



OHIO AUDITOR OF STATE
KEITH FABER



**TROTWOOD-MADISON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY
JUNE 30, 2021**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor’s Report	1
Prepared by Management:	
Management Discussion and Analysis For the Fiscal Year Ended June 30, 2021	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position – June 30, 2021	13
Statement of Activities For the Fiscal Year Ended June 30, 2021	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds June 30, 2021	15
Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities – June 30, 2021	16
Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds – For the Fiscal Year Ended June 30, 2021	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities – For the Fiscal Year Ended June 30, 2021	18
Statement of Changes in Fiduciary Net Position Fiduciary Fund – For the Fiscal Year Ended June 30, 2021	19
Notes to the Basic Financial Statements	20
Required Supplementary Information:	
Schedule of the District’s Proportionate Share of the Net Pension Liability – School Employees Retirement System of Ohio Last Eight Fiscal Years	57
Schedule of the District’s Contributions for Net Pension Liability School Employees Retirement System of Ohio Last Ten Fiscal Years	58
Schedule of the District’s Proportionate Share of the Net Pension Liability - State Teachers Retirement System of Ohio Last Eight Fiscal Years	59
Schedule of the District’s Contributions for Net Pension Liability – State Teachers Retirement System of Ohio Last Ten Fiscal Years	60

**TROTWOOD-MADISON SCHOOL DISTRICT
MONTGOMERY COUNTY
JUNE 30, 2021**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Schedule of the District's Proportionate Share of the Net OPEB Liability – School Employees Retirement System of Ohio Last Five Fiscal Years.....	61
Schedule of the District's Contributions for Net OPEB Liability School Employees Retirement System of Ohio Last Six Fiscal Years.....	62
Schedule of the District's Proportionate Share of the Net OPEB (Asset)/Liability - State Teachers Retirement System of Ohio Last Five Fiscal Years	63
Schedule of the District's Contributions for Net OPEB (Asset)/Liability – State Teachers Retirement System of Ohio Last Six Fiscal Years	64
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) – General Fund For the Fiscal Year Ended June 30, 2021	65
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis) – Emergency Relief Fund For the Fiscal Year Ended June 30, 2021	66
Notes to the Required Supplementary Information	67
Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2021	73
Notes to the Schedule of Expenditures of Federal Awards For the Fiscal Year Ended June 30, 2021	74
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	75
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	77
Schedule of Findings.....	79

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

Trotwood-Madison City School District
Montgomery County
3594 North Snyder Road
Trotwood, Ohio 45426

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Trotwood-Madison City School District, Montgomery County, Ohio (the District), as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Trotwood-Madison City School District, as of June 30, 2021, and the respective changes in financial position thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 21 to the financial statements, during fiscal year 2021, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding this matter.

As discussed in Note 22 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

June 2, 2022

This page intentionally left blank.

Trotwood-Madison City School District, Ohio
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

The management's discussion and analysis of Trotwood-Madison City School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's performance.

Financial Highlights

Key financial highlights for 2021 are as follows:

- Net position of governmental activities decreased \$2,087,083.
- General revenues accounted for \$35,996,649 in revenue or 65% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$19,641,167 or 35% of total revenues of \$55,637,816.
- The District had \$57,724,899 in expenses related to governmental activities; \$19,641,167 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$35,996,649 were also used to provide for these programs.

Overview of the Financial Statements

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

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

Government-wide Financial Statements

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2021?" The Government-wide Financial Statements answer this question. These statements include *all assets and deferred outflows of resources, and liabilities and deferred inflows of resources* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

Trotwood-Madison City School District, Ohio
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

In the Government-wide Financial Statements, the overall financial position of the District is presented in the following manner:

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

Fund Financial Statements

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

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

Fiduciary Funds Fiduciary Funds are used to account for resources held for the benefits of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District’s own programs.

The District as a Whole

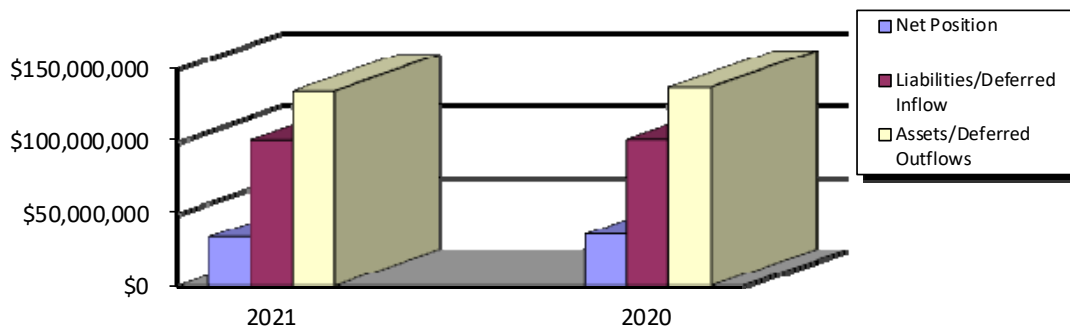
As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District’s net position for 2021 compared to 2020:

This Space Intentionally Left Blank

Trotwood-Madison City School District, Ohio
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

Table 1
Net Position

	Governmental Activities	
	2021	2020 - Restated
Assets:		
Current and Other Assets	\$50,965,196	\$48,797,492
Net OPEB Asset	2,259,528	2,304,771
Capital Assets	<u>69,695,311</u>	<u>72,484,948</u>
Total Assets	<u>122,920,035</u>	<u>123,587,211</u>
Deferred Outflows of Resources:		
Deferred Charge on Refunding	421,593	452,458
OPEB	1,934,757	1,766,747
Pension	<u>9,301,802</u>	<u>11,414,308</u>
Total Deferred Outflows of Resources	<u>11,658,152</u>	<u>13,633,513</u>
Liabilities:		
Other Liabilities	2,925,974	3,305,372
Long-Term Liabilities	<u>81,895,457</u>	<u>83,075,441</u>
Total Liabilities	<u>84,821,431</u>	<u>86,380,813</u>
Deferred Inflows of Resources:		
Property Taxes	9,097,523	9,098,972
Revenue in Lieu of Taxes	62,028	55,156
OPEB	5,034,994	4,201,582
Pension	<u>1,961,080</u>	<u>1,795,987</u>
Total Deferred Inflows of Resources	<u>16,155,625</u>	<u>15,151,697</u>
Net Position:		
Net Investment in Capital Assets	38,450,939	39,324,487
Restricted	6,903,636	5,661,714
Unrestricted	<u>(11,753,444)</u>	<u>(9,297,987)</u>
Total Net Position	<u>\$33,601,131</u>	<u>\$35,688,214</u>



Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2021, the District's assets and deferred outflows exceeded liabilities and deferred inflows by \$33,601,131.

Trotwood-Madison City School District, Ohio
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

At year-end, capital assets represented 57% of total assets. Capital assets include land, buildings and improvements, and equipment. Capital assets, net of related debt to acquire the assets at June 30, 2021, were \$38,450,939. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$6,903,636 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Current and Other Assets increased slightly mainly due to an increase in pooled cash and investments in fiscal year 2021 as compared to fiscal year 2020. Capital Assets decreased due to depreciation expense being greater than current year additions. Long-term liabilities decreased mainly due to a decrease in other long term amounts because the District made regularly scheduled debt payments.

Table 2 shows the changes in net position for fiscal years 2021 and 2020.

Table 2
Changes in Net Position

	Governmental Activities	
	2021	2020 - Restated
Revenues:		
Program Revenues		
Charges for Services	\$2,329,075	\$1,418,699
Operating Grants, Contributions	17,312,092	14,116,255
General Revenues:		
Property Taxes	10,174,992	10,055,826
Grants and Entitlements	24,382,654	23,855,858
Other	1,439,003	1,693,352
Total Revenues	55,637,816	51,139,990
Program Expenses:		
Instruction	26,761,934	25,685,276
Support Services:		
Pupil and Instructional Staff	5,485,662	5,894,284
School Administrative, General Administration, Fiscal and Business Operations and Maintenance	6,001,360	5,960,481
Pupil Transportation	4,609,418	3,743,801
Central	2,528,319	1,988,904
Central	345,619	447,347
Operation of Non-Instructional Services	10,176,246	9,642,927
Extracurricular Activities	904,682	1,171,815
Interest and Fiscal Charges	911,659	1,070,424
Total Program Expenses	57,724,899	55,605,259
Change in Net Position	(2,087,083)	(4,465,269)
Net Position - Beginning of Year, Restated	35,688,214	40,153,483
Net Position - End of Year	\$33,601,131	\$35,688,214

Trotwood-Madison City School District, Ohio
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

The District revenues are mainly from three sources. Property taxes levied for general, special revenue, debt service and capital projects purposes, grants and entitlements and operating grants and contributions comprised most of the District’s revenues for governmental activities.

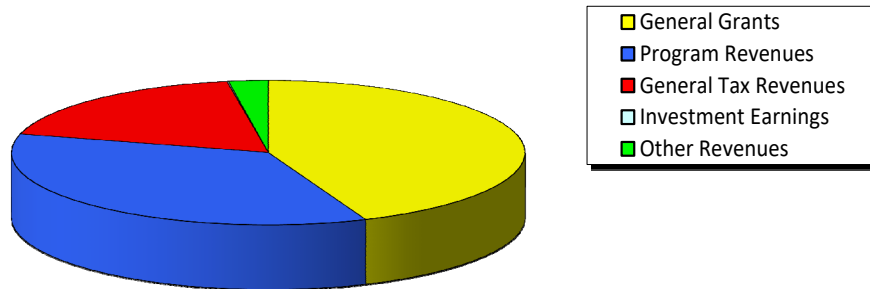
The decrease in net position and increase in total expenses is due to changes related to net pension liability and other post employment benefits liability.

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

Thus Ohio districts do not receive additional property tax revenue from increases in appraisal values and must regularly return to the voters to maintain a constant level of service. Property taxes made up 18% of revenue for governmental activities for the District in fiscal year 2021.

