operation and Maintenance of Plant	9,030,043	(7,430,567)	8,965,918	(8,146,767)
Pupil Transportation	4,519,055	(4,112,322)	4,109,227	(3,861,841)
Central	408,915	(384,159)	434,462	(412,506)
Operating of Non-Instructional Service	858,449	61,201	856,633	(46,590)
Food Service Operations	2,541,233	277,167	3,139,187	1,272,952
Extracurricular Activities	2,523,611	(1,100,539)	1,846,385	(616,814)
Interest	1,623,059	(1,623,059)	1,830,085	(1,830,085)
Total Expenses	<u>\$102,378,967</u>	<u>(\$88,982,647)</u>	<u>\$94,145,722</u>	<u>(\$80,551,028)</u>

As one can see, the reliance upon local tax revenues for governmental activities is crucial.

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

Business-Type Activities

Business-type activities include the transportation and STARS enterprise funds. Fiscal year 2011 and 2016 were the first years for these funds, respectively. The purpose of the transportation fund is to account for monies received from outside school districts for repair work done to their vehicles and the purpose of the STARS fund is to account for monies received for elementary school students who are paying for STARS testing supplies.

School District's Funds

Information regarding the School District's major funds can be found beginning on page 18. These funds are accounted for using the modified accrual basis of accounting.

The fund balance of the general fund decreased again in fiscal year 2023 as expenditures continued to exceed revenues, despite expenditures that were comparable to the prior fiscal year and an increase in revenues. The increase of revenues was due to a significant increase to property tax revenues and investment earnings.

The bond retirement fund saw a slight increase in fund balance from the prior year due to an increase in property tax revenues.

General Fund Budgeting Highlights

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

During the course of fiscal year 2023, the School District amended its general fund budget several times. The School District uses a site-based style of budgeting and has in place systems that are designed to tightly control expenditures but provide flexibility for site-based decision and management.

For the general fund, the final budget basis revenue estimates were higher than original budget basis revenue estimates. Actual revenues were slightly higher than estimated revenues due to higher than expected intergovernmental revenues. The final budgeted expenditures also were slightly higher than the original budgeted expenditures. Actual expenditures were lower than final budgeted expenditures due to lower than expected instruction expenditures.

Capital Assets and Debt Administration

Capital Assets

All capital assets, except land and construction in progress, are reported net of depreciation/amortization. During the fiscal year, capital assets decreased due to annual depreciation outpacing the purchase of new assets, which mainly consisted of building improvements, roof replacements, paving projects, and equipment. For more information on capital assets refer to Note 10 of the basic financial statements.

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

Debt

During the fiscal year, outstanding debt decreased due to paying down certificates of participation and general obligation bonds.

The 2015 refunding certificates of participation (COPs) were issued to advance refund a portion of the 2008 COPs. This debt will be fully repaid in fiscal year 2038.

The 2012 refunding bonds were issued to pay down the 2007 energy conservation note and the transportation facilities note. This debt will be fully repaid in fiscal year 2023.

The 2013 refunding bonds were issued to refund a portion of the 2005 refunding bonds. This debt will be fully repaid in fiscal year 2028.

The 2016 refunding bonds were issued to refund the 2005 refunding bonds. This debt will be fully repaid in fiscal year 2029.

The School District's overall legal debt margin was \$151,791,906 with an unvoted debt margin of \$1,894,215. The School District maintains an Aa2 bond rating. For more information on debt, refer to Note 11 of the basic financial statements.

In addition to the long-term debt, the School District's long-term obligations include net pension liability, net OPEB liability, financed purchases, leases, and compensated absences. Additional information for these items can be found in Notes 11, 22, and 23.

School District Outlook

The Board of Education and administration closely monitor the School District's revenues and expenditures in accordance with its financial forecast and Strategic Plan. The School District presented a new Strategic Plan to the Board of Education in the spring of 2022. Implementation of the new full Strategic Plan will take place over the next three years including additional programming for students of the School District.

The financial future of the School District is not without its challenges. These challenges are internal and external in nature. The internal challenges will continue to exist, as the School District must rely heavily on local property taxes to fund its operations. External challenges continue to evolve as the State of Ohio continues to put forth new legislation with the ultimate goal of reducing funding for school districts. During the last biennium, the State provided a new funding formula for school districts in Ohio. This new formula has not been fully funded to date as State legislators have repeatedly stated the cost will be too high for the State to fund; however, these same State legislators have put forward unlimited funding for charter/community/private schools to accept voucher payments provided by the State. To date, these payments have already exceeded the estimate of the second year in the current biennium. These external challenges have had/will have an impact on funding and the funding formula for all Ohio public school districts.

Reductions have been implemented in the past to maintain a positive unencumbered balance for future fiscal years. The passage of the 5.9 mill five-year emergency levy in 2013 allowed the School District to continue current operations and add needed educational programming and transportation. The passage of the 5.20 mill Substitute Levy in May of 2018 has allowed the School District to further implement the Strategic Plan while not increasing cost to taxpayers.

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

Although the School District relies heavily on its property taxpayers to support its operations, the community support for the School District is quite strong. The School District has communicated to the community its reliance upon their tax support for the majority of its operations and will continue to work diligently to plan expenditures, staying carefully within the School District's five-year forecast. The community also realizes that the income generated by local levies remains relatively constant; therefore, forcing the School District to come back to the voters from time to time to ask for additional support.

In May of 2007, Medina County voters passed a countywide 30-year, 0.5 percent sales tax to pay for school permanent improvements. The tax is allocated among the public schools within the County based upon their number of students. The allocation for Medina City School District for calendar year 2023 was \$4 million. Medina County is the only county in Ohio that has levied a sales tax for school districts.

During 2019, Governor DeWine began a new school district funding formula. This formula kept the basic funding from fiscal year 2019 and added aid for Student Wellness and Success in fiscal year 2020. The funding for school districts in Ohio has been frozen to fiscal year 2019. The State passed a new funding formula in 2021. This new formula relies on ADM, valuation of a school district, and/or average wealth of the school district. The new funding formula will not be fully phased-in. In 2023, State legislators updated inputs for the new formula to 2021 levels. At the time, they claimed the State could not afford to completely fund public school districts based upon the new funding formula. Since this statement, legislators have enacted increases in voucher payments and eligibility for those receiving a voucher without regard to State affordability.

Regardless of funding levels, the School District's management will continue to carefully and prudently plan to provide effective and efficient programs and services to meet the needs of our students over the next several fiscal years.

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 David Chambers, Treasurer, at Medina City School District, 739 Weymouth Road, Medina, Ohio 44256, or email at chambersd@medinabees.org.

Basic Financial Statements

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

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$56,551,754	\$168,623	\$56,720,377
Cash and Cash Equivalents With Fiscal Agents	73,006	0	73,006
Inventory Held for Resale	88,688	0	88,688
Materials and Supplies Inventory	99,934	0	99,934
Accrued Interest Receivable	78,683	0	78,683
Accounts Receivable	48,405	0	48,405
Intergovernmental Receivable	4,712,811	0	4,712,811
Property Taxes Receivable	61,452,249	0	61,452,249
Lease Receivable	360,000	0	360,000
Net OPEB Asset (See Note 23)	9,065,461	0	9,065,461
Nondepreciable Capital Assets	5,790,453	0	5,790,453
Depreciable Capital Assets, Net	75,915,184	0	75,915,184
<i>Total Assets</i>	<u>214,236,628</u>	<u>168,623</u>	<u>214,405,251</u>
Deferred Outflows of Resources			
Deferred Charges on Refunding	2,743,519	0	2,743,519
Pension	22,833,703	0	22,833,703
OPEB	1,940,625	0	1,940,625
<i>Total Deferred Outflows of Resources</i>	<u>27,517,847</u>	<u>0</u>	<u>27,517,847</u>
Liabilities			
Accounts Payable	370,572	0	370,572
Accrued Wages and Benefits	5,995,411	0	5,995,411
Contracts Payable	411,449	0	411,449
Intergovernmental Payable	1,854,516	0	1,854,516
Payroll Withholdings	371,265	0	371,265
Accrued Interest Payable	137,063	0	137,063
Matured Compensated Absences Payable	263,975	0	263,975
Unearned Revenue	157,313	0	157,313
Claims Payable	730,308	0	730,308
Long-Term Liabilities:			
Due Within One Year	5,618,597	0	5,618,597
Due In More Than One Year:			
Net Pension Liability (See Note 22)	94,576,339	0	94,576,339
Net OPEB Liability (See Note 23)	4,453,050	0	4,453,050
Other Amounts Due in More Than One Year	54,962,125	0	54,962,125
<i>Total Liabilities</i>	<u>169,901,983</u>	<u>0</u>	<u>169,901,983</u>
Deferred Inflows of Resources			
Property Taxes	53,298,272	0	53,298,272
Leases	374,233	0	374,233
Pension	9,708,331	0	9,708,331
OPEB	13,323,114	0	13,323,114
<i>Total Deferred Inflows of Resources</i>	<u>76,703,950</u>	<u>0</u>	<u>76,703,950</u>
Net Position			
Net Investment in Capital Assets	37,611,574	0	37,611,574
Restricted for:			
Debt Service	3,965,665	0	3,965,665
Capital Projects	6,835,640	0	6,835,640
Food Service Operations	936,778	0	936,778
Student Activities	489,267	0	489,267
Athletics and Music	386,174	0	386,174
Local Grants	42,943	0	42,943
State Grants	127,522	0	127,522
Federal Grants	81,719	0	81,719
OPEB Plan	1,982,906	0	1,982,906
Other Purposes	2,000	0	2,000
Unclaimed Monies	66,496	0	66,496
Unrestricted (Deficit)	<u>(57,380,142)</u>	<u>168,623</u>	<u>(57,211,519)</u>
<i>Total Net Position</i>	<u>(\$4,851,458)</u>	<u>\$168,623</u>	<u>(\$4,682,835)</u>

See accompanying notes to the basic financial statements

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

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Instruction:				
Regular	\$46,641,455	\$320,712	\$723,477	\$0
Special	16,133,392	39,292	3,306,771	0
Special - External Portion	921,343	921,343	0	0
Vocational	328,888	779	14,977	0
Student Intervention Services	29,435	82	500	0
Support Services:				
Pupils	6,834,083	17,711	398,266	0
Instructional Staff	1,755,423	3,616	201,334	0
Board of Education	195,047	557	0	0
Administration	6,215,656	86,307	94,406	0
Fiscal	1,595,097	4,481	0	0
Business	224,783	1,305	0	68,317
Operation and Maintenance of Plant	9,030,043	32,609	1,338,271	228,596
Pupil Transportation	4,519,055	12,866	393,867	0
Central	408,915	1,159	23,597	0
Operation of Non-Instructional Services	858,449	138	919,512	0
Food Service Operations	2,541,233	1,654,222	1,164,178	0
Extracurricular Activities	2,523,611	1,265,770	157,302	0
Interest	1,623,059	0	0	0
<i>Total Governmental Activities</i>	<u>102,378,967</u>	<u>4,362,949</u>	<u>8,736,458</u>	<u>296,913</u>
Business-Type Activities				
Transportation Enterprise	6,754	40,312	0	0
STARS Enterprise	29,798	30,575	0	0
<i>Total Business-Type Activities</i>	<u>36,552</u>	<u>70,887</u>	<u>0</u>	<u>0</u>
<i>Total</i>	<u>\$102,415,519</u>	<u>\$4,433,836</u>	<u>\$8,736,458</u>	<u>\$296,913</u>

