



OHIO AUDITOR OF STATE  
**KEITH FABER**





**MADEIRA CITY SCHOOL DISTRICT  
HAMILTON COUNTY  
JUNE 30, 2022**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Management's Discussion and Analysis .....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	14
Statement of Activities.....	15
Fund Financial Statements:	
Balance Sheet	
Governmental Funds .....	16
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities .....	17
Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds.....	18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	19
Statement of Changes in Fiduciary Net Position .....	20
Notes to the Basic Financial Statements.....	21
Required Supplementary Information:	
Schedule of the District's Proportionate Share of the Net Pension Liability (School Employees Retirement System) .....	58
Schedule of the District's Contributions for Net Pension Liability (School Employees Retirement System) .....	59
Schedule of the District's Proportionate Share of the Net Pension Liability (State Teachers Retirement System).....	60
Schedule of the District's Contributions for Net Pension Liability (State Teachers Retirement System).....	61
Schedule of the District's Proportionate Share of the Net OPEB Liability (School Employees Retirement System) .....	62
Schedule of the District's Contributions for Net OPEB Liability (School Employees Retirement System) .....	63

MADEIRA CITY SCHOOL DISTRICT  
HAMILTON COUNTY  
JUNE 30, 2022

TABLE OF CONTENTS  
(Continued)

TITLE	PAGE
Schedule of the District's Proportionate Share of the Net OPEB (Asset)/Liability (State Teachers Retirement System) .....	64
Schedule of the District's Contributions for Net OPEB (Asset)/Liability (State Teachers Retirement System) .....	65
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget and Actual (Non-GAAP Budgetary Basis)-General Fund.....	66
Notes to Required Supplementary Information .....	67
Schedule of Expenditures of Federal Awards .....	75
Notes to the Schedule of Expenditures of Federal Awards .....	76
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	77
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance .....	79
Schedule of Findings.....	83

# OHIO AUDITOR OF STATE KEITH FABER



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

## INDEPENDENT AUDITOR'S REPORT

Madeira City School District  
Hamilton County  
7465 Loannes Drive  
Madeira, Ohio 45243

To the Board of Education:

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Madeira City School District, Hamilton County, Ohio (District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Madeira City School District, Hamilton County, Ohio as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

#### **Emphasis of Matter**

As discussed in Note 20 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. Our opinion is not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

**Required Supplementary Information**

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

**Supplementary information**

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

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2023 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio  
March 22, 2023

**This page intentionally left blank.**



**Madeira City School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2022**  
**(Unaudited)**

---

The discussion and analysis of Madeira City School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2022. 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 2022 are as follows:

- Net position of governmental activities increased \$5,916,746 from 2021.
- General revenues accounted for \$27,798,925 in revenue or 90% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,966,234 or 10% of total revenues of \$30,765,159.
- The District had \$24,848,413 in expenses related to governmental activities; \$2,966,234 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$27,798,925 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 *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, Debt Service and Building 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 2022?" The Government-wide Financial Statements answer this question. These statements include *all assets and deferred outflows*, and *liabilities and deferred inflows* 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 those assets. This change in net position is important because it tells the reader that, for the District as a whole, the financial position has

**Madeira City School District  
Management’s Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022  
(Unaudited)**

---

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.

In the Government-wide Financial Statements, 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 and 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**

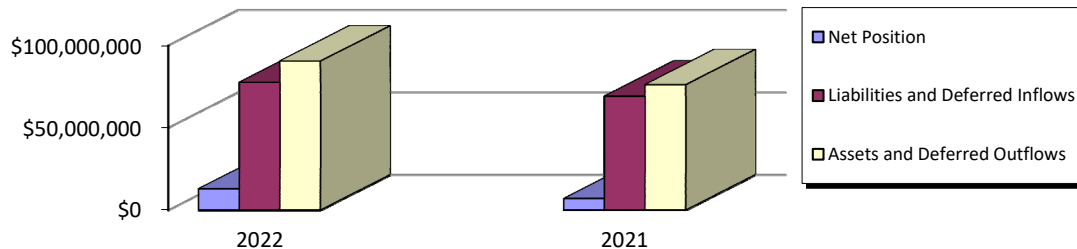
As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District’s net position for 2022 compared to 2021:

*This Space Intentionally Left Blank*

**Madeira City School District  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022  
(Unaudited)**

**Table 1  
Net Position**

	Governmental Activities	
	2022	2021
<b>Assets:</b>		
Current and Other Assets	\$52,565,044	\$39,476,438
Net OPEB Asset	1,878,831	1,520,380
Capital Assets	28,697,128	29,293,228
<b>Total Assets</b>	<b>83,141,003</b>	<b>70,290,046</b>
<b>Deferred Outflows of Resources:</b>		
Deferred Charge on Refunding	56,696	66,146
OPEB	642,644	745,793
Pension	6,456,934	4,870,447
<b>Total Deferred Outflows of Resources</b>	<b>7,156,274</b>	<b>5,682,386</b>
<b>Liabilities:</b>		
Other Liabilities	3,390,180	3,063,244
Long-Term Liabilities	46,386,371	51,745,359
<b>Total Liabilities</b>	<b>49,776,551</b>	<b>54,808,603</b>
<b>Deferred Inflows of Resources:</b>		
Property Tax	12,398,834	10,674,574
Revenue in Lieu of Taxes	720,996	676,331
OPEB	3,028,028	2,720,264
Pension	11,512,545	149,083
<b>Total Deferred Inflows of Resources</b>	<b>27,660,403</b>	<b>14,220,252</b>
<b>Net Position:</b>		
Net Investment in Capital Assets	6,660,994	6,975,374
Restricted	5,177,846	4,036,769
Unrestricted	1,021,483	(4,068,566)
<b>Total Net Position</b>	<b>\$12,860,323</b>	<b>\$6,943,577</b>



**Madeira City School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2022**  
**(Unaudited)**

---

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2022, the District's assets and deferred outflows exceeded liabilities and deferred inflows by \$12,860,323.

At year-end, capital assets represented 32% of total assets and deferred outflows. Capital assets include land, construction in progress, buildings and improvements, and equipment. Net investment in capital assets at June 30, 2022, totaled \$6,660,994. 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, \$5,177,846 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 assets increased due to an increase in pooled cash and investments. Capital assets decreased due to current year depreciation being greater than current year additions. Other liabilities increased from 2021 to 2022. Long term liabilities decreased largely due to a decrease in net pension liability and net OPEB liability. Deferred outflows of resources related to pension increased and deferred inflows of resources related to pension increased mainly due to a change in the net difference between projected and actual earnings on pension plan investments.

Table 2 shows the changes in net position for fiscal years 2022 and 2021.