Governmental Activities
Revenue Sources

Revenue Sources	2021	Percent of Total
General Grants	\$24,382,654	43.8%
Program Revenues	19,641,167	35.3%
General Tax Revenues	10,174,992	18.3%
Investment Earnings	54,539	0.1%
Other Revenues	1,384,464	2.5%
Total Revenue Sources	\$55,637,816	100%



Instruction comprises 46% of governmental program expenses. Support services expenses were 33% of governmental program expenses. All other expenses, including interest and fiscal charges were 21% of governmental program expenses. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Trotwood-Madison City School District, Ohio
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

Governmental Activities

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

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2021	2020 - Restated	2021	2020 - Restated
Instruction	\$26,761,934	\$25,685,276	(\$14,789,298)	(\$16,442,223)
Support Services:				
Pupil and Instructional Staff	5,485,662	5,894,284	(2,366,950)	(3,312,693)
School Administrative, General				
Administration, Fiscal and Business	6,001,360	5,960,481	(5,749,064)	(5,683,095)
Operations and Maintenance	4,609,418	3,743,801	(3,295,159)	(3,539,400)
Pupil Transportation	2,528,319	1,988,904	(2,286,521)	(1,581,033)
Central	345,619	447,347	(345,619)	(447,347)
Operation of Non-Instructional Services	10,176,246	9,642,927	(7,541,765)	(7,089,187)
Extracurricular Activities	904,682	1,171,815	(797,697)	(904,903)
Interest and Fiscal Charges	911,659	1,070,424	(911,659)	(1,070,424)
Total Expenses	<u>\$57,724,899</u>	<u>\$55,605,259</u>	<u>(\$38,083,732)</u>	<u>(\$40,070,305)</u>

The District's Funds

The District has three major governmental funds: the General, Debt Service, and Emergency Relief Fund. Assets of these funds comprise \$48,606,766 (92%) of the total \$52,639,231 governmental funds assets.

General Fund: Fund balance at June 30, 2021 was \$29,417,826. The primary reason for the increase in fund balance was due to total revenues exceeding expenditures during the year.

Debt Service Fund: Fund balance at June 30, 2021 was \$2,905,635. Fund balance remained relatively consistent in 2021 when compared to 2020.

Emergency Relief Fund: Fund balance at June 30, 2021 was (\$37,739). The primary reason for the decrease in fund balance was due to the expenditures exceeding revenues.

General Fund Budgeting Highlights

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

For the General Fund, final budget basis revenue was \$36,691,097. The original budget estimate was \$37,492,326. The difference was \$801,229. Of this difference, most was due to overestimation of taxes and intergovernmental revenues. Actual instruction expenses were slightly higher when compared to final budgeted expenses.

Trotwood-Madison City School District, Ohio
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

The District's ending unobligated cash balance was \$29,225,900.

Capital Assets and Debt Administration

Capital Assets

At fiscal year end, the District had \$69,695,311 invested in land, buildings and improvements and equipment net of accumulated depreciation. Table 4 shows fiscal year 2021 balances compared to fiscal year 2020:

Table 4
Capital Assets at Year End
(Net of Depreciation)

	Governmental Activities	
	2021	2020
Land	\$1,239,620	\$1,239,620
Buildings and Improvements	64,399,442	66,965,905
Equipment	4,056,249	4,279,423
Total Net Capital Assets	<u>\$69,695,311</u>	<u>\$72,484,948</u>

The decrease in capital assets is due to depreciation exceeding capital asset additions for 2021.

See Note 6 in the Notes to the Basic Financial Statements for further details on the District's capital assets.

Debt

At June 30, 2021, the District had \$31,665,965 in debt outstanding, \$2,074,706 due within one year. Table 5 summarizes debt outstanding.

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2021	2020
2016 Refunding Bonds:		
Current Interest Bonds	\$20,670,000	\$22,045,000
Premium	3,152,144	3,303,045
2014 HB264 Energy Improvement Loans	901,090	1,009,978
Capital Leases:		
2016 Classroom Facilities Project Lease - Refunding	6,570,000	6,920,000
2016 Classroom Facilities Project Lease - Premium	372,731	399,355
Total Long-Term Bonds and Capital Leases	<u>\$31,665,965</u>	<u>\$33,677,378</u>

See notes 7-8 in the Notes to the Basic Financial Statements for further details on the District's long-term

Trotwood-Madison City School District, Ohio
Management Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

obligations.

For the Future

The District is committed to its core mission and beliefs as they relate to students. We will continue to find innovative ways to increase revenue and reduce expenditures in order to meet the financial challenges of the future. With careful planning and monitoring of the District's finances, the District's administration is confident that the District can continue to provide a quality education for our students and provide them a secure financial future.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer at Trotwood-Madison City Schools, 3594 N. Snyder Road, Trotwood, Ohio 45426.

This Space Intentionally Left Blank

Trotwood-Madison City School District, Ohio
Statement of Net Position
June 30, 2021

	<u>Governmental Activities</u>
Assets:	
Equity in Pooled Cash and Investments	\$35,153,512
Receivables:	
Taxes	13,168,339
Accounts	43,683
Interest	13,868
Intergovernmental	2,543,231
Prepays	42,563
Nondepreciable Capital Assets	1,239,620
Depreciable Capital Assets, Net	68,455,691
Net OPEB Asset	<u>2,259,528</u>
 Total Assets	 <u>122,920,035</u>
 Deferred Outflows of Resources:	
Deferred Charge on Refunding	421,593
Pension	9,301,802
OPEB	<u>1,934,757</u>
 Total Deferred Outflows of Resources	 <u>11,658,152</u>
 Liabilities:	
Accounts Payable	172,540
Accrued Wages and Benefits	2,670,784
Accrued Interest Payable	82,650
Long-Term Liabilities:	
Due Within One Year	2,368,190
Due In More Than One Year	
Net Pension Liability	44,733,684
Net OPEB Liability	4,330,937
Other Amounts	<u>30,462,646</u>
 Total Liabilities	 <u>84,821,431</u>
 Deferred Inflows of Resources:	
Property Taxes	9,097,523
Revenue in Lieu of Taxes	62,028
OPEB	5,034,994
Pension	<u>1,961,080</u>
 Total Deferred Inflows of Resources	 <u>16,155,625</u>
 Net Position:	
Net Investment in Capital Assets	38,450,939
Restricted for:	
Debt Service	3,542,447
Capital Projects	1,518,773
Classroom Facilities Maintenance	207,811
Federal Grants	1,180,761
Other Purposes	453,844
Unrestricted	<u>(11,753,444)</u>
 Total Net Position	 <u><u>\$33,601,131</u></u>

See accompanying notes to the basic financial statements.

Trotwood-Madison City School District, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2021

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$18,904,001	\$1,878,341	\$5,243,917	(\$11,781,743)
Special	7,668,242	307,629	3,688,511	(3,672,102)
Vocational	918	0	171,393	170,475
Other	188,773	15,351	667,494	494,072
Support Services:				
Pupil	4,264,864	0	2,271,370	(1,993,494)
Instructional Staff	1,220,798	0	847,342	(373,456)
General Administration	53,635	0	0	(53,635)
School Administration	4,563,146	7,992	244,194	(4,310,960)
Fiscal	901,105	0	110	(900,995)
Business	483,474	0	0	(483,474)
Operations and Maintenance	4,609,418	10,410	1,303,849	(3,295,159)
Pupil Transportation	2,528,319	0	241,798	(2,286,521)
Central	345,619	0	0	(345,619)
Operation of Non-Instructional Services	10,176,246	2,367	2,632,114	(7,541,765)
Extracurricular Activities	904,682	106,985	0	(797,697)
Interest and Fiscal Charges	911,659	0	0	(911,659)
Totals	\$57,724,899	\$2,329,075	\$17,312,092	(38,083,732)

General Revenues:

Property Taxes Levied for:	
General Purposes	7,650,286
Special Revenue Purposes	56,506
Debt Service Purposes	1,985,939
Capital Projects Purposes	482,261
Grants and Entitlements, Not Restricted	24,382,654
Revenue in Lieu of Taxes	62,028
Unrestricted Contributions	14,126
Investment Earnings	54,539
Other Revenues	1,308,310

Total General Revenues 35,996,649

Change in Net Position (2,087,083)

Net Position - Beginning of Year, Restated 35,688,214

Net Position - End of Year \$33,601,131

See accompanying notes to the basic financial statements.

Trotwood-Madison City School District, Ohio
 Balance Sheet
 Governmental Funds
 June 30, 2021

	General	Emergency Relief Fund	Debt Service	Total Other (Nonmajor) Governmental Funds	Total Governmental Funds
Assets:					
Equity in Pooled Cash and Investments	\$29,409,803	\$800,805	\$2,787,236	\$2,155,668	\$35,153,512
Receivables:					
Taxes	9,855,618	0	2,611,157	701,564	13,168,339
Accounts	43,683	0	0	0	43,683
Interest	12,759	0	0	1,109	13,868
Intergovernmental	62,028	1,313,569	0	1,167,634	2,543,231
Interfund	1,674,035	0	0	0	1,674,035
Prepays	35,189	884	0	6,490	42,563
Total Assets	41,093,115	2,115,258	5,398,393	4,032,465	52,639,231
Liabilities:					
Accounts Payable	37,306	75,870	0	59,364	172,540
Accrued Wages and Benefits	2,174,792	54,609	0	441,383	2,670,784
Interfund Payable	0	1,257,440	0	416,595	1,674,035
Total Liabilities	2,212,098	1,387,919	0	917,342	4,517,359
Deferred Inflows of Resources:					
Property Taxes	6,820,249	0	1,793,924	483,350	9,097,523
Property Taxes - Unavailable	2,574,578	0	698,834	185,906	3,459,318
Grants and Other Taxes	0	765,078	0	310,879	1,075,957
Revenue in Lieu of Taxes	62,028	0	0	0	62,028
Investment Earnings	6,336	0	0	550	6,886
Total Deferred Inflows of Resources	9,463,191	765,078	2,492,758	980,685	13,701,712
Fund Balances:					
Nonspendable	35,189	884	0	6,490	42,563
Restricted	0	0	2,905,635	2,269,499	5,175,134
Assigned	294,059	0	0	0	294,059
Unassigned	29,088,578	(38,623)	0	(141,551)	28,908,404
Total Fund Balances	29,417,826	(37,739)	2,905,635	2,134,438	34,420,160
Total Liabilities, Deferred Inflows and Fund Balances	\$41,093,115	\$2,115,258	\$5,398,393	\$4,032,465	\$52,639,231

See accompanying notes to the basic financial statements.