General Revenues

Property Taxes Levied for:
General Purposes
Debt Service
Grants and Entitlements not Restricted
to Specific Programs
Grants Restricted for Permanent Improvements
Investment Earnings/Interest
Miscellaneous

Total General Revenues

Change in Net Position

Net Position Beginning of Year - Restated (See Note 3)

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
(\$45,597,266)	\$0	(\$45,597,266)
(12,787,329)	0	(12,787,329)
0	0	0
(313,132)	0	(313,132)
(28,853)	0	(28,853)
(6,418,106)	0	(6,418,106)
(1,550,473)	0	(1,550,473)
(194,490)	0	(194,490)
(6,034,943)	0	(6,034,943)
(1,590,616)	0	(1,590,616)
(155,161)	0	(155,161)
(7,430,567)	0	(7,430,567)
(4,112,322)	0	(4,112,322)
(384,159)	0	(384,159)
61,201	0	61,201
277,167	0	277,167
(1,100,539)	0	(1,100,539)
(1,623,059)	0	(1,623,059)
(88,982,647)	0	(88,982,647)
0	33,558	33,558
0	777	777
0	34,335	34,335
(88,982,647)	34,335	(88,948,312)
58,552,730	0	58,552,730
3,844,404	0	3,844,404
22,480,016	0	22,480,016
4,427,213	0	4,427,213
1,091,883	0	1,091,883
783,708	25,455	809,163
91,179,954	25,455	91,205,409
2,197,307	59,790	2,257,097
(7,048,765)	108,833	(6,939,932)
(\$4,851,458)	\$168,623	(\$4,682,835)

Medina City School District

Balance Sheet

Governmental Funds

June 30, 2023

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$39,706,781	\$3,690,069	\$6,790,500	\$50,187,350
Cash and Cash Equivalents With Fiscal Agent	68,749	0	4,257	73,006
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	66,496	0	0	66,496
Inventory Held for Resale	0	0	88,688	88,688
Materials and Supplies Inventory	79,935	0	19,999	99,934
Accrued Interest Receivable	74,535	0	4,148	78,683
Accounts Receivable	16,450	0	31,955	48,405
Interfund Receivable	1,654,868	0	0	1,654,868
Intergovernmental Receivable	139,280	0	4,573,531	4,712,811
Property Taxes Receivable	57,743,760	3,708,489	0	61,452,249
Lease Receivable	0	0	360,000	360,000
<i>Total Assets</i>	<u>\$99,550,854</u>	<u>\$7,398,558</u>	<u>\$11,873,078</u>	<u>\$118,822,490</u>
Liabilities				
Accounts Payable	\$286,939	\$0	\$71,683	\$358,622
Accrued Wages and Benefits	5,601,764	0	315,178	5,916,942
Contracts Payable	0	0	411,449	411,449
Interfund Payable	0	0	1,654,868	1,654,868
Intergovernmental Payable	1,729,587	0	109,792	1,839,379
Matured Compensated Absences Payable	261,431	0	2,544	263,975
Payroll Withholdings	371,265	0	0	371,265
Unearned Revenue	0	0	157,313	157,313
<i>Total Liabilities</i>	<u>8,250,986</u>	<u>0</u>	<u>2,722,827</u>	<u>10,973,813</u>
Deferred Inflows of Resources				
Property Taxes	50,002,442	3,295,830	0	53,298,272
Unavailable Revenue	2,206,007	60,159	2,552,669	4,818,835
Leases	0	0	374,233	374,233
<i>Total Deferred Inflows of Resources</i>	<u>52,208,449</u>	<u>3,355,989</u>	<u>2,926,902</u>	<u>58,491,340</u>
Fund Balances				
Nonspendable	146,431	0	19,999	166,430
Restricted	0	4,042,569	6,929,258	10,971,827
Assigned	15,053,014	0	0	15,053,014
Unassigned (Deficit)	23,891,974	0	(725,908)	23,166,066
<i>Total Fund Balances</i>	<u>39,091,419</u>	<u>4,042,569</u>	<u>6,223,349</u>	<u>49,357,337</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$99,550,854</u>	<u>\$7,398,558</u>	<u>\$11,873,078</u>	<u>\$118,822,490</u>

See accompanying notes to the basic financial statements

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

Total Governmental Fund Balances		\$49,357,337
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		81,705,637
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Delinquent Property Taxes	2,210,307	
Intergovernmental	627,935	
County Levied Sales Tax	1,924,734	
Tuition and Fees	55,859	
Total	4,818,835	4,818,835
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Certificates of Participation	(20,508,031)	
General Obligation Bonds	(24,573,082)	
Financed Purchases	(1,068,172)	
Leases	(462,235)	
Compensated Absences	(13,969,202)	
Total	(60,580,722)	(60,580,722)
Deferred outflows of resources represent deferred charges on refundings, which are not reported in the funds.		2,743,519
In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due.		(137,063)
Internal service funds are used by management to charge the costs of self insurance and other operations to individual funds. The assets and liabilities of the internal service funds are included in the statement of net position:		
Net Position	5,351,106	
Internal Elimination	(96,560)	
Compensated Absences	207,498	
Total	5,462,044	5,462,044
The net pension/OPEB asset/liabilities are not due and payable in the current period; therefore, the asset/liabilities and related deferred outflows/inflows are not reported in governmental funds:		
Net OPEB Asset	9,065,461	
Deferred Outflows - Pension	22,833,703	
Deferred Outflows - OPEB	1,940,625	
Net Pension Liability	(94,576,339)	
Net OPEB Liability	(4,453,050)	
Deferred Inflows - Pension	(9,708,331)	
Deferred Inflows - OPEB	(13,323,114)	
Total	(88,221,045)	(88,221,045)
<i>Net Position of Governmental Activities</i>		(\$4,851,458)

See accompanying notes to the basic financial statements

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

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$57,996,677	\$3,840,260	\$0	\$61,836,937
Intergovernmental	23,885,412	479,459	11,212,683	35,577,554
Investment Earnings/Interest	1,056,507	0	35,376	1,091,883
Tuition and Fees	453,438	0	0	453,438
Rentals	87,916	0	0	87,916
Extracurricular Activities	528,117	0	708,591	1,236,708
Contributions and Donations	366,753	0	154,190	520,943
Charges for Services	25,208	0	1,654,222	1,679,430
Leases Revenue	0	0	12,200	12,200
Miscellaneous	298,844	0	262,766	561,610
<i>Total Revenues</i>	<u>84,698,872</u>	<u>4,319,719</u>	<u>14,040,028</u>	<u>103,058,619</u>
Expenditures				
Current:				
Instruction:				
Regular	42,457,923	0	667,459	43,125,382
Special	13,526,964	0	1,869,769	15,396,733
Vocational	263,402	0	0	263,402
Student Intervention Services	28,932	0	503	29,435
Support Services:				
Pupils	6,082,418	0	431,553	6,513,971
Instructional Staff	1,282,954	0	197,086	1,480,040
Board of Education	197,055	0	0	197,055
Administration	6,073,875	0	68,008	6,141,883
Fiscal	1,588,687	56,691	0	1,645,378
Business	848,815	0	0	848,815
Operation and Maintenance of Plant	7,235,790	0	3,538,517	10,774,307
Pupil Transportation	4,222,668	0	130,494	4,353,162
Central	401,427	0	0	401,427
Operation of Non-Instructional Services	83,557	0	916,613	1,000,170
Food Service Operations	0	0	2,557,031	2,557,031
Extracurricular Activities	1,596,806	0	945,987	2,542,793
Debt Service:				
Principal Retirement	714,561	4,555,000	0	5,269,561
Interest	82,443	1,699,213	0	1,781,656
<i>Total Expenditures</i>	<u>86,688,277</u>	<u>6,310,904</u>	<u>11,323,020</u>	<u>104,322,201</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,989,405)</u>	<u>(1,991,185)</u>	<u>2,717,008</u>	<u>(1,263,582)</u>
Other Financing Sources (Uses)				
Inception of Lease	553,970	0	0	553,970
Transfers In	0	2,090,401	184,017	2,274,418
Transfers Out	(492,917)	0	(1,781,501)	(2,274,418)
<i>Total Other Financing Sources (Uses)</i>	<u>61,053</u>	<u>2,090,401</u>	<u>(1,597,484)</u>	<u>553,970</u>
<i>Net Change in Fund Balances</i>	<u>(1,928,352)</u>	<u>99,216</u>	<u>1,119,524</u>	<u>(709,612)</u>
<i>Fund Balances Beginning of Year</i>	<u>41,019,771</u>	<u>3,943,353</u>	<u>5,103,825</u>	<u>50,066,949</u>
<i>Fund Balances End of Year</i>	<u>\$39,091,419</u>	<u>\$4,042,569</u>	<u>\$6,223,349</u>	<u>\$49,357,337</u>

See accompanying notes to the basic financial statements

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

Net Change in Fund Balances - Total Governmental Funds	(\$709,612)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which capital outlay exceeded depreciation/amortization in the current period:	
Capital Outlay	5,196,702
Current Year Depreciation/Amortization	<u>(4,579,079)</u>
Total	617,623
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.	(1,201,263)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Delinquent Property Taxes	560,197
Intergovernmental	(294,692)
County Levied Sales Tax	136,795
Tuition and Fees	<u>(28,086)</u>
Total	374,214
Repayment of certificates of participation, bonds, financed purchases, and leases principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	5,269,561
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:	
Accrued Interest	37,393
Amortization of Bond and Certificates of Participation Premiums	393,905
Amortization of Deferred Charge on Refunding	<u>(272,701)</u>
Total	158,597
Compensated absences 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.	(1,946,298)
Internal service funds used by management are not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds is allocated among the governmental expenses:	
Change in Net Position	(492,891)
Internal Elimination	(29,320)
Change in Compensated Absences	<u>41,903</u>
Total	(480,308)
Other financing sources, such as an inception of lease, in the governmental funds increase long-term liabilities in the statement of net position.	(553,970)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:	
Pension	8,073,544
OPEB	<u>224,689</u>
Total	8,298,233
Except for amounts reported as deferred outflows/inflows, changes in the net pension/OPEB asset/liabilities are reported as pension/OPEB expense in the statement of activities:	
Pension	(9,649,735)
OPEB	<u>2,020,265</u>
Total	<u>(7,629,470)</u>
<i>Change in Net Position of Governmental Activities</i>	<u><u>\$2,197,307</u></u>