***This Space Intentionally Left Blank***

**Madeira City School District**  
**Management’s Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2022**  
(Unaudited)

**Table 2**  
**Changes in Net Position**

	Governmental Activities	
	2022	2021
Revenues:		
Program Revenues:		
Charges for Services and Sales	\$1,594,860	\$1,220,546
Operating Grants and Contributions	1,371,374	1,454,583
Total Program Revenues	2,966,234	2,675,129
General Revenues:		
Property Taxes	22,254,809	25,683,523
Grants and Entitlements	4,728,637	4,725,515
Other	815,479	1,105,333
Total General Revenues	27,798,925	31,514,371
Total Revenues	30,765,159	34,189,500
Program Expenses:		
Instruction	14,253,062	16,818,999
Support Services:		
Pupil and Instructional Staff	2,270,792	2,441,831
School and General Administration, Fiscal and Business	2,627,229	2,790,575
Operations and Maintenance	1,833,877	1,797,061
Pupil Transportation	1,148,614	991,124
Central	18,159	17,461
Operation of Non-Instructional Services	925,450	1,131,323
Extracurricular Activities	801,105	671,302
Interest and Fiscal Charges	970,125	1,131,083
Total Program Expenses	24,848,413	27,790,759
Changes in Net Position	5,916,746	6,398,741
Net Position - Beginning of Year	6,943,577	544,836
Net Position - End of Year	<u>\$12,860,323</u>	<u>\$6,943,577</u>

The District revenues came from mainly two sources. Property taxes levied for general and debt service purposes, as well as grants and entitlements comprised 88% of the District’s revenues for governmental activities.

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

**Madeira City School District  
Management’s Discussion and Analysis  
For the Fiscal Year Ended June 30, 2022  
(Unaudited)**

---

to other property owners) the effective tax rate would become 0.5 mills and the owner would still pay \$35.00.

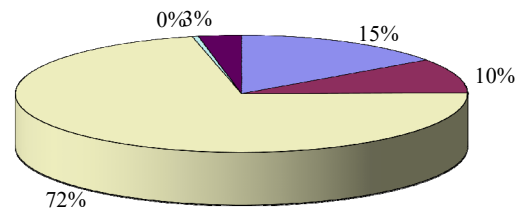
Thus Ohio districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service.

Property taxes made up 72% of governmental activities for the District in fiscal year 2022. The District’s reliance upon tax revenues is demonstrated in the following graph:

**Governmental Activities  
Revenue Sources**

---

Revenue Sources	2022	Percent of Total
General Grants	\$4,728,637	15%
Program Revenues	2,966,234	10%
General Tax Revenues	22,254,809	72%
Investment Earnings	(135,870)	0%
Other Revenues	951,349	3%
	<u>\$30,765,159</u>	<u>100%</u>



Instruction comprises 57% of governmental program expenses. Support services expenses were 32% of governmental program expenses. All other expenses including interest expense were 11%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Total revenues decreased from the prior year due to a decrease in property tax revenues. Total Expenses decreased in 2022 as compared to 2021 primarily due to changes related to net pension liability and other post employment benefits liability.

**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 governmental 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.

*This Space Intentionally Left Blank*

**Madeira City School District**  
**Management’s Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2022**  
(Unaudited)

**Table 3**  
**Governmental Activities**

	Total Cost of Services		Net Cost of Services	
	2022	2021	2022	2021
Instruction	\$14,253,062	\$16,818,999	(\$13,126,641)	(\$15,852,983)
Support Services:				
Pupil and Instructional Staff	2,270,792	2,441,831	(2,167,471)	(2,254,414)
School and General Administration,				
Fiscal and Business	2,627,229	2,790,575	(2,588,788)	(2,790,575)
Operations and Maintenance	1,833,877	1,797,061	(1,795,743)	(1,606,383)
Pupil Transportation	1,148,614	991,124	(1,140,444)	(986,424)
Central	18,159	17,461	(18,159)	(17,461)
Operation of Non-Instructional Services	925,450	1,131,323	191,955	(129,917)
Extracurricular Activities	801,105	671,302	(266,763)	(346,390)
Interest and Fiscal Charges	970,125	1,131,083	(970,125)	(1,131,083)
Total Expenses	<u>\$24,848,413</u>	<u>\$27,790,759</u>	<u>(\$21,882,179)</u>	<u>(\$25,115,630)</u>

**The District’s Funds**

The District has three major governmental funds: the General Fund, the Debt Service Fund and the Building Fund. Assets of these funds comprised \$50,669,688 (96%) of the total \$52,572,532 governmental fund assets.

**General Fund:** Fund balance at June 30, 2022 was \$21,677,104. Fund balance increased \$2,487,970 from the prior year. The reason for the increase in fund balance was due to revenues exceeding expenditures for the year.

**Debt Service Fund:** Fund balance at June 30, 2022 was \$4,744,027. Fund balance increased \$1,142,100 from 2021. The reason for the increase in fund balance was due to revenues exceeding expenditures for the year.

**Building Fund:** Fund balance at June 30, 2022 was \$7,038,410. Fund balance increased \$7,038,410 from 2021. The primary reason for the increase in fund balance is due to an increase in general obligation bonds issued.

**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.

During the course of fiscal year 2022, the District amended its general fund budget, however none were significant. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the Budget in an attempt to deal with unexpected changes in revenues and expenditures.

**Madeira City School District**  
**Management’s Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2022**  
(Unaudited)

---

For the General Fund, final budget basis estimated revenue was \$24,355,868, compared to original budget estimates of \$23,164,610. Of the \$1,191,258 difference, most was due to underestimates made for taxes and intergovernmental revenue.

The District’s ending unobligated actual fund balance for the General Fund was \$14,962,903.

**Capital Assets and Debt Administration**

**Capital Assets**

At fiscal year end, the District had \$28,697,128 invested in land, construction in progress, buildings and improvements, and equipment. Table 4 shows fiscal year 2022 balances compared to fiscal year 2021:

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

---

	Governmental Activities	
	2022	2021
Land	\$1,233,381	\$1,233,381
Construction in Progress	498,413	390,058
Buildings and Improvements	26,886,503	27,591,430
Equipment	78,831	78,359
Total Net Capital Assets	<u>\$28,697,128</u>	<u>\$29,293,228</u>

The District continues its ongoing commitment to maintaining and improving its capital assets. See Note 6 to the basic financial statements for further details on the District’s capital assets.

**Debt**

At fiscal year end, the District had \$29,190,578 in bonds and notes payable, \$1,983,338 due within one year. Table 5 summarizes bonds and notes payable outstanding at year end.

***This Space Intentionally Left Blank***



**Madeira City School District**  
**Management’s Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2022**  
(Unaudited)

**Table 5**  
**Outstanding Debt at Year End**

	Governmental Activities	
	2022	2021
General Obligation Bonds:		
2020 Auditorium Renovation Bonds:		
Current Interest	\$2,639,000	\$2,814,000
2006 School Improvement Refunding Bonds:		
Current Interest	9,605,000	9,605,000
Capital Appreciation	0	0
Accretion of Interest	0	0
2017 Refunding Bonds:		
Current Interest	8,685,000	9,965,000
2022 School Improvement Bonds:		
Current Interest	7,500,000	0
Premium on Bonds	702,240	0
Notes Payable	59,338	174,673
Total Bonds and Notes	<u>\$29,190,578</u>	<u>\$22,558,673</u>

See Note 7-9 to the basic financial statements for further details on the District’s long-term obligations.

**For the Future**

In June 2017, Ohio’s Governor signed HB49, the state biennium budget bill for 2019 and 2018. No new funding model was introduced. Madeira continued to be on the guarantee for funding equal to previous years. The biennium budget bill for 2020 and 2021 froze basic state aid at fiscal year 2019 levels. At the end of fiscal year 2020 the District received a cut in state funding due to the COVID-19 pandemic. In fiscal year 2021 the Governor restored a portion of the cuts. In June, 2021 House Bill 110 was signed into law creating a new funding formula for 2022 and 2023 and implementing the Fair School Funding Plan. Although there is a new funding formula, Madeira is expecting state funding to be similar to fiscal year 2019.