Trotwood-Madison City School District, Ohio
 Reconciliation of Total Governmental Fund Balance to
 Net Position of Governmental Activities
 June 30, 2021

Total Governmental Fund Balance \$34,420,160

Amounts reported for governmental activities in the
 statement of net position are different because:

Capital assets used in governmental activities are not financial
 resources and, therefore, are not reported in the funds.

Capital assets used in the operation of Governmental Funds 69,695,311

Other long-term assets are not available to pay for current-
 period expenditures and, therefore, are deferred in the funds.

Delinquent Property Taxes	\$3,459,318	
Interest	6,886	
Intergovernmental	<u>1,075,957</u>	
		4,542,161

In the statement of net position interest payable is accrued when
 incurred; whereas, in the governmental funds interest is
 reported as a liability only when it will require the use of
 current financial resources. (82,650)

Some liabilities reported in the statement of net position do not
 require the use of current financial resources and, therefore,
 are not reported as liabilities in governmental funds.

Compensated Absences (1,164,871)

Deferred charge on refunding associated with long-term liabilities
 that are not reported in the funds. 421,593

Deferred outflows and inflows or resources related to pensions and OPEB
 are applicable to future periods and, therefore, are not
 reported in the funds.

Deferred outflows of resources related to pensions	9,301,802	
Deferred inflows of resources related to pensions	(1,961,080)	
Deferred outflows of resources related to OPEB	1,934,757	
Deferred inflows of resources related to OPEB	<u>(5,034,994)</u>	
		4,240,485

Long-term liabilities and net OPEB assets are not available to pay for
 current period expenditures and are not due and payable in the
 current period and, therefore, are not reported in the funds.

Net OPEB Asset	2,259,528	
Net Pension Liability	(44,733,684)	
Net OPEB Liability	(4,330,937)	
Other Amounts	<u>(31,665,965)</u>	
		<u>(78,471,058)</u>

Net Position of Governmental Activities \$33,601,131

See accompanying notes to the basic financial statements.

Trotwood-Madison City School District, Ohio
Statement of Revenues, Expenditures
and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General	Emergency Relief Fund	Debt Service	Total Other (Nonmajor) Governmental Funds	Total Governmental Funds
Revenues:					
Property and Other Taxes	\$7,647,642	\$0	\$1,923,884	\$542,089	\$10,113,615
Tuition and Fees	2,193,787	0	0	0	2,193,787
Investment Earnings	50,964	0	0	6,713	57,677
Intergovernmental	30,534,811	1,805,752	428,858	8,203,436	40,972,857
Extracurricular Activities	3,015	0	0	104,978	107,993
Charges for Services	9,234	0	0	2,367	11,601
Revenue in Lieu of Taxes	62,028	0	0	0	62,028
Other Revenues	1,329,548	0	0	1,579	1,331,127
Total Revenues	41,831,029	1,805,752	2,352,742	8,861,162	54,850,685
Expenditures:					
Current:					
Instruction:					
Regular	12,442,362	743,265	0	1,821,960	15,007,587
Special	6,304,931	0	0	703,507	7,008,438
Vocational	707	0	0	0	707
Other	71,853	0	0	109,218	181,071
Support Services:					
Pupil	1,835,921	456,654	0	1,507,170	3,799,745
Instructional Staff	963,987	141,255	0	195,164	1,300,406
General Administration	48,649	0	0	0	48,649
School Administration	3,727,763	0	0	234,339	3,962,102
Fiscal	753,812	0	42,960	12,141	808,913
Business	452,286	0	0	0	452,286
Operations and Maintenance	2,989,227	380,271	0	920,436	4,289,934
Pupil Transportation	2,165,200	0	0	0	2,165,200
Central	339,310	0	0	11,580	350,890
Operation of Non-Instructional Services	7,407,031	26,623	0	2,543,174	9,976,828
Extracurricular Activities	649,369	0	0	138,971	788,340
Capital Outlay	0	62,834	0	0	62,834
Debt Service:					
Principal Retirement	108,888	0	1,375,000	350,000	1,833,888
Interest and Fiscal Charges	9,827	0	795,550	257,950	1,063,327
Total Expenditures	40,271,123	1,810,902	2,213,510	8,805,610	53,101,145
Excess of Revenues Over (Under) Expenditures	1,559,906	(5,150)	139,232	55,552	1,749,540
Other Financing Sources (Uses):					
Proceeds from Sale of Capital Assets	7,000	0	0	0	7,000
Transfers In	0	0	0	329,744	329,744
Transfers (Out)	(329,744)	0	0	0	(329,744)
Total Other Financing Sources (Uses)	(322,744)	0	0	329,744	7,000
Net Change in Fund Balance	1,237,162	(5,150)	139,232	385,296	1,756,540
Fund Balance - Beginning of Year, Restated	28,180,664	(32,589)	2,766,403	1,749,142	32,663,620
Fund Balance - End of Year	\$29,417,826	(\$37,739)	\$2,905,635	\$2,134,438	\$34,420,160

See accompanying notes to the basic financial statements.

Trotwood-Madison City School District, Ohio
 Reconciliation of the Statement of Revenues, Expenditures, and Changes
 in Fund Balance of Governmental Funds to the Statement of Activities
 For the Fiscal Year Ended June 30, 2021

Net Change in Fund Balance - Total Governmental Funds		\$1,756,540
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of the difference between capital asset additions and depreciation in the current period.		
Capital assets used in governmental activities	\$278,699	
Depreciation Expense	<u>(3,068,336)</u>	(2,789,637)
Governmental funds report district pension and OPEB contributions as expenditures. However in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension and OPEB expense.		
District pension contributions	\$3,026,166	
Cost of benefits earned net of employee contributions - Pension	(6,898,610)	
District OPEB contributions	56,044	
Cost of benefits earned net of employee contributions - OPEB	<u>25,696</u>	(3,790,704)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Delinquent Property Taxes	\$61,377	
Interest	(3,138)	
Intergovernmental	<u>721,892</u>	780,131
Repayment of bond and lease principal and accretion is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
		1,833,888
In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due.		
		5,008
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.		
Compensated Absences	(\$28,969)	
Amortization of Bond Premium	177,525	
Amortization of Deferred Charge on Refunding	<u>(30,865)</u>	117,691
Change in Net Position of Governmental Activities		<u><u>(\$2,087,083)</u></u>
See accompanying notes to the basic financial statements.		

Trotwood-Madison City School District, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2021

	Custodial Fund
Additions:	
Extracurricular Collections for OHSAA	<u>\$5,123</u>
Total Additions	<u>5,123</u>
Deductions:	
Extracurricular Distributions to OHSAA	<u>5,123</u>
Total Deductions	<u>5,123</u>
Change in Net Position	0
Net Position - Beginning of Year, Restated	<u>0</u>
Net Position - End of Year	<u><u>\$0</u></u>

See accompanying notes to the basic financial statements.

Trotwood-Madison City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 1 - Description of the District

The Trotwood-Madison City School District (the "District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Trotwood-Madison City School District is a city school district as defined by Section 3311.02, Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District.

The District serves an area of approximately 29 square miles. It is located in Montgomery County and includes all of the former Madison Township and the City of Trotwood. The District currently operates five instructional/support buildings.

Management believes the financial statements included in this report represent all of the funds of the District for which the Board of Education has fiscal responsibility.

Note 2 - Summary of Significant Accounting Policies

Reporting Entity

In accordance with Governmental Accounting Standards Board [GASB] Statement 14, as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units", and GASB Statement No. 61, "The Financial Reporting Entity Omnibus an Amendment of GASB Statements No.14 and No. 34", the financial reporting entity consists of a primary government. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments.

There are no component units combined with the District for financial statement presentation purposes, and it is not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing body is financially accountable. The District's major operations include education, pupil transportation, food service, and maintenance of District facilities.

The District is associated with three jointly governed organizations and one public entity shared risk pool. These organizations are:

Jointly Governed Organizations:

Metropolitan Educational Technology Association
Miami Valley Career Technology Center
Southwestern Ohio Educational Purchasing Council

Public Entity Shared Risk Pool:

Southwestern Ohio Educational Purchasing Cooperative Employee Benefit Plan

These organizations are presented in Notes 13 and 14.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Trotwood-Madison City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Measurement Focus

Government-wide Financial Statements

The 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.

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The District has no business-type activities so the statements only report governmental activities of the District. The statement of net position presents the financial condition of the governmental activities of the District at year-end.

The government-wide statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position. Fiduciary Funds are not included in entity-wide statements.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

During the year, the District segregates transactions related to certain 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 District at this more detailed level. The focus of governmental financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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

Trotwood-Madison City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental and fiduciary.

Governmental Funds

Governmental funds focus 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 District's major governmental funds:

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

Debt Service Fund – The debt service fund is used to account for the accumulation of resources for the payment of general obligation bond principal and interest and certain other long-term obligations from governmental resources when the District is obligated in some manner for the payment.

Emergency Relief Fund – The emergency relief fund is used to account for federal grant monies related to the Covid-19 pandemic.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension 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 have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District has an OHSAA events fund to account for assets and liabilities of OHSAA athletic events of the District.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting

Trotwood-Madison City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-exchange Transactions

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, included property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. 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 District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes available for advance, revenue in lieu of taxes, grants and interest.

Deferred Outflows/Inflows of Resources

In addition to assets, the government-wide statement of net position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. The deferred outflows of resources related to a deferred charge on refunding, OPEB, and pension are reported on the governmental-wide statement of net position. For more pension and OPEB plans related information, see Notes 9 and 10.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, property taxes (unavailable), revenue in lieu of taxes (which includes tax incremental financing 'TIF'), grants and other taxes, investment earnings, OPEB, and pension. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance year 2022 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Property taxes (unavailable) are reported only on the governmental funds balance sheet and

Trotwood-Madison City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

represents delinquent property taxes. Revenue in lieu of taxes (TIFs) has been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Grants and other taxes, and investment earnings have been recorded as deferred inflows on the governmental fund financial statements. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. For more pension and OPEB plan related information, see Notes 9 and 10.