See accompanying notes to the basic financial statements

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Property Taxes	\$58,852,000	\$55,616,713	\$55,689,926	\$73,213
Intergovernmental	25,488,933	23,829,696	24,190,806	361,110
Interest	884,386	970,954	836,869	(134,085)
Tuition and Fees	271,171	255,014	256,601	1,587
Rentals	4,105	3,879	3,884	5
Extracurricular Activities	455,523	429,843	431,048	1,205
Charges for Services	26,293	24,847	24,880	33
Miscellaneous	205,714	176,581	213,413	36,832
<i>Total Revenues</i>	<u>86,188,125</u>	<u>81,307,527</u>	<u>81,647,427</u>	<u>339,900</u>
Expenditures				
Current:				
Instruction:				
Regular	38,332,615	48,093,968	44,128,109	3,965,859
Special	19,434,390	16,399,545	14,567,675	1,831,870
Vocational	393,004	282,279	267,376	14,903
Student Intervention Services	2,282,880	397,770	39,932	357,838
Support Services:				
Pupils	6,618,839	5,645,656	6,347,916	(702,260)
Instructional Staff	1,113,443	1,412,771	1,353,370	59,401
Board of Education	261,835	218,754	195,992	22,762
Administration	5,372,086	6,392,904	6,348,944	43,960
Fiscal	2,385,818	1,809,225	1,584,637	224,588
Business	551,507	252,161	355,714	(103,553)
Operation and Maintenance of Plant	8,616,357	7,323,294	7,745,582	(422,288)
Pupil Transportation	7,222,319	4,402,917	4,327,571	75,346
Central	621,564	680,629	391,735	288,894
Operation of Non-Instructional Services	42,469	55,281	51,102	4,179
Extracurricular Activities	1,237,499	1,488,984	1,591,507	(102,523)
Capital Outlay	254,077	232,362	0	232,362
Debt Service:				
Principal Retirement	444,425	444,425	444,425	0
Interest	58,503	58,503	58,503	0
<i>Total Expenditures</i>	<u>95,243,630</u>	<u>95,591,428</u>	<u>89,800,090</u>	<u>5,791,338</u>
<i>Excess of Revenues Under Expenditures</i>	<u>(9,055,505)</u>	<u>(14,283,901)</u>	<u>(8,152,663)</u>	<u>6,131,238</u>
Other Financing Sources (Uses)				
Advances In	0	0	142,684	142,684
Advances Out	(400,000)	(1,648,777)	(1,648,777)	0
Transfers Out	(460,888)	(503,272)	(503,272)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(860,888)</u>	<u>(2,152,049)</u>	<u>(2,009,365)</u>	<u>142,684</u>
<i>Net Change in Fund Balance</i>	(9,916,393)	(16,435,950)	(10,162,028)	6,273,922
<i>Fund Balance Beginning of Year</i>	48,417,767	48,417,767	48,417,767	0
Prior Year Encumbrances Appropriated	861,812	861,812	861,812	0
<i>Fund Balance End of Year</i>	<u>\$39,363,186</u>	<u>\$32,843,629</u>	<u>\$39,117,551</u>	<u>\$6,273,922</u>

See accompanying notes to the basic financial statements

Medina City School District
Statement of Fund Net Position
Proprietary Funds
June 30, 2023

	Business Type Activities - Non-Major Enterprise Funds	Governmental Activities - Internal Service Funds
Assets		
<i>Current Assets:</i>		
Equity in Pooled Cash and Cash Equivalents	\$168,623	\$6,297,908
Intergovernmental Receivable	0	96,560
<i>Total Assets</i>	<u>168,623</u>	<u>6,394,468</u>
Liabilities		
<i>Current Liabilities:</i>		
Accounts Payable	0	11,950
Accrued Wages and Benefits	0	78,469
Intergovernmental Payable	0	15,137
Compensated Absences Payable	0	7,889
Claims Payable	0	730,308
<i>Total Current Liabilities</i>	<u>0</u>	<u>843,753</u>
<i>Long-Term Liability:</i>		
Compensated Absences Payable (net of current portion)	0	199,609
<i>Total Liabilities</i>	<u>0</u>	<u>1,043,362</u>
Net Position		
Unrestricted	<u>\$168,623</u>	<u>\$5,351,106</u>

See accompanying notes to the basic financial statements

Medina City School District
*Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2023*

	Business Type Activities - Non-Major <u>Enterprise Funds</u>	Governmental Activities - Internal Service <u>Funds</u>
Operating Revenues		
Tuition and Fees	\$0	\$1,534,864
Charges for Services	70,887	11,526,489
Miscellaneous	25,455	222,098
<i>Total Operating Revenues</i>	<u>96,342</u>	<u>13,283,451</u>
Operating Expenses		
Salaries	0	819,588
Fringe Benefits	0	316,951
Purchased Services	0	440,128
Materials and Supplies	36,552	5,361
Claims	0	11,023,464
Other	0	1,170,850
<i>Total Operating Expenses</i>	<u>36,552</u>	<u>13,776,342</u>
<i>Change in Net Position</i>	59,790	(492,891)
<i>Net Position Beginning of Year</i>	<u>108,833</u>	<u>5,843,997</u>
<i>Net Position End of Year</i>	<u>\$168,623</u>	<u>\$5,351,106</u>

See accompanying notes to the basic financial statements

Medina City School District
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2023

	Business Type Activities - Non-Major Enterprise Funds	Governmental Activities - Internal Service Funds
<i>Increase (Decrease) in Cash and Cash Equivalents</i>		
Cash Flows from Operating Activities		
Cash Received from Customers	\$70,887	\$921,343
Cash Received from Interfund Services Provided	0	12,110,690
Cash Received from Other Sources	25,455	222,098
Cash Payments for Employee Services and Benefits	0	(1,114,015)
Cash Payments for Goods and Services	(36,755)	(445,601)
Cash Payments for Claims	0	(11,016,727)
Cash Payments for Other Uses	0	(1,180,623)
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	59,587	(502,835)
<i>Cash and Cash Equivalents Beginning of Year</i>	109,036	6,800,743
<i>Cash and Cash Equivalents End of Year</i>	\$168,623	\$6,297,908
<i>Reconciliation of Operating Income (Loss) to Cash Flows Provided by (Used for) Operating Activities</i>		
<i>Operating Income (Loss)</i>	\$59,790	(\$492,891)
Adjustments		
(Increase) Decrease in Assets:		
Intergovernmental Receivable	0	(29,320)
Increase (Decrease) in Liabilities:		
Accounts Payable	(203)	(9,876)
Accrued Wages	0	(21,890)
Intergovernmental Payable	0	2,502
Compensated Absences Payable	0	41,903
Claims Payable	0	6,737
<i>Total Adjustments</i>	(203)	(9,944)
<i>Net Cash Provided by (Used for) Operating Activities</i>	\$59,587	(\$502,835)

See accompanying notes to the basic financial statements

Medina City School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2023

	Private Purpose Trust Scholarship and Alumni Programs
Assets	
Equity in Pooled Cash and Cash Equivalents	\$47,116
Investments in Segregated Accounts	784,830
<i>Total Assets</i>	831,946
Net Position	
Held in Trust for Scholarships:	
Expendable	52,800
Nonexpendable	779,146
<i>Total Net Position</i>	\$831,946

See accompanying notes to the basic financial statements

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

	Private Purpose Trust Scholarship and Alumni Programs
Additions	
Interest	\$93,521
Contributions and Donations	18,500
<i>Total Additions</i>	112,021
 Deductions	
Scholarships Awarded	52,800
<i>Change in Fiduciary Net Position</i>	59,221
<i>Net Position Beginning of Year</i>	772,725
<i>Net Position End of Year</i>	\$831,946

See accompanying notes to the basic financial statements

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

Note 1 – Description of the School District and Reporting Entity

Medina 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 five member Board form of government whose members are 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 most of the City of Medina and portions of surrounding townships. The School District currently operates seven elementary schools, two middle schools and one comprehensive high school, which are staffed by 42 administrators, 10 psychologists, 5 prevention coordinators, 1 administrative secretary, 466.13 certificated full-time equivalent teaching personnel and 296.72 full-time-equivalent classified employees, who provide services to 6,181 students and other community members.

Reporting Entity

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

Non-public Schools Within the School District boundaries, the Nurtury, St. Francis Xavier, Kids Country, and the Medina Christian Academy are operated as non-public schools. Current State legislation provides funding to these schools. These monies are received and disbursed on behalf of the non-public schools by the Treasurer of the School District, as directed by the non-public schools. These transactions are reported in a special revenue fund and as a governmental activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The School District does not have any component units.

The School District participates in three jointly governed organizations, which are the Northeast Ohio Network for Educational Technology, Medina County Career Center, and the Ohio Schools Council. These organizations are addressed in Note 15 to the basic financial statements.

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

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service funds is eliminated to avoid “doubling up” revenues and expenses. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type.

The statement of net position presents the financial condition of the governmental and business-type 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 and for the business-type activities of the School District. Direct expenses are those that are specifically associated with a service, program or department and therefore are 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 program or business activity 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 and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

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 three categories: governmental, proprietary, and fiduciary.

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

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

Bond Retirement Fund The bond retirement fund is used to account for and report the accumulation of property tax revenues restricted for the payment of general obligation bonds and certificates of participation issued for high school and elementary school additions and the construction of a new recreation center.

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

Proprietary Fund Type Proprietary funds reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. Proprietary funds are classified as enterprise or internal service.

Enterprise Fund Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's enterprise funds are used to account for monies received from outside school districts for repair work done to their vehicles and for monies received for elementary school students who are paying for STARS testing supplies.

Internal Service Funds The internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's three internal service funds are a self insurance fund that accounts for health and prescription claims, a workers' compensation self insurance fund that accounts for workers' compensation claims, and a rotary fund that accounts for operations that provide goods and services to other governmental units on a cost-reimbursement basis.

Fiduciary Funds Types Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into 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. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has two private purpose trust funds which are both used to account for college scholarships.

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

Measurement Focus

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

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

Like the government-wide statements, all proprietary and fiduciary funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

For proprietary funds, the statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds present a statement of changes in fiduciary net position, which reports additions to 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 statements presented for proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Nonexchange 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 fiscal year-end.

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

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

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

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for the deferred charges on refundings, 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 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 22 and 23.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB, leases, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. The deferred inflow for leases is related to the leases receivable and is being recognized as lease revenue in a systematic and rational manner over the term of the lease. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, sales taxes, and tuition and fees. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 19. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (See Notes 22 and 23).

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

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

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

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net 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.

Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled except for certain investments for the private purpose trust funds. Individual fund integrity is maintained through the School District records. Interest in the pool is presented as “equity in pooled cash and cash equivalents” on the financial statements.

The School District has a carryover cash balance with the Educational Service Center of Medina County and utilizes a financial institution to service an energy conservation upgrade. These amounts are presented on the statement of fund net position as “cash and cash equivalents with fiscal agents.”

The School District has segregated bank accounts for monies held in private purpose trust funds. These interest bearing investment accounts are reported as “investments in segregated accounts” on the statement of fiduciary net position.

During fiscal year 2023, investments were limited to commercial paper, STAR Ohio, mutual funds, money market accounts, municipal securities, federal home loan mortgage corporation bonds, federal home loan bank bonds, federal national mortgage association bonds, federal farm credit bank bonds, federal agricultural mortgage corporation bonds, US treasury notes, and negotiable certificates of deposits.

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

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 fiscal year 2023, 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.

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Investment earnings/interest revenue credited to the general fund during 2023 amounted to \$1,056,507, which includes \$301,581 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 reported as cash equivalents.

Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors or laws of other governments or imposed by law through constitutional provision. Restricted assets in the general fund are for unclaimed monies.