Due to the uncertain and ever changing State budget allocation to public schools, the District will be required to manage carefully and prudently the resources currently available. With careful planning the monitoring of the District’s finances, the District’s management is confident that the District can continue to provide a quality education for our students and provide 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 Madeira City School District, 7465 Loannes Drive, Cincinnati, Ohio 45243.

Madeira City School District  
Statement of Net Position  
June 30, 2022

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$28,437,434
Restricted Cash and Investments	14,834
Receivables (Net):	
Taxes	23,303,990
Accounts	20,997
Interest	4,480
Intergovernmental	761,744
Prepaid Items	21,565
Nondepreciable Capital Assets	1,731,794
Depreciable Capital Assets, Net	26,965,334
Net OPEB Asset	<u>1,878,831</u>
 Total Assets	 <u>83,141,003</u>
Deferred Outflows of Resources:	
Deferred Charge on Refunding Pension	56,696
OPEB	6,456,934
	<u>642,644</u>
 Total Deferred Outflows of Resources	 <u>7,156,274</u>
Liabilities:	
Accounts Payable	79,612
Accrued Wages and Benefits	3,122,934
Contracts Payable	97,704
Retainage Payable	14,834
Accrued Interest Payable	75,096
Long-Term Liabilities:	
Due Within One Year	2,110,563
Due In More Than One Year	
Net Pension Liability	14,391,985
Net OPEB Liability	1,580,879
Other Amounts	<u>28,302,944</u>
 Total Liabilities	 <u>49,776,551</u>
Deferred Inflows of Resources:	
Property Taxes	12,398,834
Revenue in Lieu of Taxes	720,996
Pension	11,512,545
OPEB	<u>3,028,028</u>
 Total Deferred Inflows of Resources	 <u>27,660,403</u>
Net Position:	
Net Investment in Capital Assets	6,660,994
Restricted for:	
Debt Service	4,759,717
District Managed Activities	234,471
Auxiliary Services	39,415
Other Purposes	144,243
Unrestricted	<u>1,021,483</u>
 Total Net Position	 <u>\$12,860,323</u>

See accompanying notes to the basic financial statements.

Madeira City School District  
Statement of Activities  
For the Fiscal Year Ended June 30, 2022

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>				
<b>Instruction:</b>				
Regular	\$11,069,551	\$176,973	\$385,287	(\$10,507,291)
Special	3,106,608	76,876	487,285	(2,542,447)
Other	76,903	0	0	(76,903)
<b>Support Services:</b>				
Pupil	1,607,361	0	103,321	(1,504,040)
Instructional Staff	663,431	0	0	(663,431)
General Administration	68,675	0	0	(68,675)
School Administration	1,664,376	0	33,667	(1,630,709)
Fiscal	763,435	0	3,819	(759,616)
Business	130,743	0	955	(129,788)
Operations and Maintenance	1,833,877	20,313	17,821	(1,795,743)
Pupil Transportation	1,148,614	0	8,170	(1,140,444)
Central	18,159	0	0	(18,159)
Operation of Non-Instructional Services	925,450	786,356	331,049	191,955
Extracurricular Activities	801,105	534,342	0	(266,763)
Interest and Fiscal Charges	970,125	0	0	(970,125)
<b>Totals</b>	<b>\$24,848,413</b>	<b>\$1,594,860</b>	<b>\$1,371,374</b>	<b>(21,882,179)</b>

General Revenues:

Property Taxes Levied for:	
General Purposes	19,907,048
Debt Service Purposes	2,347,761
Grants and Entitlements, Not Restricted	4,728,637
Revenue in Lieu of Taxes	720,996
Unrestricted Contributions	64,019
Investment Earnings	(135,870)
Other Revenues	166,334
<b>Total General Revenues</b>	<b>27,798,925</b>
Change in Net Position	5,916,746
Net Position - Beginning of Year	6,943,577
<b>Net Position - End of Year</b>	<b>\$12,860,323</b>

See accompanying notes to the basic financial statements.

Madeira City School District  
Balance Sheet  
Governmental Funds  
June 30, 2022

	General	Debt Service	Building	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Equity in Pooled Cash and Investments	\$15,755,882	\$3,684,027	\$7,136,114	\$1,861,411	\$28,437,434
Restricted Cash and Investments	0	0	14,834	0	14,834
<b>Receivables (Net):</b>					
Taxes	20,906,733	2,397,257	0	0	23,303,990
Accounts	20,997	0	0	0	20,997
Interest	4,480	0	0	0	4,480
Intergovernmental	686,181	34,815	0	40,748	761,744
Interfund	7,488	0	0	0	7,488
Prepaid Items	20,880	0	0	685	21,565
<b>Total Assets</b>	<b>37,402,641</b>	<b>6,116,099</b>	<b>7,150,948</b>	<b>1,902,844</b>	<b>52,572,532</b>
<b>Liabilities:</b>					
Accounts Payable	66,355	0	0	13,257	79,612
Accrued Wages and Benefits	3,023,475	0	0	99,459	3,122,934
Compensated Absences	70,124	0	0	0	70,124
Contracts Payable	0	0	97,704	0	97,704
Retainage Payable	0	0	14,834	0	14,834
Interfund Payable	0	0	0	7,488	7,488
<b>Total Liabilities</b>	<b>3,159,954</b>	<b>0</b>	<b>112,538</b>	<b>120,204</b>	<b>3,392,696</b>
<b>Deferred Inflows of Resources:</b>					
Property Taxes	11,876,733	1,337,257	0	0	13,213,990
Investment Earnings	2,669	0	0	0	2,669
Grants	0	0	0	2,164	2,164
Revenue in Lieu of Taxes	686,181	34,815	0	0	720,996
<b>Total Deferred Inflows of Resources</b>	<b>12,565,583</b>	<b>1,372,072</b>	<b>0</b>	<b>2,164</b>	<b>13,939,819</b>
<b>Fund Balances:</b>					
Nonspendable	20,880	0	0	685	21,565
Restricted	0	4,744,027	7,038,410	418,085	12,200,522
Assigned	573,729	0	0	1,406,217	1,979,946
Unassigned	21,082,495	0	0	(44,511)	21,037,984
<b>Total Fund Balances</b>	<b>21,677,104</b>	<b>4,744,027</b>	<b>7,038,410</b>	<b>1,780,476</b>	<b>35,240,017</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$37,402,641</b>	<b>\$6,116,099</b>	<b>\$7,150,948</b>	<b>\$1,902,844</b>	<b>\$52,572,532</b>

See accompanying notes to the basic financial statements.

Madeira City School District  
 Reconciliation of Total Governmental Fund Balance to  
 Net Position of Governmental Activities  
 June 30, 2022

---

Total Governmental Fund Balance \$35,240,017

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 28,697,128

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

Delinquent Property Taxes	815,156	
Interest	2,669	
Intergovernmental	2,164	
		819,989

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. (75,096)

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 (1,152,805)

Deferred charge on refunding associated with long-term liabilities that are not reported in the funds. 56,696

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	6,456,934	
Deferred inflows of resources related to pensions	(11,512,545)	
Deferred outflows of resources related to OPEB	642,644	
Deferred outflows of resources related to OPEB	(3,028,028)	
		(7,440,995)

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	1,878,831	
Net Pension Liability	(14,391,985)	
Net OPEB Liability	(1,580,879)	
Other Amounts	(29,190,578)	
		(43,284,611)

Net Position of Governmental Activities \$12,860,323

See accompanying notes to the basic financial statements.