Expenses/Expenditures

On the accrual basis of accounting, expenditures are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as intergovernmental revenue.

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. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

Equity in Pooled Cash and Investments

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

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

The District has invested funds in the State Treasurer Asset Reserve of Ohio (STAR Ohio) during fiscal year 2021, 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 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.

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 is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue during the current fiscal year amounted to \$50,964 credited to the General Fund and \$6,713 credited to Other Governmental funds.

Trotwood-Madison City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Capital Assets

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of two thousand five hundred dollars (\$2,500). The 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 are depreciated, except land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is allocated using the straight-line method over the following useful lives:

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

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.

Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for 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 District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time, when earned, for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting payment method. The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, a liability is recorded only for the portion of unpaid compensated absences that have matured, for example, as a result of employee resignations and retirements.

The District's policies regarding compensated absences are determined by the state laws and/or negotiated agreements. In summary, the policies are as follows:

<u>Vacation</u>	<u>Certificated</u>	<u>Administrators</u>	<u>Non-Certificated</u>
How earned	not eligible	20-25 days	10-20 days for each service year depending on length of service

Trotwood-Madison City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Maximum accumulation	not applicable	30 days unless special permission granted	30-60 days
Vested Termination entitlement	not applicable	as earned	as earned
	not applicable	30 days maximum	paid upon termination
<u>Sick Leave</u>	<u>Certificated</u>	<u>Administrators</u>	<u>Non-Certificated</u>
How earned	1 ¼ days per month of employment (15 days per year)	1 ¼ days per month of employment (15 days per year)	1 ¼ days per month of employment (15 days per year)
Maximum accumulation	350 days	350 days	350 days
Vested	as earned	as earned	as earned
Termination entitlement	per contract	per contract	per contract

These amounts are recorded in the account “compensated absences” in the fund from which the employees who have accumulated unpaid leave are paid primarily from the General Fund.

Accrued Liabilities and Long-Term Obligations

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

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

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the \$6,903,636 in restricted net

Trotwood-Madison City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

position, none were restricted by enabling legislation.

Interfund Activity

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

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 columns of the statement of net position.

As a general rule, the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities. The interfund services provided and used are not eliminated in the process of consolidation.

Fund Balance

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

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

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

Committed – resources that are constrained for specific purposes that are internally imposed by the government at its highest level of decision making authority, the Board of Education. Formal action (a resolution) by the Board of Education is needed to establish, modify or rescind these resources.

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

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

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

Trotwood-Madison City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Estimates

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2021, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

Note 3 - Equity in Pooled Cash and Investments

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

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

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

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

Interim Monies – Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim monies held by the 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.

Trotwood-Madison City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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).
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.

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

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. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

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

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

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2021, \$4,976,769 of the District's bank balance of \$5,380,088 was exposed to custodial credit risk because it was uninsured and collateralized.

The 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:

Trotwood-Madison City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Eligible securities pledged to the 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% 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% of the deposits being secured or a rate set by the Treasurer of State.

Investments

As of June 30, 2021, the District had the following investments:

Investment Type	Fair Value	Fair Value Hierarchy	Weighted Average Maturity (Years)
Federal Home Loan Mortgage	\$408,912	Level 2	2.36
Federal Home Loan Bank	543,820	Level 2	2.37
Federal Farm Credit Banks	353,930	Level 2	0.69
Negotiable CDs	5,760,517	Level 2	1.75
Commercial Paper	2,107,430	Level 2	0.46
Federal National Mortgage Association	317,560	Level 1	3.61
STAR Ohio	20,950,500	N/A	0.15
Money Market	11,568	N/A	0.15
Total Fair Value	\$30,454,237		
Portfolio Weighted Average Maturity			0.59

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the District's recurring fair value measurements as of June 30, 2021. STAR Ohio is reported at its share price (Net Asset value per share). All other investments of the District are valued using quoted market prices.

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

Credit Risk – It is the District's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have a credit quality rating of the top 2 ratings issued by nationally recognized statistical rating organizations. The District's investments in Federal Home Loan Mortgage, Federal Home Loan Bank, Federal Farm Credit Banks, and the Federal National Mortgage Association were rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service. Investments in STAROhio were rated AAAM by Standard & Poor's. Money Market Funds and Negotiable CDs were not rated. Commercial paper was rated A-1+ by Standard & Poor's ratings and P-1 by Moody's Investment Service.

Concentration of Credit Risk – The District's investment policy allows investments in Federal Agencies or Instrumentalities. The District has invested 1% in Federal Home Loan Mortgage, 19% in Negotiable CDs, <1% in Money Market Funds, 1% in Federal Home Loan Bank, 7% in

Trotwood-Madison City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Commercial paper, 69% in STAR Ohio, 1% in Federal Farm Credit Banks, and 1% in the Federal National Mortgage Association.

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

Note 4 - Property Taxes

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

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. The District receives property taxes from Montgomery County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2022 operations. The amount available for advance can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, and public utility taxes that became measurable as of June 30, 2021. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflows for that portion not intended to finance current year operations.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The assessed values upon which the fiscal year 2021 taxes were collected are:

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$211,991,970
Public Utility	<u>15,558,910</u>
Total	<u><u>\$227,550,880</u></u>

Trotwood-Madison City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 5 – Receivables

Receivables at June 30, 2021, consisted of taxes, accounts, interest, intergovernmental, and interfund. 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. A summary of the principal items of intergovernmental receivables follows:

Governmental Activities	Amount
General Fund	\$62,028
Emergency Relief Fund	1,313,569
EHA Preschool Grant	2,416
Title I School Improvement	21,118
Title VI-B/Preschool	77,602
Title I	714,720
High Schools That Work	8,813
Miscellaneous Federal Grants	56,377
Title II-A	150,804
Public School Preschool	135,784
Total Intergovernmental Receivable	<u><u>\$2,543,231</u></u>

Note 6 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$1,239,620	\$0	\$0	\$1,239,620
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	99,478,624	0	0	99,478,624
Equipment	6,764,180	278,699	498,273	6,544,606
Totals at Historical Cost	<u>107,482,424</u>	<u>278,699</u>	<u>498,273</u>	<u>107,262,850</u>
Less Accumulated Depreciation:				
Buildings and Improvements	32,512,719	2,566,463	0	35,079,182
Equipment	2,484,757	501,873	498,273	2,488,357
Total Accumulated Depreciation	<u>34,997,476</u>	<u>3,068,336</u>	<u>498,273</u>	<u>37,567,539</u>
Governmental Activities Capital Assets, Net	<u><u>\$72,484,948</u></u>	<u><u>(\$2,789,637)</u></u>	<u><u>\$0</u></u>	<u><u>\$69,695,311</u></u>

Trotwood-Madison City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$2,634,610
Special	52,371
Vocational	211
Support Services:	
Pupil	697
Instructional Staff	8,673
School Administration	111,148
Business	341
Operations and Maintenance	82,144
Pupil Transportation	67,006
Central	12,842
Operation of Non-Instructional Services	47,935
Extracurricular Activities	50,358
Total Depreciation Expense	<u><u>\$3,068,336</u></u>

Note 7 - Capitalized Leases

On December 17, 2015, the District issued \$7,670,000 in Certificates of Participation (COPS) with an average interest rate of 3.53%, which was to partially advance refund \$8,275,000 of outstanding 2008 OASBO Lease with an average interest rate of 4.75%. The District purchased 7,986,519 in US Government Securities, which were placed in an irrevocable trust with an escrow agent to provide for all future debt service payments on the OASBO Lease. As a result, \$7,450,000 of the 2008 OASBO Lease is considered to be defeased and the liability for those bonds has been removed from the Statement of Net Position.

Principal and interest requirements to retire capital leases outstanding at year end are as follows:

Fiscal Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2022	\$360,000	\$245,500	\$605,500
2023	380,000	230,700	610,700
2024	395,000	215,200	610,200
2025	405,000	199,200	604,200
2026	425,000	182,600	607,600
2027-2031	2,375,000	650,800	3,025,800
2032-2035	2,230,000	182,800	2,412,800
Total	<u><u>\$6,570,000</u></u>	<u><u>\$1,906,800</u></u>	<u><u>\$8,476,800</u></u>

Capital assets acquired under capital leases in accordance with Statement of Financial Accounting Standards No. 13 are as follows:

Buildings and Improvements	\$10,657,000
----------------------------	--------------

Trotwood-Madison City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 8 - Long-Term Liabilities

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

	Beginning Principal Outstanding	Issued	Retired	Ending Principal Outstanding	Due In One Year
Governmental Activities:					
Bonds and Loans:					
2016 Refunding:					
\$26,115,000 - Current Interest	\$22,045,000	\$0	\$1,375,000	\$20,670,000	\$1,605,000
Premium	3,303,045	0	150,901	3,152,144	0
2014 HB264 Energy Improvement Loans	1,009,978	0	108,888	901,090	109,706
Subtotal Bonds and Loans	26,358,023	0	1,634,789	24,723,234	1,714,706
Capital Leases:					
2016 Classroom Facilities Project Lease - Refunding	6,920,000	0	350,000	6,570,000	360,000
2016 Classroom Facilities Project Lease - Premium	399,355	0	26,624	372,731	0
Compensated Absences	1,135,902	304,111	275,142	1,164,871	293,484
Subtotal Bonds and Other Amounts	34,813,280	304,111	2,286,555	32,830,836	2,368,190
Net Pension Liability:					
STRS	30,773,697	334,441	0	31,108,138	0
SERS	12,365,141	1,260,414	0	13,625,555	0
Total Net Pension Liability	43,138,838	1,594,855	0	44,733,693	0
Net OPEB Liability:					
STRS	0	0	0	0	0
SERS	5,123,323	0	792,386	4,330,937	0
Total Net OPEB Liability	5,123,323	0	792,386	4,330,937	0
Total Long-Term Obligations	\$83,075,441	\$1,898,966	\$3,078,941	\$81,895,466	\$2,368,190

During fiscal years 2014 and 2015, the District issued a HB264 Energy Improvement Loan with an average rate of 1.00%. The issuance will be used to make energy conservation improvements throughout the District. Accordingly, such unmatured obligations of the District are accounted for in the statement of net position. Payments of principal and interest relating to this loan are recorded as an expenditure in the general fund.