Inventory

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

Capital Assets

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

All capital assets (except for intangible right to use lease assets, which are discussed later) 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 capital assets by back trending (i.e., estimating the current replacement cost of the assets 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 seven thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	40 Years
Buildings and Improvements	40 Years
Furniture and Equipment	5 Years
Vehicles	10 Years
Intangible Right to Use - Equipment	5 Years

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

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

Interfund Balances

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

Compensated Absences

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

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account “matured compensated absences payable” in the fund from which the employees who have resigned or retired will be paid.

Leases

The School District serves as both lessee and lessor in various noncancellable leases which are accounted for as follows:

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

Lessor At the commencement of a lease, the School District City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

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

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund 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. Net pension/OPEB liabilities should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plans' fiduciary net position is not sufficient for payment of those benefits. Certificates of participation, bonds, financed purchases, and leases are recognized as a liability on the governmental fund financial statements when due.

Fund Balances

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

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

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

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance includes the remaining amount that is not restricted or committed. These assigned balances are established by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education or a School District official delegated that authority by resolution by State Statute. State Statute authorizes the Treasurer to assign fund balances for purchases on order provided such amounts have been lawfully appropriated. The Board of Education also assigned fund balance to cover a gap between fiscal year 2024's estimated revenue and appropriated budget and for public school support.

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

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

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Restricted net position for OPEB plans represents the corresponding restricted asset amount after considering the related deferred outflows and deferred inflows. Net position restricted for other purposes includes funds for the School District's diversion program.

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for all proprietary funds. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. Any revenues and expenses not meeting the definitions of operating are reported as nonoperating.

Estimates

The preparation of the 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.

Internal Activity

Transfers between governmental funds are eliminated on the government-wide financial statements. Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for services provided and used are not eliminated.

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

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

Budgetary Process

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

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

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

Premiums

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

Deferred Charges on Refunding

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

Note 3 – Changes in Accounting Principles and Restatement of Net Position

For fiscal year 2023, the School District implemented Governmental Accounting Standards Board (GASB) No. 91, *Conduit Debt Obligations*, Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and GASB Statement No. 99, *Omnibus 2022*.

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

GASB 91 clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The School District did not have any debt that met the definition of conduit debt.

GASB Statement 94 improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The School District did not have any arrangements that met the GASB 94 definition of a PPP or an APA.

GASB Statement 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). The School District did not have any contracts that met the GASB 96, other than short-term SBITAs.

GASB Statement 99 addresses various issues including items related to leases, PPPs, and SBITAs. The requirements related to PPPs and SBITAs were incorporated with the corresponding GASB 94 and GASB 96 changes identified previously.

During fiscal year 2023, the School District made modifications to its capital asset system. These modifications resulted in the following restatement:

	Governmental Activities	Business-Type Activities	Total
Net Position at June 30, 2022	(\$4,483,444)	\$108,833	(\$4,374,611)
Capital Asset Restatement	(2,565,321)	0	(2,565,321)
Restated Net Position at June 30, 2022	(7,048,765)	108,833	(6,939,932)

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, disbursement and encumbrances. The statement of revenues, expenditures and changes in fund balance – budget (non-GAAP basis) and actual for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Investments are reported at cost (budget basis) rather than fair value (GAAP basis).
3. Unrecorded cash represents amounts received but not reported by the School District on the operating statements (budget), but which is reported on the GAAP basis operating statements.
4. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

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

5. Advances In and Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
6. Budgetary revenues and expenditures of the uniform school supply, public school support, unclaimed monies, and OHSAA funds are reclassified to the general fund for GAAP reporting.
7. Encumbrances are treated as expenditures (budget basis) rather than as a restricted, committed, or assigned fund balance (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement for the general fund:

Net Change in Fund Balance	General
GAAP Basis	(\$1,928,352)
Net Adjustment for Revenue Accruals	(2,424,909)
Beginning Fair Value Adjustment for Investments	(1,953,207)
Ending Fair Value Adjustment for Investments	1,745,260
Ending Unrecorded Cash	(371,265)
Net Adjustment for Expenditure Accruals	(2,979,012)
Advances In	142,684
Advances Out	(1,648,777)
Perspective Differences:	
Uniform School Supply	23,276
Public School Support	91,765
Unclaimed Monies	(421)
OHSAA	(3,762)
Adjustment for Encumbrances	(855,308)
Budget Basis	(\$10,162,028)

Note 5 – Accountability

The following funds had deficit fund balances at June 30, 2023:

Fund	Negative Fund Balances
<i>Special Revenue Funds:</i>	
Elementary and Secondary School Emergency Relief	\$86,412
Title VI-B	456,214
Limited English Proficiency	290
Title I	134,429
Drug Free Schools	780
Preschool Grant	16,244
Reducing Class Size	31,539

These deficits are the result of the recognition of payables in accordance with generally accepted accounting principles as well as short-term interfund loans from the general fund needed for operations until the receipt of grant monies. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

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For the Fiscal Year Ended June 30, 2023

Note 6 – Deposits and Investments

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

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

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

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

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

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

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

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

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

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

Deposits

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 the possession of an outside party. At June 30, 2023, \$552,498 of the School District's total bank balance of \$3,320,434 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. One of the School District's financial institutions participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

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 be 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 requires 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.

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

Investments

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

Measurement/Investment	Investment Maturities (in Years)				
	Measurement Amount	Less than 1	1-2	2-3	3-5
Amortized Cost:					
Commercial Paper	\$2,267,683	\$2,267,683	\$0	\$0	\$0
Net Asset Value Per Share:					
STAR Ohio	7,714,054	7,714,054	0	0	0
Fair Value - Level 1 Inputs:					
Mutual Funds	778,072	778,072	0	0	0
Money Market Account	516,403	516,403	0	0	0
Fair Value - Level 2 Inputs:					
Municipal Securities	3,458,820	831,056	894,978	1,475,983	256,803
Federal Home Loan Mortgage Corporation Bonds	2,977,903	1,684,692	0	1,293,211	0
Federal Home Loan Bank Bonds	7,224,357	1,200,213	4,029,228	1,364,139	630,777
Federal National Mortgage Association Bonds	2,170,004	979,520	1,190,484	0	0
Federal Farm Credit Bank Bonds	6,777,386	3,838,790	1,113,186	1,825,410	0
Federal Agricultural Mortgage Corporation Bonds	730,683	730,683	0	0	0
US Treasury Notes	3,711,030	3,711,030	0	0	0
Negotiable Certificates of Deposit	13,980,955	7,030,352	4,557,514	1,921,851	471,238
Total Portfolio	\$52,307,350	\$31,282,548	\$11,785,390	\$7,880,594	\$1,358,818

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 preceding chart identifies the School District's recurring fair value measurements as of June 30, 2023. The mutual funds and money market account are measured at fair value and are valued using quoted market prices (Level 1 inputs). The School District's remaining 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 investment must be purchased with the expectation that it will be held to maturity.

Credit Risk The commercial paper carries a rating of A-1+ by Standard & Poor's. STAR Ohio and the money market account carry a credit rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The municipal securities carry a rating of AA or AAA by Standard & Poor's or Aa1 or Aa2 by Moody's. The federal home loan mortgage corporation bonds, federal home loan bank bonds, federal national mortgage association bonds, federal farm credit bank bonds, federal agricultural mortgage corporation bonds, and US Treasury Notes carry a rating of AA+ by Standard & Poor's. The remaining investments are not rated by Standard & Poor's. The School District has no investment policy that addresses credit risk beyond State statute.

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

Concentration of Credit Risk The School District places no limit on the amount it may invest in any one issuer. The following is the School District's allocation as of June 30, 2023:

Measurement/Investment	Measurement Amount	Percent of Total Investments
Amortized Cost:		
Commercial Paper	\$2,267,683	N/A
Net Asset Value Per Share:		
STAR Ohio	7,714,054	N/A
Fair Value - Level 1 Inputs:		
Mutual Funds	778,072	N/A
Money Market Account	516,403	N/A
Fair Value - Level 2 Inputs:		
Municipal Securities	3,458,820	6.61 %
Federal Home Loan Mortgage Corporation Bonds	2,977,903	5.69
Federal Home Loan Bank Bonds	7,224,357	13.81
Federal National Mortgage Association Bonds	2,170,004	N/A
Federal Farm Credit Bank Bonds	6,777,386	12.96
Federal Agricultural Mortgage Corporation Bonds	730,683	N/A
US Treasury Notes	3,711,030	7.09
Negotiable Certificates of Deposit	13,980,955	26.73
Total Portfolio	\$52,307,350	

Note 7 – Property Taxes

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

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

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

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

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

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

The amount available as an advance at June 30, 2023, was \$5,591,170 in the general fund and \$352,500 in the bond retirement debt service fund. The amount available as an advance at June 30, 2022, was \$3,284,420 in the general fund and \$211,640 in the bond retirement debt service fund. The difference was in the timing and collection by the County Auditor.

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

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

	2022 Second Half Collections		2023 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$1,500,635,380	96.59%	\$1,838,232,180	97.04%
Public Utility Personal Property	53,033,080	3.41%	55,982,680	2.96%
Total	\$1,553,668,460	100.00%	\$1,894,214,860	100.00%
Tax rate per \$1,000 of Assessed Valuation	\$90.03		\$88.73	

The tax rate decreased due to an increase in property tax values in the School District during fiscal year 2023. The increase in property tax values caused the tax rate to decrease so that the bond levy would meet its collection amount.

Note 8 – Tax Abatements

For fiscal year 2023, the School District’s property taxes were reduced under community reinvestment area (CRA) agreements entered into by the following overlapping governments:

Overlapping Government	Amount of Fiscal Year 2023 Taxes Abated
City of Medina	\$1,004,615
Montville Township	99,450
Sharon Township	15,912
Total	\$1,119,977

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

Note 9 – Receivables

Receivables at June 30, 2023, consisted of interest, taxes, accounts, interfund, leases, and intergovernmental grants. The School District receives a portion of a 0.5 percent sales tax levied by the County. The sales tax is allocated to the public schools based on a student count and is recorded as intergovernmental revenue. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables except for delinquent property taxes and leases are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivable	Amounts
<i>Governmental Funds:</i>	
County Levied Sales Tax	\$2,900,235
Elementary and Secondary School Emergency Relief	1,104,990
Title VI-B	388,192
Title I Grant	112,445
City of Medina	88,909
Foundation Settlement	55,859
Reducing Class Size Grant	34,247
Outside School Districts	10,407
Preschool Grant	9,157
Miscellaneous	6,105
Field Trips	2,075
Drug Free Schools Grant	190
Total	\$4,712,811

Lease Receivable

The School District is reporting a lease receivable of \$360,000 in the permanent improvement fund at June 30, 2023. This amount represents the discounted future lease payments. This discount is being amortized using the interest method. For fiscal year 2023, the School District recognized lease revenue of \$12,200 in the permanent improvement fund related to lease payments received. These lease revenue amounts exclude short-term leases. A description of the School District’s leasing arrangements is as follows:

Cell Tower Lease – The School District has entered into a lease agreement for a cell tower with Tower Co. The lease commenced in fiscal year 2015 for 40 years, ending in fiscal year 2055. Payments are made monthly. There is no receivable for the first term as the total was due upon commencement.