Madeira City School District  
Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended June 30, 2022

	General	Debt Service	Building	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property and Other Taxes	\$19,771,085	\$2,328,919	\$0	\$0	\$22,100,004
Tuition and Fees	248,332	0	0	0	248,332
Investment Earnings	(149,879)	6,760	6,316	2,947	(133,856)
Intergovernmental	4,705,464	260,252	0	1,252,766	6,218,482
Extracurricular Activities	170,177	0	0	364,165	534,342
Charges for Services	791,873	0	0	0	791,873
Revenue in Lieu of Taxes	686,181	34,815	0	0	720,996
Other Revenues	104,576	0	0	111,707	216,283
<b>Total Revenues</b>	<b>26,327,809</b>	<b>2,630,746</b>	<b>6,316</b>	<b>1,731,585</b>	<b>30,696,456</b>
<b>Expenditures:</b>					
<b>Current:</b>					
<b>Instruction:</b>					
Regular	10,816,014	0	0	253,439	11,069,453
Special	2,997,758	0	0	385,500	3,383,258
Other	15,214	0	0	0	15,214
<b>Support Services:</b>					
Pupil	1,780,829	0	0	17,779	1,798,608
Instructional Staff	589,979	0	0	91,306	681,285
General Administration	68,675	0	0	0	68,675
School Administration	1,860,613	0	0	23,240	1,883,853
Fiscal	763,191	27,614	0	26,111	816,916
Business	63,027	0	0	659	63,686
Operations and Maintenance	1,786,037	0	0	78,851	1,864,888
Pupil Transportation	1,151,858	0	0	0	1,151,858
Central	18,159	0	0	0	18,159
Operation of Non-Instructional Services	712,312	0	0	300,083	1,012,395
Extracurricular Activities	449,184	0	0	402,642	851,826
Capital Outlay	50,718	0	467,906	270,945	789,569
<b>Debt Service:</b>					
Principal Retirement	290,335	1,280,000	0	0	1,570,335
Interest and Fiscal Charges	60,319	883,272	0	0	943,591
<b>Total Expenditures</b>	<b>23,474,222</b>	<b>2,190,886</b>	<b>467,906</b>	<b>1,850,555</b>	<b>27,983,569</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>2,853,587</b>	<b>439,860</b>	<b>(461,590)</b>	<b>(118,970)</b>	<b>2,712,887</b>
<b>Other Financing Sources (Uses):</b>					
Proceeds from Sale of Capital Assets	34,383	0	0	0	34,383
General Obligation Bonds Issued	0	0	7,500,000	0	7,500,000
Premium on Bonds and Notes Issued	0	702,240	0	0	702,240
Transfers In	0	0	0	400,000	400,000
Transfers (Out)	(400,000)	0	0	0	(400,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(365,617)</b>	<b>702,240</b>	<b>7,500,000</b>	<b>400,000</b>	<b>8,236,623</b>
<b>Net Change in Fund Balance</b>	<b>2,487,970</b>	<b>1,142,100</b>	<b>7,038,410</b>	<b>281,030</b>	<b>10,949,510</b>
<b>Fund Balance - Beginning of Year</b>	<b>19,189,134</b>	<b>3,601,927</b>	<b>0</b>	<b>1,499,446</b>	<b>24,290,507</b>
<b>Fund Balance - End of Year</b>	<b>\$21,677,104</b>	<b>\$4,744,027</b>	<b>\$7,038,410</b>	<b>\$1,780,476</b>	<b>\$35,240,017</b>

See accompanying notes to the basic financial statements.

Madeira City School District  
 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, 2022

Net Change in Fund Balance - Total Governmental Funds \$10,949,510

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	754,415	
Depreciation Expense	<u>(1,350,515)</u>	(596,100)

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	2,125,292	
Pension Expense	(41,427)	
District OPEB Contributions	56,283	
OPEB Expense	<u>122,749</u>	2,262,897

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

Delinquent Property Taxes	154,805	
Interest	(2,014)	
Intergovernmental	<u>(118,471)</u>	34,320

In the statement of activities, certain costs and proceeds associated with long-term debt obligations issued during the year are accrued and amortized over the life of the debt obligation. In governmental funds these costs and proceeds are recognized as financing sources and uses.

Premium on Bonds Issued		(702,240)
-------------------------	--	-----------

Repayment of bond principal, capital appreciation bonds principal and interest are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

1,570,335

In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due.

(17,084)

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	(75,442)	
Amortization of Deferred Charge on Refunding	<u>(9,450)</u>	(84,892)

Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net position.

(7,500,000)

Change in Net Position of Governmental Activities

\$5,916,746

See accompanying notes to the basic financial statements.

Madeira City School District  
Statement of Changes in Fiduciary Net Position  
Fiduciary Fund  
For the Fiscal Year Ended June 30, 2022

---

	Custodial Fund
Additions:	
Extracurricular Collections for OHSAA	<u>\$1,016</u>
Total Additions	<u>1,016</u>
Deductions:	
Extracurricular Distributions to OHSAA	<u>1,016</u>
Total Deductions	<u>1,016</u>
Change in Net Position	0
Net Position - Beginning of Year	<u>0</u>
Net Position - End of Year	<u>\$0</u>

See accompanying notes to the basic financial statements.



**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

---

**Note 1 - Description of the District**

---

The District was chartered by the Ohio State Legislature. In 1949 state laws were enacted to create local Boards of Education. Today, the District operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code.

The District operates under a locally elected five member Board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal agencies.

This Board controls the District's instructional and support facilities staffed by 66 non-certificated personnel and 119 certificated teaching and 9 administrative personnel to provide services to students and other community members.

The District currently operates 1 elementary school (grades K-4), 1 middle school (grades 5-8), and 1 senior high school (grades 9-12).

**Reporting Entity**

In accordance with Governmental Accounting Standards Board [GASB] Statement 14, as amended by GASB Statement 39 and GASB Statement 61, 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 contracts with outside organizations for pupil transportation and food service.

The following activities are included within the reporting entity:

Within the District boundaries, St. Gertrude Elementary School is operated as a private school. Current State legislation provides funding to this parochial school. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the District, as directed by the parochial schools. The activity of this State money by the District is reflected in a special revenue fund for financial reporting purposes.

The District is associated with five organizations, of which four are defined as jointly governed organizations and the fifth is a group insurance consortium. These organizations include the Unified Purchasing Cooperative of Ohio River Valley, Great Oaks Institute of Technology and Career Development, Hamilton/Clermont Cooperative Association/Computer Consortium, the Greater Cincinnati Insurance Consortium and the Southwestern Ohio Educational Purchases Council (Workers' Compensation Group Rating Program).

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

---

**Note 2 - Summary of Significant Accounting Policies**

---

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

**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 government-wide statements are prepared using the economic resources measurement focus. All assets and liabilities 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**

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

**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.

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

---

**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, and liabilities and deferred inflows 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.

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

**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 actual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows, 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

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

---

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, grants and interest.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources include pension, a deferred charge on refunding, and other post employment benefits. These amounts are reported on the government-wide statement of net position. The deferred outflows of resources related to pension and OPEB are explained in Notes 8 and 9.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net 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, grants and other taxes, pension and OPEB, investment earnings and revenue in lieu of taxes. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance year 2023 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District, unavailable revenue includes tax incremental financing (TIF). These amounts are deferred and recognized as inflows of resources in the period the amounts become available. TIF's have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Investment earnings have been recorded as deferred inflows on the governmental fund financial statements. Deferred inflows related to pension and OPEB are reported on the government-wide statement of net position. See Notes 8 and 9 for further explanation.