Bonds payable will be paid from the debt service fund, the HB264 loan will be paid from the general fund, and capital leases will be paid from the permanent improvement fund. Compensated absences will mainly be paid from the general fund. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the fund benefitting from their service.

On September 6, 2016, the District issued \$26,115,000 in School Improvement Refunding bonds with an average interest rate of 2.00%, which was used to advance refund \$28,605,000 of outstanding 2007 School Improvement Bonds. The net proceeds of \$29,206,521 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide all future debt service payments on the 2007 School Improvement Bonds. As a result, \$28,605,000 of the 2007 School Improvement Bonds are considered to be defeased and the related liability for those bonds has been removed from the Statement of Net Position.

Trotwood-Madison City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Principal and interest requirements to retire general obligation debt outstanding at year end are as follows:

Fiscal Year Ending June 30	Current Interest Bonds and Loans		
	Principal	Interest	Total
2022	\$1,714,706	\$764,441	\$2,479,147
2023	1,760,530	723,579	2,484,109
2024	1,846,360	660,048	2,506,408
2025	1,917,197	588,411	2,505,608
2026	2,123,040	514,643	2,637,683
2027-2031	12,209,257	1,200,833	13,410,090
Total	<u>\$21,571,090</u>	<u>\$4,451,955</u>	<u>\$26,023,045</u>

Note 9 - Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

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

The net pension/OPEB liability (asset) represent the 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.

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be

Trotwood-Madison City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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

The remainder of this note includes the required pension disclosures. See Note 10 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description

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

Age and service requirements for retirement are as follows:

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

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

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

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. Beginning April 1, 2018, 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. A three-year COLA suspension is in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent.

Changes in Benefits between Measurement Date and the Fiscal Year End

In September 2020, the Board of Trustees approved a 0.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2021. The effects of these changes are unknown.

Trotwood-Madison City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Funding Policy

Plan members are required to contribute 10 percent of their annual covered salary and the 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, 2021, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2021, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was \$959,598 for fiscal year 2021. Of this amount \$59,936 is reported as accrued wages and benefits.

Plan Description - State Teachers Retirement System (STRS)

Plan Description

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent 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 Aug. 1, 2019–July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

Trotwood-Madison City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members 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 fiscal year 2021 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2021, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$2,066,568 for fiscal year 2021. Of this amount \$344,428 is reported as accrued wages and benefits.

Net 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, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the 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:

Trotwood-Madison City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$13,625,545	\$31,108,139	\$44,733,684
Proportion of the Net Pension Liability:			
Current Measurement Date	0.20600410%	0.12856493%	
Prior Measurement Date	<u>0.20666520%</u>	<u>0.13915683%</u>	
Change in Proportionate Share	-0.00066110%	-0.01059190%	
Pension Expense	\$2,166,940	\$4,731,670	\$6,898,610

At June 30 2021, reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$26,467	\$69,799	\$96,266
Changes of assumptions	0	1,669,906	1,669,906
Net difference between projected and actual earnings on pension plan investments	864,946	1,512,792	2,377,738
Changes in employer proportionate share of net pension liability	240,273	1,891,453	2,131,726
Contributions subsequent to the measurement date	<u>959,598</u>	<u>2,066,568</u>	<u>3,026,166</u>
Total Deferred Outflows of Resources	<u>\$2,091,284</u>	<u>\$7,210,518</u>	<u>\$9,301,802</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$0	\$198,915	\$198,915
Changes in employer proportionate share of net pension liability	<u>23,979</u>	<u>1,738,186</u>	<u>1,762,165</u>
Total Deferred Inflows of Resources	<u>\$23,979</u>	<u>\$1,937,101</u>	<u>\$1,961,080</u>

\$3,026,166 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year			
Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2022	\$224,268	\$1,414,466	\$1,638,734
2023	252,109	766,553	1,018,662
2024	360,528	773,389	1,133,917
2025	<u>270,802</u>	<u>252,441</u>	<u>523,243</u>
Total	<u>\$1,107,707</u>	<u>\$3,206,849</u>	<u>\$4,314,556</u>

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial

Trotwood-Madison City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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, 2020, are presented below:

Inflation	3.00%
Future Salary Increases, including inflation	3.50% - 18.20%
COLA or Ad Hoc COLA	2.50%
Investment Rate of Return	7.50% net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement. The most recent experience study was completed for the five year period ended June 30, 2015.

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

Trotwood-Madison City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	1.85%
US Stocks	22.50%	5.75%
Non-US Stocks	22.50%	6.50%
Fixed Income	19.00%	2.85%
Private Equity	12.00%	7.60%
Real Assets	17.00%	6.60%
Multi-Asset Strategies	5.00%	6.65%
Total	100.00%	

Discount Rate

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

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

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

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Proportionate share of the net pension liability	\$18,665,333	\$13,625,545	\$9,397,067

Changes in Actuarial Assumptions between Measurement Date and the Fiscal Year End

Based on a new experience study for the five years ending June 30, 2020, the SERS Board lowered the investment rate of return from 7.50 percent to 7.00 percent, lowered inflation from 3.00 percent to 2.40 percent, reduced wage inflation from 3.50 percent to 3.25 percent, reduced COLA from 2.50 percent to 2.00 percent, along with certain other changes for the actuarial valuation as of June 30, 2021. The effects of these changes are unknown.

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation are presented below:

Trotwood-Madison City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Discount Rate of Return	7.45%
Payroll Increases	3.00%
Cost-of-Living Adjustments (COLA)	0%, effective July 1, 2017

Post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality 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 July 1 2020, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return *</u>
Domestic Equity	28.00%	7.35%
International Equity	23.00%	7.55%
Alternatives	17.00%	7.09%
Fixed Income	21.00%	3.00%
Real Estate	10.00%	6.00%
Liquidity Reserves	<u>1.00%</u>	2.25%
Total	<u>100.00%</u>	

*10 Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25%, but does not include 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 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the

Trotwood-Madison City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

total pension liability as of June 30, 2020.

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

The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the 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 (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease 6.45%	Current Discount Rate 7.45%	1% Increase 8.45%
Proportionate share of the net pension liability	\$44,292,573	\$31,108,139	\$19,935,428

Changes in Actuarial Assumptions between Measurement Date and the Fiscal Year End

The STRS Board approved a change in the discount rate from 7.45 percent to 7.00 percent for the June 30, 2021 valuation. The effect on the net pension liability is unknown.

Note 10 - Defined Benefit OPEB Plans

See Note 9 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description

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

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

Trotwood-Madison City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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 2021, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. 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 2021, the District's surcharge obligation was \$56,044.

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 District's contractually required contribution to SERS was \$56,044 for fiscal year 2021.

Plan Description - State Teachers Retirement System (STRS)

Plan Description

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

Funding Policy

Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liabilities (Assets), OPEB Expense (Income), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability (asset) was based on the 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:

Trotwood-Madison City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$4,330,937	\$0	\$4,330,937
Proportionate Share of the Net OPEB (Asset)	0	(2,259,528)	(2,259,528)
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.19927680%	0.12856493%	
Prior Measurement Date	<u>0.20372770%</u>	<u>0.13915683%</u>	
Change in Proportionate Share	-0.00445090%	-0.01059190%	
OPEB Expense (Income)	\$29,657	(\$55,353)	(\$25,696)

At June 30 2021, reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$56,882	\$144,781	\$201,663
Changes of assumptions	738,274	37,299	775,573
Net difference between projected and actual earnings on OPEB plan investments	48,800	79,189	127,989
Changes in employer proportionate share of net OPEB liability	454,810	318,678	773,488
Contributions subsequent to the measurement date	<u>56,044</u>	<u>0</u>	<u>56,044</u>
Total Deferred Outflows of Resources	<u>\$1,354,810</u>	<u>\$579,947</u>	<u>\$1,934,757</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$2,202,584	\$450,066	\$2,652,650
Changes of assumptions	109,086	2,146,174	2,255,260
Changes in employer proportionate share of net OPEB liability	<u>112,290</u>	<u>14,794</u>	<u>127,084</u>
Total Deferred Inflows of Resources	<u>\$2,423,960</u>	<u>\$2,611,034</u>	<u>\$5,034,994</u>

\$56,044 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (adjustment to net OPEB asset) in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year			
Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2022	(\$214,383)	(\$504,478)	(\$718,861)
2023	(210,852)	(450,878)	(661,730)
2024	(211,426)	(432,076)	(643,502)
2025	(206,757)	(435,351)	(642,108)
2026	(193,070)	(96,653)	(289,723)
Thereafter	<u>(88,706)</u>	<u>(111,651)</u>	<u>(200,357)</u>
Total	<u>(\$1,125,194)</u>	<u>(\$2,031,087)</u>	<u>(\$3,156,281)</u>

Trotwood-Madison City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2020, are presented below:

Inflation	3.00%
Wage Increases	3.50% to 18.20%
Investment Rate of Return	7.50% net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	2.45%
Prior Measurement Date	3.13%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Measurement Date	2.63%
Prior Measurement Date	3.22%
Medical Trend Assumption:	
Medicare	5.25% to 4.75%
Pre-Medicare	7.00% to 4.75%

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

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 2010 through 2015, and was adopted by the Board on April 21, 2016. 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 log-

Trotwood-Madison City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	1.85%
US Stocks	22.50%	5.75%
Non-US Stocks	22.50%	6.50%
Fixed Income	19.00%	2.85%
Private Equity	12.00%	7.60%
Real Assets	17.00%	6.60%
Multi-Asset Strategies	5.00%	6.65%
Total	100.00%	

Discount Rate

The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability at June 30, 2019, was 3.22 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 state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024, and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates

The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

Trotwood-Madison City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
Proportionate share of the net OPEB liability	\$5,300,959	\$4,330,937	\$3,559,771
	1% Decrease (6.00% decreasing to 3.75%)	Current Trend Rate (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
Proportionate share of the net OPEB liability	\$3,410,283	\$4,330,937	\$5,562,087

Changes in Actuarial Assumptions between Measurement Date and the Fiscal Year End

Based on a new experience study for the five years ending June 30, 2020, the SERS Board reduced the wage growth assumption from 3.50 percent to 3.25 percent and increased the health care rate of return from 5.25 percent to 7.00 percent. The effects of these changes are unknown.