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

A summary of future lease amounts receivable is as follows:

Fiscal Year	Permanent Improvement	
	Principal	Interest
2025	\$5,265	\$4,735
2026	6,410	5,590
2027	6,513	5,487
2028	6,617	5,383
2029	6,723	5,277
2030-2034	41,287	24,513
2035-2039	51,543	20,837
2040-2044	63,328	16,290
2045-2049	76,835	10,739
2050-2054	92,266	4,042
2055	3,213	7
Total	\$360,000	\$102,900

Note 10 – Capital Assets

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

	Restated Balance 7/1/22	Additions	Deletions	Balance 6/30/23
Governmental Activities				
<i>Capital Assets, not being depreciated/amortized:</i>				
Land	\$3,289,154	\$0	\$0	\$3,289,154
Construction in Progress	681,565	1,819,734	0	2,501,299
<i>Total Capital Assets, not being depreciated/amortized</i>	<u>3,970,719</u>	<u>1,819,734</u>	<u>0</u>	<u>5,790,453</u>
<i>Capital Assets, being depreciated/amortized:</i>				
Land Improvements	2,399,073	0	0	2,399,073
Buildings and Improvements	143,971,391	2,400,496	(1,219,593)	145,152,294
Furniture and Equipment	7,238,811	422,502	(369,102)	7,292,211
Vehicles	5,201,585	0	0	5,201,585
Intangible Right to Use Lease - Equipment	326,093	553,970	(326,093)	553,970
<i>Total Capital Assets, being depreciated/amortized:</i>	<u>159,136,953</u>	<u>3,376,968</u>	<u>(1,914,788)</u>	<u>160,599,133</u>
<i>Less Accumulated Depreciation/Amortization:</i>				
Land Improvements	(4,518,561)	(39,030)	0	(4,557,591)
Buildings and Improvements	(67,994,994)	(3,215,535)	126,326	(71,084,203)
Furniture and Equipment	(5,284,098)	(624,108)	261,106	(5,647,100)
Vehicles	(2,759,867)	(524,393)	0	(3,284,260)
Intangible Right to Use Lease - Equipment	(260,875)	(176,013)	326,093	(110,795)
<i>Total Accumulated Depreciation/Amortization</i>	<u>(80,818,395)</u>	<u>(4,579,079) *</u>	<u>713,525</u>	<u>(84,683,949)</u>
<i>Total Capital Assets, being depreciated/amortized, net</i>	<u>78,318,558</u>	<u>(1,202,111)</u>	<u>(1,201,263)</u>	<u>75,915,184</u>
<i>Total Governmental Activities Capital Assets, Net</i>	<u>\$82,289,277</u>	<u>\$617,623</u>	<u>(\$1,201,263)</u>	<u>\$81,705,637</u>

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

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

Function	Depreciation	Amortization Lease Assets	Total
Instruction:			
Regular	\$1,481,514	\$0	\$1,481,514
Special	259,886	0	259,886
Vocational	51,437	0	51,437
Support Services:			
Pupils	108,193	0	108,193
Instructional Staff	317,502	0	317,502
Administration	205,748	0	205,748
Business	67,449	176,013	243,462
Operation and Maintenance of Plant	1,322,281	0	1,322,281
Pupil Transportation	394,844	0	394,844
Operation of Non-Instructional Services	1,693	0	1,693
Food Service Operations	169,772	0	169,772
Extracurricular Activities	22,747	0	22,747
Total Depreciation/Amortization Expense	\$4,403,066	\$176,013	\$4,579,079

Note 11 – Long-Term Obligations

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

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
<i>Certificates of Participation from Direct Borrowing:</i>			
2015 Refunding Certificates of Participation	4.125% - 5.25%	\$24,445,000	December 1, 2037
<i>General Obligation Bonds:</i>			
2012 Refunding	2.75	3,220,000	October 1, 2022
2013 Refunding	3.00 - 5.00	40,699,552	December 1, 2027
2016 Refunding	4.00	4,220,000	December 1, 2028

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

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

	Principal Outstanding 7/1/22	Additions	Reductions	Principal Outstanding 6/30/23	Amount Due in One Year
<i>Certificates of Participation</i>					
<i>from Direct Borrowing:</i>					
2015 Refunding Certificates of Participation:					
Serial Certificates	\$10,170,000	\$0	(\$945,000)	\$9,225,000	\$990,000
Term Certificates	10,635,000	0	0	10,635,000	0
Premium	692,922	0	(44,891)	648,031	0
Total Certificates of Participation	21,497,922	0	(989,891)	20,508,031	990,000
<i>General Obligation Bonds:</i>					
2012 Refunding Bonds:					
Term Bonds	340,000	0	(340,000)	0	0
2013 Refunding Bonds:					
Serial Bonds	6,700,000	0	(3,270,000)	3,430,000	3,430,000
Term Bonds	15,080,000	0	0	15,080,000	0
Premium	1,890,493	0	(349,014)	1,541,479	0
2016 Refunding Bonds:					
Serial Bonds	4,220,000	0	0	4,220,000	0
Premium	301,603	0	0	301,603	0
Total General Obligation Bonds	28,532,096	0	(3,959,014)	24,573,082	3,430,000
<i>Other Long-Term Obligations:</i>					
Net Pension Liability:					
STRS	45,752,401	32,077,037	0	77,829,438	0
SERS	11,953,738	4,793,163	0	16,746,901	0
Total Net Pension Liability	57,706,139	36,870,200	0	94,576,339	0
Net OPEB Liability:					
SERS	6,328,906	0	(1,875,856)	4,453,050	0
Financed Purchases from Direct Borrowings	1,625,518	0	(557,346)	1,068,172	570,172
Lease Payable	65,480	553,970	(157,215)	462,235	100,406
Compensated Absences	12,022,904	2,336,007	(389,709)	13,969,202	528,019
Total Other Long-Term Obligations	77,748,947	39,760,177	(1,104,270)	114,528,998	1,198,597
Total Governmental Activities					
Long-Term Liabilities	\$127,778,965	\$39,760,177	(\$6,053,175)	\$159,610,111	\$5,618,597

On May 20, 2015, the School District issued \$24,445,000 in Refunding Certificates of Participation (COPS) for the purpose of refunding a portion of the 2008 COPS, which included \$5,470,000 in serial bonds and \$16,935,000 in term bonds. The COPS were issued for a twenty-three year period with final maturity in fiscal year 2038. The COPS will be paid from property taxes from the bond retirement debt service fund. The COPS were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. The COPS have been designated to be "qualified tax exempt obligations" within the meaning of 265(b)(3) of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to Buckeye Leasing Services, and then subleased back to the School District. The COPS were issued through a series of annual leases with an initial lease term of five years, which includes the right to renew for twenty-three successive one-year terms through fiscal year 2038 subject to annual appropriations. To satisfy the trustee agreements, the School District is required to make annual

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

base rent payments, subject to the lease terms and appropriations, semi-annually. The base rent includes an interest component of 4.125-5.25 percent. The School District has the option to purchase the renovations on any lease payment date by paying the amount necessary to defease the indenture.

Optional Redemption The COPS maturing after December 1, 2024, are subject to prior redemption at the option of the Trustee, under the direction of the Board, either in whole or in part, in such order as the Trustee shall determine, under the direction of the Board, on any date on or after December 1, 2024, at 100 percent of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

Mandatory Sinking Fund Redemption The term bonds matures on December 1, 2032, 2034, and 2037, are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as follows:

	Issue		
Year	\$2,775,000	\$2,975,000	\$4,885,000
2031	\$1,365,000	\$0	\$0
2033	0	1,460,000	0
2035	0	0	1,570,000
2036	0	0	1,625,000
Total mandatory sinking fund payment	1,365,000	1,460,000	3,195,000
Amount due at stated maturity	1,410,000	1,515,000	1,690,000
Total	\$2,775,000	\$2,975,000	\$4,885,000
<i>Stated Maturity</i>	12/1/2032	12/1/2034	12/1/2037

The COPS were sold at a premium of \$1,012,326. Net proceeds of \$25,756,864 were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded portion of the various COPS. As a result, \$22,405,000 of these COPS is considered defeased and the liability for the refunded portion of these COPS has been removed from the School District's financial statements. Accordingly, the trust account assets and liabilities for the defeased bonds are not included on the School District's financial statements. On June 30, 2023, \$18,685,000 of the defeased bonds are still outstanding.

In 2012, the School District issued \$3,220,000 in general obligation bonds for the purpose of retiring the 2007 long-term energy conservation note and the short-term transportation facility note issues, in order to take advantage of lower interest rates. The 2012 refunding bonds were fully repaid in fiscal year 2023.

In 2013, the School District issued \$40,699,552 in general obligation bonds for the purpose of refunding a portion of the 2005 refunding bond issue in order to take advantage of lower interest rates. The bonds were issued for a fifteen-year period with a final maturity at December 1, 2027. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the School District's financial statements. On June 30, 2023, \$18,755,000 of the defeased bonds are still outstanding.

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

The 2013 refunding bonds are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 of the years and in the respective principal amounts as follows:

Year	Issue
	\$15,080,000
2024	\$3,600,000
2025	3,705,000
2026	3,825,000
Total mandatory sinking fund payment	11,130,000
Amount due at stated maturity	3,950,000
Total	\$15,080,000
<i>Stated Maturity</i>	12/1/2027

The bonds are subject to redemption at the option of the School District, either in whole or in part, in such order as the School District shall determine, on any date on or after December 1, 2023, at a redemption price equal to 100 percent of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

The general obligation bonds issued included serial, term, and capital appreciation (deep discount) bonds in the amounts of \$25,485,000, \$15,080,000, and \$134,552, respectively. The capital appreciation bonds have been retired.

In 2016, the School District issued \$4,220,000 in general obligation bonds for the purpose of refunding a portion of the 2005 refunding bond issue in order to take advantage of lower interest rates. The bonds were issued for a twelve-year period with a final maturity at December 1, 2028. The proceeds of the new bonds were placed in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the School District's financial statements. On June 30, 2023, \$4,330,000 of the defeased bonds are still outstanding.

In fiscal year 2018, the School District entered into a financed purchase obligation from direct borrowing for an energy conservation project within all of the School District's buildings. In fiscal year 2021, the School District entered into a financed purchase obligation from direct borrowing for school buses.

All general obligation bonds will be paid from property taxes in the bond retirement debt service fund. There is no repayment schedule for the net pension/OPEB liabilities; however, employer pension/OPEB contributions are made from the general fund, the food service, auxiliary service, student wellness, and the rotary internal service fund. For additional information related to the net pension liability and the net OPEB liability, see Notes 22 and 23. The financed purchases will be paid from the general fund. The lease will be paid from the general fund. The COPS will be paid from the bond retirement debt service fund. The compensated absences liability will be paid from the general fund, the food service, auxiliary service, student wellness special revenue funds, and the rotary internal service fund.