Unearned Revenue

Unearned revenue represents amounts under the accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned.

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

---

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities 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. 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. Interest in the pool is presented as “Equity in Pooled Cash and Investments” on the financial statements.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, “Certain External Investment Pools and Pool Participants.” The 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.

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.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the building fund during fiscal year 2022 amounted to \$6,316, \$6,760 for the debt service, \$2,947 for other governmental funds and \$149,879 debited to the general fund.

**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2022 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and expenditure/expense is reported in the year in which services are consumed.

**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 acquisition values as of the date received. The District maintains a capitalization threshold of five thousand dollars (\$5,000). The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

---

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	10 - 50 years
Equipment	5 - 20 years

**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 eligible employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences are recognized when due. The related liabilities are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. Compensated absences are reported in governmental funds only if they have matured.

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

<u>Vacation</u>	<u>Certified</u>	<u>Administrators</u>	<u>Non-Certificated Year Round Employees</u>
How earned	Not Eligible	15-20 days for each service year depending on length of service.	10-20 days for each service year depending on length of service.
Maximum Accumulation	Not Applicable	15-20 days	10-20 days
Vested	Not Applicable	As Earned	As Earned
Termination Entitlement	Not Applicable	Paid upon Termination	Paid upon Termination

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

---

Sick Leave

How Earned	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)	1 1/4 days per month of employment (15 days per year)
Regular Full Time			
Regular Part Time	4.6 hrs paid sick leave for 80 hrs of service	4.6 hrs paid sick leave for 80 hrs of service	4.6 hrs paid sick leave for 80 hrs of service
<u>Sick Leave</u>	<u>Certified</u>	<u>Administrators</u>	<u>Non-Certificated</u>
Maximum Accumulation	260	260	260
Vested	As Earned	As Earned	As Earned
Termination Entitlement	30% up to a max of 66 days	30% up to a max of 66 days	30% up to a max of 66 days

**Pensions/Other Postemployment Benefits (OPEB)**

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

**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 District's \$5,177,846 in restricted net position, none were restricted by enabling legislation.

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

---

**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 column on 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*, 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.

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.

**Estimates**

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



**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

---

**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 combined 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 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.
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).

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

---

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.

#### **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, 2022, \$15,845,917 of the District's bank balance of \$16,095,917 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:

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.

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

---

**Investments**

As of June 30, 2022, the District had the following investments:

Investment Type	Fair Value	Fair Value Hierarchy	Weighted Average Maturity (Years)
Federal Home Loan Bank	\$621,014	Level 2	1.75
Federal Farm Credit Bank	241,292	Level 2	1.35
Negotiable CDs	2,324,462	Level 2	1.57
U.S Treasury Note	5,780,487	Level 2	0.55
Commercial Paper	311,026	Level 2	0.00
Money Market Funds	342,377	N/A	0.00
STAR Ohio	3,131,766	N/A	0.00
Total Fair Value	\$12,752,424		
Portfolio Weighted Average Maturity			0.68

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. Inputs to the valuation techniques used in fair the measurement for Level 2 include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means. Level 3 inputs are significant unobservable inputs. The above table identifies the District’s recurring fair value measurements as of June 30, 2022. STAR Ohio is reported at its share price (Net Asset value per share).

**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 to three years.

**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 the highest credit quality rating issued by nationally recognized statistical rating organizations. The District’s investments in Federal Home Loan Bank and Federal Farm Credit Bank were rated AAA by Standard & Poor’s and Fitch ratings and Aaa by Moody’s Investment Service. The District’s investments in Commercial Paper was rated A-1+ by Standard & Poor’s ratings and P-1 by Moody’s Investment Service. The District’s investments in STAR Ohio were rated AAAM by Standard & Poor’s. Money Market Funds and Negotiable CDs were not rated.

**Concentration of Credit Risk** – The District’s investment policy allows investments in Federal Agencies or Instrumentalities. The District has invested 4.87% in Federal Home Loan Bank, 18.23% in Negotiable CDs, 1.89% in Federal Farm Credit Bank, 45.33% in U.S. Treasury Note, 2.44% in Commercial Paper, 2.68% in Money Market Funds, and 24.56% in STAR Ohio.

**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.

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

---

**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. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value.

Tangible personal property tax revenue received during calendar year 2022 (other than public utility property tax) represents the collection of 2022 taxes levied against local and interexchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

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. Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. The District receives property taxes from Hamilton 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, 2022, are available to finance fiscal year 2023 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, tangible personal property, and public utility taxes that became measurable as of June 30, 2022. 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 \$9,030,000 in the General Fund and \$1,060,000 in the Debt Service Fund.

The assessed value, by property classification, upon which taxes collected in 2022 were based as follows:

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$432,839,830
Public Utility Personal	<u>10,447,130</u>
Total	<u><u>\$443,286,960</u></u>

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

---

**Note 5 – Receivables**

---

Receivables at June 30, 2022, consisted of taxes, accounts, interest, Interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

**Note 6 - Capital Assets**

---

Capital asset activity for the fiscal year ended June 30, 2022 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	\$1,233,381	\$0	\$0	\$1,233,381
Construction in Progress	390,058	498,413	390,058	498,413
Total Capital Assets, not being depreciated	1,623,439	498,413	390,058	1,731,794
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	42,625,257	629,640	0	43,254,897
Equipment	1,094,132	16,420	6,350	1,104,202
<i>Total Capital Assets, being depreciated:</i>	<u>43,719,389</u>	<u>646,060</u>	<u>6,350</u>	<u>44,359,099</u>
Totals at Historical Cost	<u>45,342,828</u>	<u>1,144,473</u>	<u>396,408</u>	<u>46,090,893</u>
Less Accumulated Depreciation:				
Buildings and Improvements	15,033,827	1,334,567	0	16,368,394
Equipment	1,015,773	15,948	6,350	1,025,371
Total Accumulated Depreciation	<u>16,049,600</u>	<u>1,350,515</u>	<u>6,350</u>	<u>17,393,765</u>
Governmental Activities Capital Assets, Net	<u>\$29,293,228</u>	<u>(\$206,042)</u>	<u>\$390,058</u>	<u>\$28,697,128</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$1,133,913
Special	50,150
Other Instruction	61,689
Support Services:	
Business	74,652
Operations and Maintenance	24,530
Extracurricular Activities	5,581
Total Depreciation Expense	<u>\$1,350,515</u>