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation are presented below:

Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.45%, net of investment expenses, including inflation
Payroll Increases	3.00%
Discount Rate of Return	7.45%
Health Care Cost Trends:	
Medical	
Pre-Medicare	5.00% initial, 4% ultimate
Medicare	-6.69% initial, 4% ultimate
Prescription Drug	
Pre-Medicare	6.50% initial, 4% ultimate
Medicare	11.87% initial, 4% ultimate

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

For 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, 2020, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

Since the prior measurement date, 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

Trotwood-Madison City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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.

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	28.00%	7.35%
International Equity	23.00%	7.55%
Alternatives	17.00%	7.09%
Fixed Income	21.00%	3.00%
Real Estate	10.00%	6.00%
Liquidity Reserves	1.00%	2.25%
Total	100.00%	

*10 Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25%, but does not include investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes 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, 2020. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2020.

Sensitivity of the 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, 2020, calculated using the current period discount rate assumption of 7.45 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 (6.45 percent) or one percentage point higher (8.45 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.

Trotwood-Madison City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Proportionate share of the net OPEB (asset)	(\$1,965,935)	(\$2,259,528)	(\$2,508,628)

	1% Decrease	Current Trend Rate	1% Increase
Proportionate share of the net OPEB (asset)	(\$2,493,166)	(\$2,259,528)	(\$1,974,919)

Note 11 - Contingent Liabilities

Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds.

However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District as of June 30, 2021.

Litigation

The District is unaware of any filed litigation having any potential liability in excess of insurance coverage, therefore management doesn't currently anticipate any financial harm being borne by the school system.

Note 12 - Risk Management

The 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 the fiscal year, the District contracted with Netherlands Insurance Company for building and property insurance. This policy has a limit of insurance in the amount of \$118,525,311 for property. Property has a \$2,500 deductible. Vehicle insurance is covered by Netherlands Insurance Company for replacement cost with a \$250 deductible for comprehensive and a \$500 deductible for collision. General liability insurance is under Netherlands Insurance Company. The base policy has a \$1,000,000 per occurrence and a \$2,000,000 aggregate limit. The treasurer and business director are bonded. There were no significant reductions in insurance coverage from coverage in the prior year. Settlements have not exceeded insurance coverage during the past three fiscal years.

The District is enrolled in a Group Retrospective Rating program through Comp Management (Sedgwick), a third party administrator. This program is an incentive program to encourage safety and injury prevention in the workplace. As a participant in this program, the District is pooled together with other districts and receives refunds and/or assessments based on the overall performance of the group. As a participant, the District pays their own premiums for the plan year as required. Any refunds and/or assessments come from or are paid directly to BWC.

Trotwood-Madison City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Note 13 – Public Entity Shared Risk Pool

Southwestern Ohio Educational Purchasing Cooperative Employee Benefit Plan – The EPC Benefit Plan Trust (the Plan) is a group purchasing pool consisting of public school districts who are members of the Southwestern Ohio Educational Purchasing Cooperative. The purpose of a group purchasing pool is for members to pool funds or resources to purchase group insurance products to provide health benefits to participants at a lower rate than if the individual districts acted independently. Each district pays a monthly premium to the Trust fund for insurance coverage, which is provided by Anthem Blue Cross or United Healthcare. Districts may also contribute monthly to the Trust fund for dental benefits provided through a dental plan administered by CareSource. The Plan is governed by a Board of Trustees elected in accordance with the Trust Agreement and voted on by participating EPC member districts. Financial information can be obtained from the administrator, at EPC Benefits Office, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

Note 14 - Jointly Governed Organizations

Metropolitan Educational Technology Association - The Metropolitan Educational Technology Association (META) is an educational solutions partner providing services across Ohio. META provides cost-effective fiscal, network, technology and student services, a purchasing cooperative, and other individual services based on each client's needs. The governing board of META consists of a president, vice president and six board members who represent the members of META. The Board works with META's Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer to manage operations and ensure the continued progress of the organization's mission, vision, and values. The Board exercises total control over the operations of the Association including budgeting, appropriating, contracting and designating management. Each District's degree of control is limited to its representation on the Board. Financial information can be obtained from the Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

Miami Valley Career Technology Center – The Miami Valley Career Technology Center (MVCTC) is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the fifteen participating school districts' elected boards, which possesses its own budgeting and taxing authority. One member is appointed from the following city and/or exempted village school districts: Carlisle, Miamisburg, Milton-Union, Northmont, Vandalia, Versailles, Huber Heights, Eaton, Trotwood, Tipp City, and West Carrollton. Three members are appointed from the Montgomery County Educational Service Center, one is appointed from the Miami County Educational Service Center, one from the Darke County Educational Service Center, and one from the Preble County Educational Service Center. All member districts are obligated to pay all fees, charges or other assessments as established by MVCTC. To obtain financial information, write to the Treasurer at Miami Valley Career Technology Center, 6800 Hoke Road, Clayton, Ohio 45315.

Southwestern Ohio Educational Purchasing Council – The District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC), a purchasing council made up of school districts and educational service centers in 12 counties. The purpose of SOEPC is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Any district withdrawing from the SOEPC forfeits its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations during the one year period. The Board exercises total control over the operations of the coalition including budgeting, appropriating, contracting and designating management. Each District's degree of control is limited to its representation on the Board. Payments to

Trotwood-Madison City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

SOEPC are made from the General Fund. To obtain financial information, write to the Director at Southwestern Ohio Educational Purchasing Council, 303 Corporate Center Drive, Suite 208, Vandalia, OH 45377.

Note 15 – Accountability

As of year end, the following funds had deficit fund balances:

Fund	Deficit
Emergency Relief Fund	\$37,739
Other Governmental	
Funds: Auxiliary Services	10,084
Public School Preschool	2,561
Title VI-B Preschool	43,954
Food Service	82,242

The deficits in fund balances were primarily due to accrual in GAAP. The general fund is liable for any deficit in these funds and will provide transfers when cash is required not when accruals occur.

Note 16 - Set-Asides

The 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 year-end or offset by similarly restricted resources received during the year must be held in cash at 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 year-end set-aside amounts for capital acquisition. Disclosure of this information is required by State statute.

	Capital Acquisition
Set Aside Reserve Balance as of June 30, 2020	\$0
Current Year Set Aside Requirements	473,416
Qualified Disbursements	(33,138)
Current Year Offsets	(440,278)
Set Aside Reserve Balance as of June 30, 2021	\$0
Restricted Cash as of June 30, 2021	\$0

The District issued \$44,774,000 in bonds and loans in fiscal year 2002 to provide for the construction of a new school building. This amount is an allowable offset to future years for the capital improvement and maintenance set-aside. The District had qualifying disbursements and offset carry forwards from prior years for capital acquisitions that exceeded the required set-aside. Offsets can be carried forward to use against future year capital acquisition set-asides.

Note 17 - Interfund Transactions

Interfund transactions at June 30, 2021, consisted of the following individual fund receivables and payables, transfers in and out.

Trotwood-Madison City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

	Interfund		Transfers	
	Receivable	Payable	In	Out
General Fund	\$1,674,035	\$0	\$0	\$329,744
Emergency Relief Fund	0	1,257,440	0	0
Other Governmental Funds	0	416,595	329,744	0
Total All Funds	<u>\$1,674,035</u>	<u>\$1,674,035</u>	<u>\$329,744</u>	<u>\$329,744</u>

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

Note 18 – Fund Balances

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

Trotwood-Madison City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Fund Balances	General	Emergency Relief Fund	Debt Service	Other Governmental Funds	Total
Nonspendable:					
Prepays	\$35,189	\$884	\$0	\$6,490	\$42,563
Total Nonspendable	35,189	884	0	6,490	42,563
Restricted for:					
Other Grants	0	0	0	1,955	1,955
Classroom Facilities Maintenance	0	0	0	176,930	176,930
Student Managed Activity	0	0	0	18,426	18,426
Title I	0	0	0	310,291	310,291
Data Communications	0	0	0	9,286	9,286
Student Wellness and Success	0	0	0	253,254	253,254
Extracurricular Activity	0	0	0	51,714	51,714
Miscellaneous Federal Grants	0	0	0	5,896	5,896
Title IIA Improving Teacher Quality	0	0	0	11,683	11,683
21 Century	0	0	0	1,535	1,535
Special Trust	0	0	0	31,543	31,543
Miscellaneous State Grants	0	0	0	13,364	13,364
EHA Pre-School	0	0	0	68	68
Building	0	0	0	545,660	545,660
Debt Service	0	0	2,905,635	0	2,905,635
Permanent Improvement	0	0	0	837,794	837,794
Classroom Facilities	0	0	0	100	100
Total Restricted	0	0	2,905,635	2,269,499	5,175,134
Assigned to:					
Encumbrances	54,269	0	0	0	54,269
Budgetary Resources	218,278	0	0	0	218,278
Public School Support	21,512	0	0	0	21,512
Total Assigned	294,059	0	0	0	294,059
Unassigned (Deficit)	29,088,578	(38,623)	0	(141,551)	28,908,404
Total Fund Balance	<u>\$29,417,826</u>	<u>(\$37,739)</u>	<u>\$2,905,635</u>	<u>\$2,134,438</u>	<u>\$34,420,160</u>

Note 19 – Construction and Other Commitments

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

	<u>Remaining Commitment</u>
General Fund	\$91,093
Other Governmental Funds	1,012,968

Note 20 – Tax Abatements entered Into By Other Governments

Other governments entered into property tax abatement agreements with property owners under the Ohio Community Reinvestment Area (“CRA”) and Enterprise Zone Agreement (“EZA”) programs with the taxing districts of the District. The CRA program is a directive incentive tax exemption program benefiting property owners who renovate or construct new buildings. Under this program, the other

Trotwood-Madison City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. The EZA program is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in the community. Within the taxing districts of the District, the City of Trotwood has entered into EZA agreements. Under these agreements the District's property taxes were reduced by \$65,072.