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

The School District's overall debt margin was \$151,791,906 with an unvoted debt margin of \$1,894,215 at June 30, 2023. Principal and interest requirements to retire outstanding long-term obligations at June 30, 2023, are as follows:

Fiscal Year	Direct Borrowing					
	Certificates of Participation				Financed Purchases	
	Serial		Term		Principal	Interest
	Principal	Interest	Principal	Interest		
2024	\$990,000	\$737,137	\$0	\$0	\$570,172	\$22,513
2025	1,035,000	686,512	0	0	246,000	10,500
2026	1,090,000	638,838	0	0	252,000	3,528
2027	1,135,000	594,337	0	0	0	0
2028	1,180,000	553,938	0	0	0	0
2029-2033	3,795,000	1,385,014	2,775,000	672,537	0	0
2034-2038	0	0	7,860,000	750,743	0	0
Total	\$9,225,000	\$4,595,776	\$10,635,000	\$1,423,280	\$1,068,172	\$36,541

Fiscal Year	General Obligation Bonds			
	Serial		Term	
	Principal	Interest	Principal	Interest
	2024	\$3,430,000	\$827,536	\$0
2025	0	168,800	3,600,000	487,237
2026	0	168,800	3,705,000	380,676
2027	0	168,800	3,825,000	262,858
2028	0	168,800	3,950,000	135,485
2029	4,220,000	84,400	0	0
Total	\$7,650,000	\$1,587,136	\$15,080,000	\$1,266,256

The School District had an outstanding agreement to lease copiers. The future lease payments were discounted based on the interest rate implicit in the lease or using the School District's incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease. The lease was paid off in fiscal year 2023 in the amounts of \$65,480 and \$2,837 for principal and interest, respectively. During fiscal year 2023, the School District entered a new agreement to lease copiers. Principal and interest requirements to retire outstanding long-term obligations at June 30, 2023, are as follows:

Fiscal Year	Lease	
	Principal	Interest
2024	\$100,406	\$37,798
2025	109,896	28,308
2026	120,282	17,922
2027	131,651	6,553
Total	\$462,235	\$90,581

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

Note 12 – Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Twelve month classified employees and administrators earn ten to thirty days of vacation per year, depending upon length of service. Only five days of vacation can be carried over to the next year by administrators. Accumulated unused vacation time is paid to twelve month classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

All staff earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 315 days for all staff and administrators. Upon retirement, certified staff with at least five years of experience with the School District, receive payment for up to a maximum of eighty days computed according to negotiated agreements. Classified staff with the School District, receive payment for up to a maximum of eighty-five days computed according to negotiated agreements.

Upon termination, administrative employees are eligible to receive payment for one hundred percent of sick leave days accumulated for the first forty days and fifty percent of sick leave days accumulated for the next one hundred and twenty days up to a maximum of one hundred days. An employee receiving such payment must meet the retirement provisions set by STRS Ohio or SERS with a minimum of 5 years of service in the School District or upon disability retirement or death with no minimum years of service to the School District.

Employees may earn up to a maximum of four days of personal leave per year. Personal leave may not be accumulated. Unused personal leave becomes sick leave at the conclusion of the contract year.

Health Insurance Benefits

The School Board and staff share the cost of insurance coverage. Administrators and teachers contribute twenty percent to the total cost to the School Board for family and single coverage as well as paying a co-insurance and deductibles for medical and dental. Classified staff contribute a lower percentage to the cost of the monthly premiums, as well as deductibles and co-insurance, for their insurance coverage as per the following table:

<u>Effective Date</u>	<u>Employees</u>	<u>Single Contributions</u>	<u>Family Contributions</u>
July 1, 2022	Teachers	\$151.50	\$378.76
July 1, 2022	Support Staff Level 1	109.84	274.60
July 1, 2022	Support Staff Level 2	128.78	321.95
July 1, 2022	Administrators	151.50	378.76

Life Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through commercial life insurance companies.

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

Note 13 – Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2023, the School District contracted with several companies for various types of insurance as follows:

Company	Type of Coverage	Coverage Amount
Liberty Mutual Insurance Company	Property	\$279,410,114
	Boiler and Machinery	100,000,000
	Employee Benefits Liability	3,000,000
	General Liability	2,000,000
	Employer's Liability	1,000,000
	Sexual Misconduct and Molestation	1,000,000
	School Leaders Professional Liability	1,100,000
	Law Enforcement	1,000,000
	Violent Event Response	1,000,000
	Flood	1,000,000
	Earthquake	1,000,000
	Business Income and Extra Expense	1,000,000
	Fleet	1,000,000
Umbrella Policy	10,000,000	
Employers Insurance Company of Wausau	Crime	1,000,000
ABA Insurance Services	Data Compromise/Cyber Liability	1,000,000

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

Insurance Benefits

The School District offers comprehensive major medical and prescription drug benefits for all eligible employees and their dependents through a self insurance internal service fund. The School District is self insured with Medical Mutual and Gallagher Benefit Services serving as an insurance consultant. A specific excess loss coverage (stop-loss) insurance policy covers claims in excess of \$150,000 per employee, per year. The claims liability of \$645,201 reported in the internal service fund at June 30, 2023, is based on an estimate provided by the third party administrators and the requirements of Governmental Accounting Standards Board Statement No. 30, which requires a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustments expense and does not include other allocated or unallocated claim adjustment expenses. Management's expectation is the claims liabilities will be paid within one year.

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

Changes in the fund's claim liability amount in fiscal years 2022 and 2023 were:

	Balance Beginning of Year	Current Year Claims	Claims Payments	Balance End of Year
2022	\$689,403	\$10,735,341	\$10,811,801	\$612,943
2023	612,943	10,932,086	10,899,828	645,201

Workers' Compensation

On February 1, 2013, the School District was approved for self-insured status by the Bureau of Workers' Compensation and began to administer its own workers' compensation program (the program). The School District has established a workers' compensation internal service fund to account for assets set aside for claim settlements and related liabilities associated with the program. Liabilities of the fund are reported when an employee injury has occurred, it is probable that a claim will be filed under the program, and the amount of the claim can be reasonably estimated. The School District utilizes the services of Sheakley Unicom, the third party administrator, to review, process, and pay employee claims. The School District also maintains excess insurance coverage which would pay the portion of claims that exceed \$500,000 per occurrence for all employees.

The workers' compensation claims liability at June 30, 2023 was \$85,107. The claims liability reported in the workers' compensation internal service fund at June 30, 2023, is based on the requirements of GASB statement No. 30 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the fund's claims liability amount for fiscal years 2022 and 2023 were as follows:

	Balance Beginning of Year	Current Year Claims	Claims Payments	Balance End of Year
2022	\$38,784	\$123,816	\$51,972	\$110,628
2023	110,628	91,378	116,899	85,107

Note 14 – Contingencies

Grants

The School District received financial assistance from Federal and State agencies in the form of grants. The disbursements of funds received under these programs generally require 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, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2023, if applicable, cannot be determined at this time.

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

School Foundation

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

Litigation

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

Note 15 – Jointly Governed Organizations

Northeast Ohio Network for Educational Technology

The Northeast Ohio Network for Educational Technology (NEOnet) is the computer service organization or Data Acquisition Site (DAS) used by the School District. NEOnet is a jointly governed organization among thirty-three school districts, two career centers, thirteen charter schools, twelve religious schools, two cities, and two educational service centers, including the Summit County Educational Service Center. The Summit County Educational Service Center acts as the fiscal agent for the consortium. 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 school districts. The Board of Directors consists of member district superintendents and treasurers. The manager/director is a permanent, non-voting member of the board of directors. Each school district's control is limited to its representation on the board. The Board of Directors exercise total control over the operations of the association including budgeting, appropriating, contracting and designating management. All association revenues are generated from charges for services and State funding. The School District does not retain an ongoing financial interest or an ongoing financial responsibility in NEOnet. Payments to NEOnet are made from the general fund. In fiscal year 2023, the School District paid \$269,412 to NEOnet. Financial information can be obtained by writing to the Summit County Educational Service Center, 700 Graham Road, Cuyahoga Falls, Ohio 44221.

Medina County Career Center

The Medina County Career Center (Center) is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each participating School District's elected board, which possesses its own budgeting and taxing authority. The Center's Board exercises total control over the operations of the organization including budgeting, appropriating, contracting and designating management. Each participant's degree of control is limited to its representation on the Board. Accordingly, the Center is not part of the School District and its operations are not included as part of the reporting entity. The Center offers vocational education for several school districts including Medina City School District. During fiscal year 2023, \$1,096 was paid for services by the Medina City School District to the Center. Financial information can be obtained by contacting the Treasurer at the Medina County Career Center, 1101 West Liberty Street, Medina, Ohio 44256.

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

Ohio Schools Council

The Ohio Schools Council (Council) is a jointly governed organization among 249 members. The jointly governed organization was created by school districts for the purpose of saving money through volume purchases. Each district supports the Council by paying an annual participation fee. Each school district member's superintendent serves as a representative of the Assembly. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board is the policy making authority of the Council. The Board exercises total control over the operations of the Association including budgeting, appropriating, contracting, and designating management. Each participant's degree of control is limited to its representation on the Board. The Board meets monthly September to June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. In fiscal year 2023, the School District paid \$1,305 to the Council. Financial information can be obtained by contacting the Executive Director of the Ohio Schools Council at 6393 Oak Tree Boulevard, Suite 377, Independence, Ohio 44131.

The School District participates in the natural gas purchase program. This program allows the School District to purchase natural gas at reduced rates. Constellation New Energy was the supplier and program manager for the period from July 1, 2018 through June 30, 2019 and again from July 1, 2019 through June 30, 2022. The agreement has been extended until June 30, 2025. There are currently 185 participants in the program. The participants make monthly payments based on the previous year's usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). Districts that paid more than their actual usage can use their credit on future billings or request a refund. Districts that did not pay enough on estimated billings are invoiced for the difference on their October or November monthly bill.

Note 16 – Recreation Center Joint Operating Agreement

On July 9, 2002, the School District entered into a joint operating agreement and lease agreement with the City of Medina for the Medina Recreation Center (the Recreation Center).

Under the terms of these agreements, the Recreation Center will be owned by the School District and the City will be granted a leasehold interest in the Recreation Center for a term commencing on the date the facilities are opened for public use and expiring on June 30, 2052, with an option to renew for an indefinite number of additional five-year terms.

In addition to the initial rent payment, the City is also required to pay annual rent of \$1 each year, and 47.5 percent of the Recreation Center's operating expenses which will be initially paid by the School District and invoiced to the City on a monthly basis. The City and the School District will also each be required to contribute \$100,000 a year, plus annual increases, for the term of the lease, to separate capital improvement funds which may be spent for upkeep of the facilities through mutual agreement of both parties upon the recommendation of an Advisory Committee; however, no contributions to the capital improvement funds are required by either party for the first two years of operations and contributions of only 30 percent, 60 percent, and 90 percent are required for the third, fourth and fifth years, respectively.

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

The Recreation Center’s Advisory Committee will consist of eight members, two of which will be appointed by the School District and two by the City and four by election by appointed officials. The Advisory Committee members may serve for an unlimited number of three year terms, and will be responsible for advising the City and School District regarding scheduling, operating expenses and day-to-day operations of the Recreation Center, as well as use of the Capital Improvement Funds.

The Recreation Center is accounted for as an undivided interest for the School District. The School District and the City each report 50 percent of the completed building and each reports their respective shares of the operating costs.