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

**Note 7 - Long-Term Liabilities**

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

	Rate	Maturity Dates	Beginning Balance	Additions	Deletions	Ending Balance	Due In One Year
<b>Governmental Activities:</b>							
General Obligation Bonds:							
2006 School Improvement Refunding Bonds -							
Current Interest	4.10%	12/1/32	\$9,605,000	\$0	\$0	\$9,605,000	\$0
2017 Refunding -							
Current Interest	1.85%	12/1/27	9,965,000	0	(1,280,000)	8,685,000	1,325,000
2020 Bonds - Auditorium Reno	2.08%	12/1/34	2,814,000	0	(175,000)	2,639,000	179,000
2022 School Improvement Bonds	2.39%	12/1/48	0	7,500,000	0	7,500,000	420,000
Premium			0	702,240	0	702,240	
Total General Obligation Bonds			22,384,000	8,202,240	(1,455,000)	29,131,240	1,924,000
Notes Payable:							
2019 New Note	3.07%	3/15/22	56,928	0	(56,928)	0	0
2020 Technology Note/Purchase	1.59%		117,745	0	(58,407)	59,338	59,338
Total Notes Payable			174,673	0	(115,335)	59,338	59,338
Net Pension Liabilities			26,252,826	0	(11,860,841)	14,391,985	0
Net OPEB Liabilities			1,812,372	0	(231,493)	1,580,879	0
Total Long-Term Liabilities			50,623,871	8,202,240	(13,662,669)	45,163,442	1,983,338
Compensated Absences			1,121,488	206,181	(104,740)	1,222,929	127,225
Total Governmental Activities			\$51,745,359	\$8,408,421	(\$13,767,409)	\$46,386,371	\$2,110,563

General obligation bonds will be paid from the debt service fund. Notes payable will be paid from the general fund. Compensated absences will be paid from the fund from which the person is paid.

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.

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

***This Space Intentionally Left Blank***

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

---

General Obligation Bonds			
Fiscal Year Ending June 30	Principal	Interest	Total
2023	\$1,924,000	\$906,902	\$2,830,902
2024	1,928,000	891,318	2,819,318
2025	1,952,000	850,455	2,802,455
2026	1,845,000	809,482	2,654,482
2027	1,909,000	772,276	2,681,276
2028-2032	11,108,000	2,752,789	13,860,789
2033-2037	4,023,000	756,190	4,779,190
2038-2042	1,395,000	479,550	1,874,550
2043-2047	1,625,000	257,250	1,882,250
2048-2049	720,000	32,550	752,550
Total	<u>\$28,429,000</u>	<u>\$8,508,762</u>	<u>\$36,937,762</u>

Notes Payable			
Fiscal Year Ending June 30	Principal	Interest	Total
2023	<u>\$59,338</u>	<u>\$945</u>	<u>\$60,283</u>
Total	<u>\$59,338</u>	<u>\$945</u>	<u>\$60,283</u>

**Note 8 - Defined Benefit Pension Plans**

---

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

**Net Pension Liability/Net OPEB Liability (Asset)**

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

The net pension/OPEB liability (asset) 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.

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

---

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

The remainder of this note includes the required pension disclosures. See Note 9 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](http://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; 2.20% for the first thirty years of service and 2.50% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.50% and with a floor of 0.00%. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 0.50% COLA for calendar



**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

---

year 2021 and 2.50% for 2022.

**Funding Policy**

Plan members are required to contribute 10.00% of their annual covered salary and the District is required to contribute 14.00% 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 10.00% for plan members and 14.00% 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, 2022, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2022, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was \$439,940 for fiscal year 2022. Of this amount \$27,826 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](http://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 2.20% 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 0.00% 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. 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% of the 14.00% 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% of the 14.00% 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.

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

---

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12.00% of the 14.00% member rate is deposited into the member's DC account and the remaining 2.00% is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

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

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

**Funding Policy**

Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2022 employer and employee contribution rate of 14.00% was equal to the statutory maximum rates. For fiscal year 2022, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$1,685,352 for fiscal year 2022. Of this amount \$280,892 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, 2021, 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:

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$2,998,350	\$11,393,635	\$14,391,985
Proportion of the Net Pension Liability:			
Current Measurement Date	0.08126250%	0.08911094%	
Prior Measurement Date	<u>0.08044690%</u>	<u>0.08650817%</u>	
Change in Proportionate Share	0.00081560%	0.00260277%	
Pension Expense	\$4,433	\$36,994	\$41,427

At June 30 2022, 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	\$290	\$352,008	\$352,298
Changes of assumptions	63,136	3,160,799	3,223,935
Changes in employer proportionate share of net pension liability	57,381	698,028	755,409
Contributions subsequent to the measurement date	<u>439,940</u>	<u>1,685,352</u>	<u>2,125,292</u>
Total Deferred Outflows of Resources	<u>\$560,747</u>	<u>\$5,896,187</u>	<u>\$6,456,934</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$77,759	\$71,415	\$149,174
Net difference between projected and actual earnings on pension plan investments	1,544,239	9,819,132	11,363,371
Changes in employer proportionate share of net pension liability	<u>0</u>	<u>0</u>	<u>0</u>
Total Deferred Inflows of Resources	<u>\$1,621,998</u>	<u>\$9,890,547</u>	<u>\$11,512,545</u>

\$2,125,292 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, 2023. 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>
2023	(\$334,328)	(\$1,387,839)	(\$1,722,167)
2024	(325,711)	(1,168,378)	(1,494,089)
2025	(367,164)	(1,290,673)	(1,657,837)
2026	<u>(473,987)</u>	<u>(1,832,822)</u>	<u>(2,306,809)</u>
Total	<u>(\$1,501,191)</u>	<u>(\$5,679,712)</u>	<u>(\$7,180,903)</u>

**Actuarial Assumptions - SERS**

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

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

---

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, 2021, compared with June 30, 2020, are presented below:

	June 30, 2021	June 30, 2020
Inflation	2.40%	3.00%
Future Salary Increases, including inflation	3.25% to 13.58%	3.50% to 18.20%
COLA or Ad Hoc COLA	2.00%, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	2.50%
Investment Rate of Return	7.00% net of system expenses	7.50% net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

Mortality rates for 2021 were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.30% for males and set forward 3 years and adjusted 106.80% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Mortality rates for 2020 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, 120.00% of male rates, and 110.00% of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90.00% for male rates and 100.00% 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, 2020.

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

---

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	-0.33%
US Equity	24.75%	5.72%
Non-US Equity Developed	13.50%	6.55%
Non-US Equity Emerging	6.75%	8.54%
Fixed Income/Global Bonds	19.00%	1.14%
Private Equity	11.00%	10.03%
Real Estate/Real Assets	16.00%	5.41%
Multi-Asset Strategy	4.00%	3.47%
Private Debt/Private Credit	3.00%	5.28%
Total	100.00%	

**Discount Rate**

The total pension liability for 2021 was calculated using the discount rate of 7.00%. The discount rate for 2020 was 7.50%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00%). 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 7.00%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%), or one percentage point higher (8.00%) than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	\$4,988,519	\$2,998,350	\$1,319,955

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

---

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the June 30, 2021, actuarial valuation compared to those used in the June 30, 2020, actuarial valuation are presented below:

Inflation	2.50%	2.50%
Projected Salary Increases	12.50% at age 20 to 2.50% at age 65	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.00% net of investments expense, including inflation	7.45% net of investments expense, including inflation
Discount Rate of Return	7.00%	7.45%
Payroll Increases	3.00%	3.00%
Cost-of-Living Adjustments (COLA)	0.00%	0.00%

Post-retirement mortality rates are based on the RP-2014 Annuitant Mortality Table with 50.00% of rates through age 69, 70.00% of rates between ages 70 and 79, 90.00% of rates between ages 80 and 84, and 100.00% 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 90.00% of rates for males and 100.00% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2021, 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%, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

---

**Discount Rate**

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021, and was 7.45% 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, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2021.