Note 21 – Implementation of New Accounting Principles and Restatement of Net Position

New Accounting Principles

For fiscal year 2021, the District implemented GASB Statement No. 84, Fiduciary Activities and related guidance from (GASB) Implementation Guide No. 2019-2, Fiduciary Activities, GASB Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, and GASB Statement No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and GASB Statements No. 61.

GASB Statement No. 88 sets out to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. The Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. If applicable, GASB Statement No. 88 has been implemented in the notes to financial statements.

GASB Statement No. 84 established specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the District will no longer be reporting agency funds. The District reviewed its agency funds and certain funds will be reported in the new fiduciary fund classification of custodial funds, while other funds have been reclassified as governmental funds. If applicable, fund reclassifications resulted in the restatement of the District's financial statements.

GASB Statement No. 90 improves consistency in the measurement and comparability of the financial statement presentation of majority equity interests in legally separate organizations. This Statement also provides guidance for reporting a component unit if a government acquires a 100 percent equity interest in that component unit. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the District.

Restatement of Fund Balance/Net Position

The implementation of GASB 84 had the following effect on fund balance as reported at June 30, 2020:

Trotwood-Madison City School District, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

	Other Governmental Funds
Fund Balance, June 30, 2020	\$1,684,683
Adjustments-Presentation Changes:	
GASB Statement No. 84	<u>64,459</u>
Restated Fund Balance, June 30, 2020	<u><u>\$1,749,142</u></u>

The implementation of the GASB 84 pronouncement had the following effect on the net position as reported at June 30, 2020:

	Governmental Activities
Net Position, June 30, 2020	\$35,623,755
Adjustments-Presentation Changes:	
GASB Statement No. 84	<u>64,459</u>
Restated Net Position, June 30, 2020	<u><u>\$35,688,214</u></u>

Note 22 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June of 2021 while the national state of emergency continues. During fiscal year 2021, the District received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding. Additional funding has been made available through the Consolidated Appropriations Act, 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

Note 23 – Subsequent Events

For fiscal year 2022, School District foundation funding received from the State of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, scholarship and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the District were funded to the District who, in turn, made the payment to the educating school. For fiscal year 2021, the District reported \$5,828,355 in revenue and expenditures/expense related to these programs. This new funding system calculates a unique base cost and a unique “per-pupil local capacity amount” for each School District. The School District's State core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

REQUIRED SUPPLEMENTARY INFORMATION



This page intentionally left blank.

Trotwood-Madison CSD
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net Pension Liability
 School Employees Retirement System of Ohio
 Last Eight Fiscal Years (1) (2)

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.20600410%	\$13,625,545	\$7,222,050	188.67%	68.55%
2020	0.20666520%	12,365,141	7,089,785	174.41%	70.85%
2019	0.18423080%	10,551,239	6,227,993	169.42%	71.36%
2018	0.18142570%	10,839,785	5,782,079	187.47%	69.50%
2017	0.17450280%	12,771,995	5,158,679	247.58%	62.98%
2016	0.17805310%	10,159,882	5,157,633	196.99%	69.16%
2015	0.15610500%	7,900,385	4,581,919	172.43%	71.70%
2014	0.15610500%	9,285,846	6,281,792	147.82%	65.52%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Trotwood-Madison CSD
 Required Supplementary Information
 Schedule of the District's Contributions for Net Pension Liability
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2021	\$959,598	(959,598)	0	\$6,854,271	14.00%
2020	1,011,087	(1,011,087)	0	7,222,050	14.00%
2019	957,121	(957,121)	0	7,089,785	13.50%
2018	840,779	(840,779)	0	6,227,993	13.50%
2017	809,491	(809,491)	0	5,782,079	14.00%
2016	722,215	(722,215)	0	5,158,679	14.00%
2015	679,776	(679,776)	0	5,157,633	13.18%
2014	635,054	(635,054)	0	4,581,919	13.86%
2013	869,400	(869,400)	0	6,281,792	13.84%
2012	830,832	(830,832)	0	6,177,190	13.45%

See accompanying notes to the required supplementary information.

Trotwood-Madison CSD
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Eight Fiscal Years (1) (2)

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.12856493%	\$31,108,138	\$17,316,686	179.64%	75.48%
2020	0.13915683%	30,773,697	16,909,714	181.99%	77.40%
2019	0.12991184%	28,564,697	13,990,029	204.18%	77.30%
2018	0.12024650%	28,564,814	13,219,629	216.08%	75.30%
2017	0.11829735%	39,597,689	13,464,107	294.10%	66.80%
2016	0.11418423%	31,557,181	11,563,129	272.91%	72.10%
2015	0.10639730%	25,879,506	11,707,085	221.06%	74.70%
2014	0.10639730%	30,744,478	11,735,908	261.97%	69.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Trotwood-Madison CSD
 Required Supplementary Information
 Schedule of the District's Contributions for Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2021	\$2,066,568	(\$2,066,568)	0	\$14,761,200	14.00%
2020	2,424,336	(\$2,424,336)	0	17,316,686	14.00%
2019	2,367,360	(\$2,367,360)	0	16,909,714	14.00%
2018	1,958,604	(1,958,604)	0	13,990,029	14.00%
2017	1,850,748	(1,850,748)	0	13,219,629	14.00%
2016	1,884,975	(1,884,975)	0	13,464,107	14.00%
2015	1,618,838	(1,618,838)	0	11,563,129	14.00%
2014	1,521,921	(1,521,921)	0	11,707,085	13.00%
2013	1,525,668	(1,525,668)	0	11,735,908	13.00%
2012	1,290,180	(1,290,180)	0	9,924,462	13.00%

See accompanying notes to the required supplementary information.

Trotwood-Madison CSD
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Five Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2021	0.19927680%	\$4,330,937	\$7,222,050	48.35%	18.17%
2020	0.20372770%	5,123,323	7,089,785	72.26%	15.57%
2019	0.18167560%	5,040,172	6,227,993	80.93%	13.57%
2018	0.18166810%	4,875,494	5,782,079	84.32%	12.46%
2017	0.17611543%	5,019,941	5,158,679	97.31%	11.49%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Trotwood-Madison CSD
 Required Supplementary Information
 Schedule of the District's Contributions for Net OPEB Liability
 School Employees Retirement System of Ohio
 Last Six Fiscal Years (1) (2)

Year	District's Contractually Required Contribution (2)	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2021	\$56,044	(\$56,044)	\$0	\$6,854,271	0.82%
2020	59,470	(\$59,470)	0	7,222,050	0.82%
2019	122,008	(\$122,008)	0	7,089,785	1.72%
2018	106,077	(106,077)	0	6,227,993	1.70%
2017	86,783	(86,783)	0	5,782,079	1.50%
2016	67,271	(67,271)	0	5,158,679	1.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

(2) Includes surcharge.

See accompanying notes to the required supplementary information.

Trotwood-Madison CSD
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net OPEB (Asset)/Liability
 State Teachers Retirement System of Ohio
 Last Five Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB (Asset)/Liability	District's Proportionate Share of the Net OPEB (Asset)/Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset)/Liability
2021	0.12856493%	(\$2,259,528)	\$17,316,686	(13.05%)	182.13%
2020	0.13915683%	(2,304,771)	16,909,714	(13.63%)	174.74%
2019	0.12991184%	(2,087,550)	13,990,029	(14.92%)	176.00%
2018	0.12024650%	4,691,575	13,219,629	35.49%	47.10%
2017	0.11829735%	6,326,573	13,464,107	46.99%	37.30%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Trotwood-Madison CSD
 Required Supplementary Information
 Schedule of the District's Contributions for Net OPEB (Asset)/Liability
 State Teachers Retirement System of Ohio
 Last Six Fiscal Years (1)

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2021	0	0	0	\$14,761,200	0.00%
2020	0	0	0	17,316,686	0.00%
2019	0	0	0	16,909,714	0.00%
2018	0	0	0	13,990,029	0.00%
2017	0	0	0	13,219,629	0.00%
2016	0	0	0	13,464,107	0.00%

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

Trotwood-Madison City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2021

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Property and Other Taxes	\$6,700,455	\$6,557,263	\$7,467,410	\$910,147
Tuition and Fees	1,954,695	1,912,923	2,178,436	265,513
Investment Earnings	73,333	71,766	81,727	9,961
Intergovernmental	27,286,181	26,703,062	30,409,444	3,706,382
Charges for Services	8,286	8,109	9,234	1,125
Other Revenues	1,469,376	1,437,974	1,637,565	199,591
Total Revenues	37,492,326	36,691,097	41,783,816	5,092,719
Expenditures:				
Current:				
Instruction:				
Regular	19,515,792	18,826,012	19,755,781	(929,769)
Special	6,277,279	6,055,411	6,354,472	(299,061)
Vocational	698	674	707	(33)
Other	71,185	68,669	72,060	(3,391)
Support Services:				
Pupil	1,863,760	1,797,886	1,886,679	(88,793)
Instructional Staff	944,909	911,512	956,529	(45,017)
General Administration	48,058	46,359	48,649	(2,290)
School Administration	3,710,839	3,579,681	3,756,472	(176,791)
Fiscal	741,178	714,981	750,292	(35,311)
Business	445,177	429,442	450,651	(21,209)
Operations and Maintenance	3,002,050	2,895,944	3,038,967	(143,023)
Pupil Transportation	2,147,284	2,071,388	2,173,689	(102,301)
Central	339,390	327,395	343,564	(16,169)
Operation of Non-Instructional Services	208,136	200,779	210,695	(9,916)
Extracurricular Activities	628,855	606,628	636,588	(29,960)
Debt Service:				
Principal Retirement	107,564	103,762	108,887	(5,125)
Interest and Fiscal Charges	7,281	7,024	7,371	(347)
issuance Costs	2,427	2,487	2,457	30
Total Expenditures	40,061,862	38,646,034	40,554,510	(1,908,476)
Excess of Revenues Over (Under) Expenditures	(2,569,536)	(1,954,937)	1,229,306	3,184,243
Other Financing Sources (Uses):				
Advances In	731,009	715,387	814,683	99,296
Advances (Out)	(1,653,700)	(1,595,251)	(1,674,036)	(78,785)
Transfers In	11,440	11,196	12,750	1,554
Transfers (Out)	(338,333)	(326,375)	(342,494)	(16,119)
Total Other Financing Sources (Uses)	(1,249,584)	(1,195,043)	(1,189,097)	5,946
Net Change in Fund Balance	(3,819,120)	(3,149,980)	40,209	3,190,189
Fund Balance Beginning of Year, (includes prior year encumbrances appropriated)	29,185,691	29,185,691	29,185,691	0
Fund Balance - End of Year	\$25,366,571	\$26,035,711	\$29,225,900	\$3,190,189

See accompanying notes to the required supplementary information.