Note 17 – Set-Asides

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

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

	Capital Improvement
Set-aside Balances as of June 30, 2022	\$0
Current Year Set-aside Requirement	1,390,930
Qualifying Disbursements	(2,291,517)
Totals	(\$900,587)
Set-aside Balance Carried Forward to Future Fiscal Years	\$0
Set-aside Balance as of June 30, 2023	\$0

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

Note 18 – Donor Restricted Endowments

The School District’s scholarship endowment fund includes donor restricted endowments. The net position nonexpendable amounts of \$779,146 represent the principal portion of the endowments. The net position expendable amount of \$52,800 represents the interest earnings on donor-restricted investments and is available for expenditure by the governing board, for purposes consistent with the endowment’s intent. State law permits the governing board to appropriate, for purposes consistent with the endowment’s intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise.

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

Note 19 – Interfund Transactions

Interfund Balances

As of June 30, 2023, the general fund had a \$1,654,868 interfund receivable and the following funds had the corresponding interfund payables:

Interfund Payable	Interfund Receivable General
<i>Special Revenue Funds:</i>	
Elementary and Secondary School Emergency Relief	\$1,016,100
Title VI-B	479,950
Limited English Proficiency	1,902
Title I	113,675
Drug Free Schools	3,700
Preschool Grant	12,200
Reducing Class Size	27,341
Total	\$1,654,868

Interfund receivables and payables are due to the timing of the receipt of grant monies. The general fund provides money to operate the programs until grants are received and the advances can be repaid.

Interfund Transfers

The School District had the following transfers during fiscal year 2023:

Transfers To	Transfers From		Total
	General	Other Governmental Funds	
<i>Governmental Funds:</i>			
Bond Retirement	\$358,900	\$1,731,501	\$2,090,401
Other Governmental Funds	134,017	50,000	184,017
Total	\$492,917	\$1,781,501	\$2,274,418

Transfers from the general fund of \$358,900 and \$134,017 to the bond retirement and other governmental funds were to pay a portion of outstanding debt and to help pay for permanent improvement projects and district managed activities, respectively. The transfers from other governmental funds to the bond retirement fund were to pay a portion of outstanding debt. The transfer from other governmental funds to other governmental funds was to help pay for permanent improvement projects.

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

Note 20 – Significant Commitments

Contractual Commitments

The School District had outstanding contractual commitments for renovations and improvements as follows:

Vendor	Contractual Commitment	Expended	Balance at 6/30/2023
Damschroder Roofing	\$232,528	\$0	\$232,528
Garland Roofing	146,723	144,323	2,400
Roberts Roofing	1,109,900	1,090,338	19,562
Total	<u>\$1,489,151</u>	<u>\$1,234,661</u>	<u>\$254,490</u>

\$254,490 of the remaining commitments were encumbered at year-end. The amount of \$226,062 in contracts payable has been capitalized.

Encumbrances

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

General	\$855,308
Other Governmental Funds	3,058,961
Internal Service Funds	190,109
Enterprise Funds	<u>12,314</u>
Total	<u>\$4,116,692</u>

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

Note 21 – Fund Balances

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

Fund Balances	General	Bond Retirement	Other Governmental Funds	Total
<u>Nonspendable:</u>				
Unclaimed Monies	\$66,496	\$0	\$0	\$66,496
Materials and Supplies Inventory	79,935	0	19,999	99,934
Total Nonspendable	<u>146,431</u>	<u>0</u>	<u>19,999</u>	<u>166,430</u>
<u>Restricted for:</u>				
Debt Service	0	4,042,569	0	4,042,569
Capital Projects	0	0	4,765,613	4,765,613
Food Service	0	0	1,114,047	1,114,047
Student Activities	0	0	875,441	875,441
Athletics and Music	0	0	2,000	2,000
Local Grants	0	0	42,943	42,943
State Grants	0	0	129,214	129,214
Total Restricted	<u>0</u>	<u>4,042,569</u>	<u>6,929,258</u>	<u>10,971,827</u>
<u>Assigned to:</u>				
Purchases on Order	537,686	0	0	537,686
2024 Appropriations	13,596,543	0	0	13,596,543
Public School Support	918,785	0	0	918,785
Total Assigned	<u>15,053,014</u>	<u>0</u>	<u>0</u>	<u>15,053,014</u>
Unassigned (Deficit)	<u>23,891,974</u>	<u>0</u>	<u>(725,908)</u>	<u>23,166,066</u>
Total Fund Balances	<u>\$39,091,419</u>	<u>\$4,042,569</u>	<u>\$6,223,349</u>	<u>\$49,357,337</u>

Note 22 – Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also include 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 health care to eligible benefit recipients.

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 23 for the required OPEB disclosures.

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 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS website 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

Medina City School District
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July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be 5 years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be 5 years of qualifying service credit and age 60, or 30 years of service credit regardless of age.

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

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

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

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

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

The School District's contractually required contribution to STRS was \$6,430,847 for fiscal year 2023. Of this amount \$693,740 is reported as an intergovernmental payable.

Medina City School District
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School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Age 65 with 5 years of service credit; or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first 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.

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

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

The School District’s contractually required contribution to SERS was \$1,642,697 for fiscal year 2023. Of this amount \$229,261 is reported as an intergovernmental payable.

Medina City School District
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Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

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

	<u>STRS</u>	<u>SERS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Date	0.35010795%	0.30962450%	
Prior Measurement Date	<u>0.35783484%</u>	<u>0.32397500%</u>	
Change in Proportionate Share	<u>-0.00772689%</u>	<u>-0.01435050%</u>	
Proportionate Share of the Net Pension Liability	\$77,829,438	\$16,746,901	\$94,576,339
Pension Expense	\$8,989,615	\$660,120	\$9,649,735

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

	<u>STRS</u>	<u>SERS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$996,317	\$678,263	\$1,674,580
Changes of assumptions	9,313,845	165,245	9,479,090
Net difference between projected and actual earnings on pension plan investments	2,708,294	0	2,708,294
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	862,709	35,486	898,195
School District contributions subsequent to the measurement date	<u>6,430,847</u>	<u>1,642,697</u>	<u>8,073,544</u>
Total Deferred Outflows of Resources	<u>\$20,312,012</u>	<u>\$2,521,691</u>	<u>\$22,833,703</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$297,723	\$109,939	\$407,662
Changes of assumptions	7,010,648	0	7,010,648
Net difference between projected and actual earnings on pension plan investments	0	584,390	584,390
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>1,205,959</u>	<u>499,672</u>	<u>1,705,631</u>
Total Deferred Inflows of Resources	<u>\$8,514,330</u>	<u>\$1,194,001</u>	<u>\$9,708,331</u>

Medina City School District
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For the Fiscal Year Ended June 30, 2023

\$8,073,544 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	STRS	SERS	Total
Fiscal Year Ending June 30:			
2024	\$417,776	(\$148,904)	\$268,872
2025	(414,254)	(302,452)	(716,706)
2026	(2,529,855)	(834,813)	(3,364,668)
2027	7,893,168	971,162	8,864,330
Total	\$5,366,835	(\$315,007)	\$5,051,828

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation are presented as follows:

	June 30, 2022
Inflation	2.50 percent
Salary Increases	From 2.5 percent to 12.5 percent based on age
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost of Living Adjustments (COLA)	0.0 percent, effective July 1, 2017

For 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.

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

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

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

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

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

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$117,571,948	\$77,829,438	\$44,219,580

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Actuarial Assumptions – SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2022, are presented as follows:

	June 30, 2022
Inflation	2.4 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 percent to 13.58 percent 2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the PUB-2010 General Employee Amount 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 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

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

over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$24,650,639	\$16,746,901	\$10,088,109

Medina City School District
Notes to the Basic Financial Statements
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Note 23 – Defined Benefit OPEB Plans

See Note 22 for a description of the net OPEB liability (asset).

State Teachers Retirement System (STRS)

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

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

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

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation was made to

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

health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer’s SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the School District’s surcharge obligation was \$224,689.

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 \$224,689 for fiscal year 2023, which is reported as an intergovernmental payable.

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

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

	<u>STRS</u>	<u>SERS</u>	<u>Total</u>
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.35010795%	0.31716640%	
Prior Measurement Date	<u>0.35783484%</u>	<u>0.33440589%</u>	
Change in Proportionate Share	<u>-0.00772689%</u>	<u>-0.01723949%</u>	
Proportionate Share of the:			
Net OPEB Liability	\$0	\$4,453,050	\$4,453,050
Net OPEB (Asset)	(\$9,065,461)	\$0	(\$9,065,461)
OPEB Expense	(\$1,588,644)	(\$431,621)	(\$2,020,265)

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

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

	<u>STRS</u>	<u>SERS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$131,416	\$37,435	\$168,851
Changes of assumptions	386,159	708,315	1,094,474
Net difference between projected and actual earnings on OPEB plan investments	157,808	23,144	180,952
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	126,594	145,065	271,659
School District contributions subsequent to the measurement date	<u>0</u>	<u>224,689</u>	<u>224,689</u>
Total Deferred Outflows of Resources	<u>\$801,977</u>	<u>\$1,138,648</u>	<u>\$1,940,625</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$1,361,458	\$2,848,497	\$4,209,955
Changes of assumptions	6,428,283	1,828,009	8,256,292
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>94,791</u>	<u>762,076</u>	<u>856,867</u>
Total Deferred Inflows of Resources	<u>\$7,884,532</u>	<u>\$5,438,582</u>	<u>\$13,323,114</u>

\$224,689 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability or an increase to the net OPEB asset in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>STRS</u>	<u>SERS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2024	(\$2,034,226)	(\$1,023,034)	(\$3,057,260)
2025	(2,085,980)	(1,017,572)	(3,103,552)
2026	(959,922)	(876,876)	(1,836,798)
2027	(402,281)	(553,755)	(956,036)
2028	(528,844)	(387,631)	(916,475)
Thereafter	<u>(1,071,302)</u>	<u>(665,755)</u>	<u>(1,737,057)</u>
Total	<u>(\$7,082,555)</u>	<u>(\$4,524,623)</u>	<u>(\$11,607,178)</u>

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

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2022, actuarial valuation and the June 30, 2021, actuarial valuation are presented as follows:

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

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

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

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

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

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 22.

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

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB (asset)	(\$8,380,779)	(\$9,065,461)	(\$9,651,948)
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB (asset)	(\$9,403,087)	(\$9,065,461)	(\$8,639,288)

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.

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

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

	June 30, 2022
Inflation	2.40 percent
Future Salary Increases, including inflation Wage Increases	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Fiduciary Net Position is Projected to be Depleted	2044
Municipal Bond Index Rate:	
Measurement Date	3.69 percent
Prior Measurement Date	1.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Measurement Date	4.08 percent
Prior Measurement Date	2.27 percent
Health Care Cost Trend Rate:	
Medicare	5.125 to 4.40 percent
Pre-Medicare	6.75 to 4.40 percent
Medical Trend Assumption	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 were based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

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

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

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 22.

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

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.08 percent) and higher (5.08 percent) than the current discount rate (4.08 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.40 percent) and higher (8.00 percent decreasing to 5.40 percent) than the current rate.