**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 7.00%, 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 (6.00%) or one-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	\$21,336,014	\$11,393,635	\$2,992,346

**Changes Between the Measurement Date and the Reporting date**

In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. These demographic measures include retirement, salary increase, disability/termination and mortality assumptions. In March 2022, the STRS Board approved benefit plan changes to take effect on July 1, 2022. These changes include a one-time three percent cost-of-living increase (COLA) to be paid to eligible benefit recipients and the elimination of the age 60 requirement for retirement age and service eligibility that was set to take effect in 2026. The effect on the net pension liability is unknown.

**Note 9 - Defined Benefit OPEB Plans**

---

See Note 8 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. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

---

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](http://www.ohsers.org) under Employers/Audit Resources.

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

**Funding Policy**

State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14.00% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2022, 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 2022, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.00% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.50% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the District's surcharge obligation was \$56,283.

The surcharge, added to the allocated portion of the 14.00% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$56,283 for fiscal year 2022.

**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](http://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 14.00% of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to post-employment health care.



**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

**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, 2021, 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net OPEB Liability	\$1,580,879	\$0	\$1,580,879
Proportionate Share of the Net OPEB (Asset)	0	(1,878,831)	(1,878,831)
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.08353030%	0.08911094%	
Prior Measurement Date	<u>0.08339160%</u>	<u>0.08650817%</u>	
Change in Proportionate Share	0.00013870%	0.00260277%	
OPEB Expense	\$5,123	(\$127,870)	(\$122,747)

At June 30 2022, 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	\$16,851	\$66,900	\$83,751
Changes of assumptions	248,003	120,011	368,014
Changes in employer proportionate share of net OPEB liability	114,244	20,352	134,596
Contributions subsequent to the measurement date	<u>56,283</u>	<u>0</u>	<u>56,283</u>
Total Deferred Outflows of Resources	<u>\$435,381</u>	<u>\$207,263</u>	<u>\$642,644</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$787,349	\$344,237	\$1,131,586
Changes of assumptions	216,488	1,120,862	1,337,350
Net difference between projected and actual earnings on OPEB plan investments	34,345	520,779	555,124
Changes in employer proportionate share of net OPEB liability	<u>0</u>	<u>3,968</u>	<u>3,968</u>
Total Deferred Inflows of Resources	<u>\$1,038,182</u>	<u>\$1,989,846</u>	<u>\$3,028,028</u>

\$56,283 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

---

Fiscal Year	SERS	STRS	Total
Ending June 30:	<u>                    </u>	<u>                    </u>	<u>                    </u>
2023	(\$147,702)	(\$509,828)	(\$657,530)
2024	(147,943)	(496,795)	(644,738)
2025	(147,783)	(486,760)	(634,543)
2026	(126,680)	(217,752)	(344,432)
2027	(66,720)	(73,376)	(140,096)
Thereafter	<u>(22,256)</u>	<u>1,928</u>	<u>(20,328)</u>
Total	<u>(\$659,085)</u>	<u>(\$1,782,582)</u>	<u>(\$2,441,667)</u>

**Actuarial Assumptions - SERS**

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2021, compared with June 30, 2020, are presented below:

***This Space Intentionally Left Blank***

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

	June 30, 2021	June 30, 2020
Inflation	2.40%	3.00%
Future Salary Increases, Including Inflation		
Wage Increases	3.25% to 13.58%	3.50% to 18.20%
Investment Rate of Return	7.00% net of investment expense, including inflation	7.50% net of investment expense, including inflation
Municipal Bond Index Rate:		
Measurement Date	1.92%	2.45%
Prior Measurement Date	2.45%	3.13%
Single Equivalent Interest Rate (SEIR), net of plan investment expense, including price inflation:		
Measurement Date	2.27%	2.63%
Prior Measurement Date	2.63%	3.22%
Medical Trend Assumption:		
Medicare	5.125% to 4.40%	5.25% to 4.75%
Pre-Medicare	6.75% to 4.40%	7.00% to 4.75%

For 2021, mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.30% for males and set forward 3 years and adjusted 106.80% for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.50% for males and adjusted 122.50% for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

For 2020, mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120.00% of male rates and 110.00% of female rates. RP-2000 Disabled Mortality Table with 90.00% for male rates and 100.00% for female rates set back five years.

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2015 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, 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.

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

---

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00%	-0.33%
US Equity	24.75%	5.72%
Non-US Equity Developed	13.50%	6.55%
Non-US Equity Emerging	6.75%	8.54%
Fixed Income/Global Bonds	19.00%	1.14%
Private Equity	11.00%	10.03%
Real Estate/Real Assets	16.00%	5.41%
Multi-Asset Strategy	4.00%	3.47%
Private Debt/Private Credit	3.00%	5.28%
Total	100.00%	

**Discount Rate**

The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.27%. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.63%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2020 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 1.92% at June 30, 2021 and 2.45% at June 30, 2020.

**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 (1.27%) and higher (3.27%) than the current discount rate (2.27%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate.

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

	1% Decrease (1.27%)	Current Discount Rate (2.27%)	1% Increase (3.27%)
Proportionate share of the net OPEB liability	\$1,958,901	\$1,580,879	\$1,278,889
	1% Decrease (5.75% decreasing to 3.40%)	Current Trend Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
Proportionate share of the net OPEB liability	\$1,217,148	\$1,580,879	\$2,066,713

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the June 30, 2021, actuarial valuation and the June 30, 2020 actuarial valuation are presented below:

	June 30, 2021	June 30, 2020
Projected salary increases	12.50% at age 20 to 2.50% at age 65	12.50% at age 20 to 2.50% at age 65
Investment Rate of Return	7.00%, net of investment expenses, including inflation	7.45%, net of investment expenses, including inflation
Payroll Increases	3.00%	3.00%
Discount Rate of Return	7.00%	7.45%
Health Care Cost Trends:		
Medical		
Pre-Medicare	5.00% initial, 4.00% ultimate	5.00% initial, 4.00% ultimate
Medicare	-16.18% initial, 4.00% ultimate	-6.69% initial, 4.00% ultimate
Prescription Drug		
Pre-Medicare	6.50% initial, 4.00% ultimate	6.50% initial, 4.00% ultimate
Medicare	29.98% initial, 4.00% ultimate	11.87% initial, 4.00% 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 50.00% of rates through age 69, 70.00% of rates between ages 70 and 79, 90.00% of rates between ages 80 and 84, and 100.00% 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 90.00% of rates for males and 100.00% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.10% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022.

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

---

The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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%, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2021, and was 7.45% 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, 2021. Therefore, the long-term expected rate of return on health care plan investments of 7.00% was used to measure the total OPEB liability as of June 30, 2021.

**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, 2021, calculated using the current period discount rate assumption of 7.00%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net OPEB (asset)	(\$1,585,443)	(\$1,878,831)	(\$2,123,913)
	1% Decrease	Current Trend Rate	1% Increase
Proportionate share of the net OPEB (asset)	(\$2,113,982)	(\$1,878,831)	(\$1,588,045)

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

---

**Changes Between the Measurement Date and the Reporting date**

In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. The effect on the net OPEB liability (asset) is unknown.

**Note 10 - Contingent Liabilities**

---

**School Foundation**

District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2022 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2022 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the District.

**Grants**

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2022, if applicable, cannot be determined at this time.

**Litigation**

The District's attorney estimates that all other potential claims against the District not covered by insurance resulting from all other litigation would not materially affect the financial statements of the District.