Trotwood-Madison City School District, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2021

	Emergency Relief Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Intergovernmental	869,760	\$1,281,486	\$1,257,261	(\$24,225)
Total Revenues	<u>869,760</u>	<u>1,281,486</u>	<u>1,257,261</u>	<u>(24,225)</u>
Expenditures:				
Current:				
Instruction:				
Regular	882,172	1,231,190	1,231,190	0
Support Services:				
Pupil	288,707	402,929	402,929	0
Instructional Staff	101,212	141,255	141,255	0
Operations and Maintenance	295,822	412,860	412,860	0
Operation of Non-Instructional Services	19,076	26,623	26,623	0
Capital Outlay	214,844	299,844	299,844	0
Total Expenditures	<u>1,801,833</u>	<u>2,514,701</u>	<u>2,514,701</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>(932,073)</u>	<u>(1,233,215)</u>	<u>(1,257,440)</u>	<u>(24,225)</u>
Other Financing Sources (Uses):				
Advances In	869,884	1,281,669	1,257,440	(24,229)
Advances (Out)	(34,718)	(48,454)	(48,454)	0
Total Other Financing Sources (Uses)	<u>835,166</u>	<u>1,233,215</u>	<u>1,208,986</u>	<u>(24,229)</u>
Net Change in Fund Balance	(96,907)	0	(48,454)	(48,454)
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	48,454	48,454	48,454	0
Fund Balance - End of Year	<u>(\$48,453)</u>	<u>\$48,454</u>	<u>\$0</u>	<u>(\$48,454)</u>

See accompanying notes to the required supplementary information.

Trotwood-Madison City School District, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

Note 1 - Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations resolution and the certificate of estimated resources which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures at the level of control selected by the Board. The legal level of control has been established by the Board at the fund level. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Any budgetary modifications at this level may only be made by resolution of the Board.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2021.

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

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

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

Trotwood-Madison City School District, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

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

	Net Change in Fund Balance	
	General	Emergency Relief Fund
GAAP Basis	\$1,237,162	(\$5,150)
Revenue Accruals	(48,505)	(548,491)
Expenditure Accruals	(283,387)	(703,799)
Proceeds of Capital Assets	(7,000)	0
Transfers In	12,750	0
Transfers (Out)	(12,750)	0
Advances In	814,683	1,257,440
Advances (Out)	(1,674,036)	(48,454)
Funds Budgeted Elsewhere	1,292	0
Budget Basis	<u>\$40,209</u>	<u>(\$48,454)</u>

Note 2 - Net Pension Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

2020-2021: There were no changes in benefit terms from the amounts reported for this fiscal year.

2019: With the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.

2018: SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changed in the Consumer Price Index Index (CPI-W), with a cap of 2.5% and a floor of 0%.

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

Changes in Assumptions:

2018-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2017: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,

Trotwood-Madison City School District, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates,
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, and
- (8) The discount rate was reduced from 7.75% to 7.50%.

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

2019-2021: There were no changes in benefit terms from the amounts reported for these fiscal years.

2018: STRS decreased the Cost of Living Adjustment (COLA) to zero.

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

Changes in Assumptions:

2019-2021: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

2018: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The long term expected rate of return was reduced from 7.75% to 7.45%,
- (2) The inflation assumption was lowered from 2.75% to 2.50%,
- (3) The payroll growth assumption was lowered to 3.00%,
- (4) Total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation,
- (5) The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016, and
- (6) Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

2014-2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

Note 3 - Net OPEB (Asset)/Liability

School Employees Retirement System (SERS)

Changes in Benefit Terms:

2017-2021: There were no changes in benefit terms from the amounts reported for these fiscal years.

Trotwood-Madison City School District, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

Changes in Assumptions:

2021: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

Prior Measurement Date	3.22%
Measurement Date	2.63%
- (2) Municipal Bond Index Rate:

Prior Measurement Date	3.13%
Measurement Date	2.45%
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	3.22%
Measurement Date	2.63%

2020: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (4) Discount Rate:

Prior Measurement Date	3.70%
Measurement Date	3.22%
- (5) Municipal Bond Index Rate:

Prior Measurement Date	3.62%
Measurement Date	3.13%
- (6) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	3.70%
Measurement Date	3.22%

2019: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (7) Discount Rate:

Prior Measurement Date	3.63%
Measurement Date	3.70%
- (8) Municipal Bond Index Rate:

Prior Measurement Date	3.56%
Measurement Date	3.62%
- (9) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	3.63%
Measurement Date	3.70%

2018: Amounts reported for the fiscal year incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented below:

- (1) Discount Rate:

Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%
- (2) Municipal Bond Index Rate:

Fiscal Year 2018	3.56%
------------------	-------

Trotwood-Madison City School District, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

Fiscal Year 2017	2.92%
(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:	
Fiscal Year 2018	3.63%
Fiscal Year 2017	2.98%

2017: The following changes of assumptions affected the total OPEB liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, and
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

State Teachers Retirement System (STRS)

Changes in Benefit Terms:

2021: There was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year end 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% 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% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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% to 1.984% 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% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

2019: The subsidy multiplier for non-Medicare benefit recipients was increased from 1.900% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. The Board is extending the current Medicare Part B partial reimbursement program for one year. Under this program, benefit recipients currently enrolled in the STRS Ohio Health Care Program and Medicare Part B receive \$29.90 per month to reimburse a portion of the Medicare Part B premium. The reimbursement was set to be reduced to \$0 beginning January 1, 2020. This impacts about 85,000 benefit recipients.

Trotwood-Madison City School District, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

2018: The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2019.

2017: There were no changes in benefit terms from the amounts reported for this fiscal year.

Changes in Assumptions:

2021: There were changes in assumptions during the measurement year, which decreased the total OPEB liability by approximately \$0.26 billion. The assumption changes included changes in healthcare costs and trends.

2020: There were changes in assumptions during the measurement year, which increased the total OPEB liability by approximately \$0.04 billion. The assumption changes included changes in healthcare costs and trends.

2019: The discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB). Valuation year per capita health care costs were updated.

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.

2017: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for this fiscal year.

This Space Intentionally Left Blank

**TROTWOOD-MADISON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Assistance Listing Number	(1)(2) Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through Ohio Department of Education			
Child Nutrition Cluster:			
Summer Food Service Program for Children	10.559	\$1,353,077	\$79,570
COVID-19 - Summer Food Service Program for Children	10.559	736,265	
Total Summer Food Service Program for Children		<u>2,089,342</u>	<u>79,570</u>
Total Child Nutrition Cluster		<u>2,089,342</u>	<u>79,570</u>
Child and Adult Care Food Program	10.558	4,334	
Total U.S. Department of Agriculture		<u>2,093,676</u>	<u>79,570</u>
U.S. DEPARTMENT OF THE TREASURY			
Passed through Montgomery County, Ohio			
COVID-19 - Coronavirus Relief Fund	21.019	1,000,000	
Passed Through Ohio Department of Education			
COVID-19 - Coronavirus Relief Fund	21.019	167,724	
Passed through Montgomery County Educational Service Center			
COVID-19 - Coronavirus Relief Fund	21.019	28,000	
Total COVID-19 - Coronavirus Relief Fund		<u>1,195,724</u>	
Total U.S. Department of the Treasury		<u>1,195,724</u>	
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education			
Title I Grants to Local Educational Agencies	84.010	2,074,959	
Special Education Cluster (IDEA):			
Special Education Grants to States	84.027	751,692	
Special Education Preschool Grants	84.173	19,314	
Total Special Education Cluster (IDEA)		<u>771,006</u>	
Twenty-First Century Community Learning Centers	84.287	250,274	
Supporting Effective Instruction State Grants	84.367	121,530	
Student Support and Academic Enrichment Program	84.424	183,300	
COVID-19 - Education Stabilization Fund	84.425D	1,713,895	
Total U.S. Department of Education		<u>5,114,964</u>	
Total Expenditures of Federal Awards		<u>\$8,404,364</u>	<u>\$79,570</u>

(1) There were no amounts passed through to subrecipients.

(2) There were no pass through entity identifying numbers.

The accompanying notes are an integral part of this schedule.

**TROTWOOD-MADISON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Trotwood-Madison City School District (the District's) under programs of the federal government for the fiscal year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

The District has elected not to use the 10-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 program that benefitted from the use of those donated food commodities.

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Trotwood-Madison City School District
Montgomery County
3594 North Snyder Road
Trotwood, Ohio 45426

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Trotwood-Madison City School District, Montgomery County, (the District) as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 2, 2022, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

June 2, 2022

OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Trotwood-Madison City School District
Montgomery County
3594 North Snyder Road
Trotwood, Ohio 45426

To the Board of Education:

Report on Compliance for each Major Federal Program

We have audited Trotwood-Madison City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Trotwood-Madison City School District's major federal programs for the fiscal year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies each of the District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal programs occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on each Major Federal Program

In our opinion, Trotwood-Madison City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the fiscal year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

June 2, 2022

**TROTWOOD-MADISON CITY SCHOOL DISTRICT
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2021**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster (IDEA) COVID-19 Coronavirus Relief Fund (AL #21.019) COVID-19 Education Stabilization Fund (AL #84.425D)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

This page intentionally left blank.

OHIO AUDITOR OF STATE KEITH FABER



TROTWOOD-MADISON CITY SCHOOL DISTRICT

MONTGOMERY 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 6/23/2022

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