	1% Decrease (3.08%)	Current Discount Rate (4.08%)	1% Increase (5.08%)
School District's proportionate share of the net OPEB liability	\$5,530,754	\$4,453,050	\$3,583,049
	1% Decrease (6.00% decreasing to 3.40%)	Current Trend Rate (7.00% decreasing to 4.40%)	1% Increase (8.00% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$3,434,100	\$4,453,050	\$5,783,962

Note 24 – COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During fiscal year 2023, the School District received COVID-19 funding. The School District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

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

	2023	2022	2021
School District's Proportion of the Net Pension Liability	0.35010795%	0.35783484%	0.35677176%
School District's Proportionate Share of the Net Pension Liability	\$77,829,438	\$45,752,401	\$86,326,071
School District's Covered Payroll	\$47,862,543	\$44,410,679	\$43,326,214
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	162.61%	103.02%	199.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.90%	87.80%	75.50%

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

See accompanying notes to the Required Supplementary Information

2020	2019	2018	2017	2016	2015	2014
0.35000320%	0.33945483%	0.34743485%	0.33651839%	0.32962857%	0.31858130%	0.31858130%
\$77,401,104	\$74,638,495	\$82,533,893	\$112,642,849	\$91,099,696	\$77,489,998	\$92,305,578
\$41,518,557	\$39,906,914	\$37,296,379	\$35,299,079	\$34,801,186	\$32,545,515	\$35,417,154
186.43%	187.03%	221.29%	319.11%	261.77%	238.10%	260.62%
77.40%	77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

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

	2023	2022	2021
School District's Proportion of the Net Pension Liability	0.30962450%	0.32397500%	0.32145611%
School District's Proportionate Share of the Net Pension Liability	\$16,746,901	\$11,953,738	\$21,261,784
School District's Covered Payroll	\$11,963,943	\$11,197,357	\$11,310,743
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	139.98%	106.75%	187.98%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.82%	82.86%	68.55%

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

See accompanying notes to the Required Supplementary Information

2020	2019	2018	2017	2016	2015	2014
0.32188189%	0.34125620%	0.33558830%	0.33094710%	0.32364560%	0.31001500%	0.31001500%
\$19,258,758	\$19,544,376	\$20,050,660	\$24,222,274	\$18,467,531	\$15,689,682	\$18,435,597
\$11,109,622	\$11,527,904	\$10,049,029	\$10,241,000	\$9,926,164	\$9,019,954	\$8,613,473
173.35%	169.54%	199.53%	236.52%	186.05%	173.94%	214.03%
70.85%	71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

Medina City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Asset/Liability
State Teachers Retirement System of Ohio
*Last Seven Fiscal Years (1) **

	2023	2022	2021
School District's Proportion of the Net OPEB Asset/Liability	0.35010795%	0.35783484%	0.35677176%
School District's Proportionate Share of the:			
Net OPEB Asset	\$9,065,461	\$7,544,655	\$6,270,258
Net OPEB Liability	\$0	\$0	\$0
School District's Covered Payroll	\$47,862,543	\$44,410,679	\$43,326,214
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-18.94%	-16.99%	-14.47%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	230.70%	174.70%	182.10%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2017 is not available. An additional column will be added each fiscal year.

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

See accompanying notes to the Required Supplementary Information

2020	2019	2018	2017
0.35000320%	0.33945483%	0.34743485%	0.33651839%
\$5,796,893	\$5,454,693	\$0	\$0
\$0	\$0	\$13,555,625	\$17,997,091
\$41,518,557	\$39,906,914	\$37,296,379	\$35,299,079
-13.96%	-13.67%	36.35%	50.98%
174.70%	176.00%	47.10%	37.30%

Medina City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
*Last Seven Fiscal Years (1) **

	2023	2022	2021
School District's Proportion of the Net OPEB Liability	0.31716640%	0.33440589%	0.32655310%
School District's Proportionate Share of the Net OPEB Liability	\$4,453,050	\$6,328,906	\$7,097,068
School District's Covered Payroll	\$11,963,943	\$11,197,357	\$11,310,743
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	37.22%	56.52%	62.75%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2017 is not available. An additional column will be added each fiscal year.

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

See accompanying notes to the Required Supplementary Information

2020	2019	2018	2017
0.33000220%	0.34473390%	0.34042430%	0.33515820%
\$8,298,861	\$9,563,851	\$9,136,094	\$9,553,249
\$11,109,622	\$11,527,904	\$10,049,029	\$10,241,000
74.70%	82.96%	90.92%	93.28%
15.57%	13.57%	12.46%	11.49%

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

	2023	2022	2021	2020
Net Pension Liability:				
Contractually Required Contribution	\$6,430,847	\$6,700,756	\$6,217,495	\$6,065,670
Contributions in Relation to the Contractually Required Contribution	<u>(6,430,847)</u>	<u>(6,700,756)</u>	<u>(6,217,495)</u>	<u>(6,065,670)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$45,934,621	\$47,862,543	\$44,410,679	\$43,326,214
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability:				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

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

See accompanying notes to the Required Supplementary Information

2019	2018	2017	2016	2015	2014
\$5,812,598	\$5,586,968	\$5,221,493	\$4,941,871	\$4,872,166	\$4,230,917
(5,812,598)	(5,586,968)	(5,221,493)	(4,941,871)	(4,872,166)	(4,230,917)
\$0	\$0	\$0	\$0	\$0	\$0
\$41,518,557	\$39,906,914	\$37,296,379	\$35,299,079	\$34,801,186	\$32,545,515
14.00%	14.00%	14.00%	14.00%	14.00%	13.00%
\$0	\$0	\$0	\$0	\$0	\$325,455
0	0	0	0	0	(325,455)
\$0	\$0	\$0	\$0	\$0	\$0
0.00%	0.00%	0.00%	0.00%	0.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

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

	2023	2022	2021	2020
Net Pension Liability:				
Contractually Required Contribution	\$1,642,697	\$1,674,952	\$1,567,630	\$1,583,504
Contributions in Relation to the Contractually Required Contribution	(1,642,697)	(1,674,952)	(1,567,630)	(1,583,504)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$11,733,550	\$11,963,943	\$11,197,357	\$11,310,743
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability:				
Contractually Required Contribution (2)	\$224,689	\$210,056	\$216,420	\$176,576
Contributions in Relation to the Contractually Required Contribution	(224,689)	(210,056)	(216,420)	(176,576)
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.91%</u>	<u>1.76%</u>	<u>1.93%</u>	<u>1.56%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.91%</u>	<u>15.76%</u>	<u>15.93%</u>	<u>15.56%</u>

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

See accompanying notes to the Required Supplementary Information

2019	2018	2017	2016	2015	2014
\$1,499,799	\$1,556,267	\$1,406,864	\$1,433,740	\$1,308,268	\$1,250,166
(1,499,799)	(1,556,267)	(1,406,864)	(1,433,740)	(1,308,268)	(1,250,166)
\$0	\$0	\$0	\$0	\$0	\$0
\$11,109,622	\$11,527,904	\$10,049,029	\$10,241,000	\$9,926,164	\$9,019,954
13.50%	13.50%	14.00%	14.00%	13.18%	13.86%
\$257,611	\$237,349	\$184,983	\$168,646	\$250,703	\$165,548
(257,611)	(237,349)	(184,983)	(168,646)	(250,703)	(165,548)
\$0	\$0	\$0	\$0	\$0	\$0
2.32%	2.06%	1.84%	1.65%	2.53%	1.84%
15.82%	15.56%	15.84%	15.65%	15.71%	15.70%

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

Net Pension Liability

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:

	Fiscal Year 2022	Fiscal Years 2021-2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected Salary Increases	From 2.5 percent to 12.5 percent based on age	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent	3.5 percent
Cost of Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

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

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

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.

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

Changes in Assumptions – SERS

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

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

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

Beginning in 2022, amounts reported use mortality rates based on the PUB-2010 General Employee Amount 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 MP-2020 projection scale generationally.

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

Net OPEB Liability (Asset)

Changes in Assumptions – STRS

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

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

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

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

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

Changes in Benefit Terms – STRS

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

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

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

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

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

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

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

Changes in Assumptions – SERS

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

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

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

Municipal Bond Index Rate:

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

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

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

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**MEDINA CITY SCHOOL DISTRICT
MEDINA COUNTY, OHIO**

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education</i>		
Child Nutrition Cluster		
School Breakfast Program	10.553	\$ 114,033
National School Lunch Program	10.555	925,450
National School Lunch Program Non-Cash Assistance	10.555	196,161
Total Child Nutrition Cluster		<u>1,235,644</u>
NSLP Equipment Assistant Grant	10.579	<u>108,349</u>
Total U.S. Department of Agriculture		1,343,993
U.S. DEPARTMENT OF EDUCATION		
<i>Passed Through Ohio Department of Education</i>		
Title I Grants to LEA's	84.010	669,701
Special Education Cluster		
IDEA-B Spec Ed Grants to States	84.027	1,609,696
ARP IDEA-B	84.027	302,403
ARP IDEA-B Early Childhood	84.173	2,867
IDEA-B Spec Ed Preschool Grants	84.173	45,115
Total Special Education Cluster		<u>1,960,081</u>
Title II-A Supporting Effective Instruction	84.367	162,270
Title III - LEP	84.365	2,824
Title IV-A Student Support & Acad. Enrichment	84.424	73,442
ARP ESSER	84.425	1,179,878
ARP ESSER Homeless	84.425	16,402
ESSER II	84.425	570,956
Total ESSER		<u>1,767,236</u>
Total U.S. Department of Education		4,635,554
U.S. DEPARTMENT OF THE TREASURY		
<i>Passed Through Ohio Department of Education</i>		
Ohio K-12 School Safety Grant	21.027	<u>397,479</u>
Total U.S. Department of the Treasury		<u>397,479</u>
Total Expenditures of Federal Awards		<u>\$ 6,377,026</u>

The accompanying notes are an integral part of this schedule.

**MEDINA CITY SCHOOL DISTRICT
MEDINA COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(PREPARED BY MANAGEMENT)
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2023**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Medina City School District (the District) under programs of the federal government for the year ended June 30, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the 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 entitlement value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

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

Medina City School District
Medina County
739 Weymouth Road
Medina, Ohio 44256

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Medina City School District, Medina County, Ohio (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 14, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

However, we noted certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated March 14, 2024.

Purpose of this Report

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



Charles E. Harris & Associates, Inc.
March 14, 2024

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

Medina City School District
Medina County
739 Weymouth Road
Medina, Ohio 44256

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each 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 each major federal program as a whole.

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

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

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

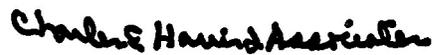
Report on Internal Control Over Compliance

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

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

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

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



Charles E. Harris & Associates, Inc.
March 14, 2024

**MEDINA CITY SCHOOL DISTRICT
MEDINA COUNTY, OHIO
SCHEDULE OF FINDINGS
2 CFR § 200.515
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Education Stabilization Fund – AL #84.425 Special Education Cluster – IDEA-B - AL #84-027 IDEA-B Early Childhood – AL #84.173
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

**MEDINA CITY SCHOOL DISTRICT
MEDINA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended June 30, 2023**

Prepared by Management

Finding Number	Finding Summary	Status	Additional Information
2022-001	Significant Deficiency – Bank Reconciliations	Corrected	None
2022-002	Noncompliance and Material Weakness – Prevailing Wage Requirements	Corrected	

OHIO AUDITOR OF STATE KEITH FABER



MEDINA 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 4/18/2024

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

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