**Note 11 - Jointly Governed Organizations**

---

*Unified Purchasing Cooperative of Ohio River Valley* - The Unified Purchasing Cooperative of Ohio River Valley is a jointly governed organization among a two county consortium of school districts. The Unified Purchasing Cooperative was organized under the Hamilton Clermont Cooperative Association to benefit member districts with a more economically sound purchasing mechanism for general school, office, and cafeteria supplies. The Unified Purchasing Cooperative organization is governed by representatives from each of the governments that create the organization, but there is no ongoing financial interest or responsibility by the participating governments.

*Great Oaks Career Campuses* - The Great Oaks Career Campuses is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative each of the participating school districts' elected board. The Institute possesses its own budgeting and taxing authority. To obtain financial information write to the Great Oaks Career Campuses, Treasurer, at 3254 East Kemper Road, Cincinnati, Ohio 45241.

*Hamilton/Clermont Cooperative* – The District is a participant in the Hamilton/Clermont Cooperative (HCC) which is a computer consortium. HCC is an association of 24 public school districts within the boundaries of Hamilton and Clermont Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

---

functions among member school districts. The governing board of HCC consists of the superintendents and/or treasurers of the participating members. HCC is not accumulating significant financial resources nor is it experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. Financial information can be obtained from the HCC, Director, at 1007 Cottonwood Drive, Loveland, Ohio 45140.

*Greater Cincinnati Insurance Consortium* – The District is a member of the Greater Cincinnati Insurance Consortium (GCIC) which is a group insurance consortium. The consortium has 14 member schools and provides a wide range of group insurance benefits to each member schools employees and dependents and designated beneficiaries. The purpose of the consortium is to establish and maintain a fund to provide and/or purchase health insurance, dental insurance, life insurance and other insurance benefits to employees, their dependents and designated beneficiaries. The consortium is governed by a Board of Directors made up from one representative of each school district/service center.

*Southwestern Ohio Educational Purchasing Council (SOEPC)* - SOEPC is a purchasing council made up of 230 school districts and boards of developmental disabilities in 18 counties. The purpose of the cooperative 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. Title to any and all equipment and supplies purchased by the SOEPC is held in trust for the member district by the fiscal agent. Payments to SOEPC are made from the general fund. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

**Note 12 - Risk Management**

---

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2021, the District contracted with Liberty Mutual for property, commercial general liability insurance, auto, umbrella, computer, and mechanical insurance.

General liability is provided by Liberty Mutual with \$1,000,000 each occurrence \$2,000,000 aggregate limit. Commercial Umbrella Liability Insurance is provided by Liberty Mutual with \$5,000,000 each occurrence and \$5,000,000 aggregate limit. Vehicles are covered by Liberty Mutual with a \$1,000,000 liability limit. Workers Compensation and Employers' Liability is covered by Liberty Mutual with \$1,000,000 each accident and \$1,000,000 policy limit. The Treasurer is covered by a bond in the amount of \$50,000. The Superintendent and Board President are covered by bonds in the amount of \$20,000 each. The District has elected to provide employee medical, dental and life insurance through Greater Cincinnati Insurance Consortium. The employees share the cost of the monthly premium for the coverage with the Board.

For fiscal year 2022, the District participated in the Ohio School Comp Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's



**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

---

selection criteria. The firm of Liberty Mutual Insurance & Co. provides administrative, cost control and actuarial services to the GRP.

There were no significant reductions in insurance coverage from the prior year. Also, there were no settlements that exceeded insurance coverage for the past three fiscal years.

**Note 13 - Insurance Purchasing Pool**

---

*Liberty Mutual Insurance Company* - The District participates in the Ohio School Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the Superintendent, President, and Treasurer. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**Note 14 - Accountability**

---

The following individual fund had a deficit in fund balance at year end:

Fund	Deficit
Special Revenue:	
Special Education IDEA B	\$33,485
Title I	10,385

The deficit in fund balance was primarily due to accruals in GAAP. The general fund is liable for any deficit in these funds and will provide operating transfers when cash is required not when accruals occur.

**Note 15 - Fund Balance Reserves For 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.

***This Space Intentionally Left Blank***

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

---

	Capital Acquisition
Set Aside Reserve Balance as of June 30, 2021	\$0
Current Year Set Aside Requirements	280,205
Qualified Disbursements	0
Current Year Offsets	(280,205)
Set Aside Reserve Balance as of June 30, 2022	<u>\$0</u>
Restricted Cash as of June 30, 2022	<u>\$0</u>

Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amounts for capital maintenance reserve to below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Qualifying disbursements for capital maintenance reserve during the year were \$0.

**Note 16 - Interfund Transactions**

---

Interfund transactions at June 30, 2022, consisted of the following transfers in and transfers out:

	Interfund		Transfers	
	In	Out	In	Out
General Fund	\$7,488	\$0	\$0	\$400,000
Other Governmental Funds	0	7,488	400,000	0
Total All Funds	<u>\$7,488</u>	<u>\$7,488</u>	<u>\$400,000</u>	<u>\$400,000</u>

Interfund balance/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 budget authorizations; to segregate and to return money to the fund from which it was originally provided once a project is completed.

***This Space Intentionally Left Blank***

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

**Note 17 - 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:

Fund Balances	General	Debt Service	Building	Other Governmental Funds	Total
<b>Nonspendable:</b>					
Prepays	\$20,880	\$0	\$0	\$685	\$21,565
<b>Total Nonspendable</b>	<b>20,880</b>	<b>0</b>	<b>0</b>	<b>685</b>	<b>21,565</b>
<b>Restricted for:</b>					
Other Local Grants	\$0	\$0	\$0	\$83,762	\$83,762
Auxiliary Services	0	0	0	39,371	39,371
Consumer Economics	0	0	0	115,310	115,310
Student Activity	0	0	0	119,161	119,161
Student Wellness and Success	0	0	0	18,770	18,770
Debt Service	0	4,744,027	0	0	4,744,027
Capital Projects	0	0	7,038,410	0	7,038,410
Education Foundation Funding	0	0	0	41,711	41,711
<b>Total Restricted</b>	<b>0</b>	<b>4,744,027</b>	<b>7,038,410</b>	<b>418,085</b>	<b>12,200,522</b>
<b>Assigned to:</b>					
Public School Support	22,065	0	0	0	22,065
Encumbrances	68,162	0	0	0	68,162
Budgetary	483,502	0	0	0	483,502
Permanent Improvement	0	0	0	1,406,217	1,406,217
<b>Total Assigned</b>	<b>573,729</b>	<b>0</b>	<b>0</b>	<b>1,406,217</b>	<b>1,979,946</b>
<b>Unassigned (Deficit)</b>	<b>21,082,495</b>	<b>0</b>	<b>0</b>	<b>(44,511)</b>	<b>21,037,984</b>
<b>Total Fund Balance</b>	<b>\$21,677,104</b>	<b>\$4,744,027</b>	<b>\$7,038,410</b>	<b>\$1,780,476</b>	<b>\$35,240,017</b>

**Note 18 - Tax Abatements**

As of June 30, 2022, the District has taxes abated on its behalf by the City of Madeira for a TIF agreement.

Tax Abatement Programs	District's Share of Taxes Abated
TIF	
Kenwood Senior Star	\$214,832
Traditions of Madeira	29,540

The abatements will be terminated if the property is deemed delinquent, behind on payments, or the terms and conditions of the TIF are not adhered to and no recapture provisions noted.

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2022**

---

**Note 19 – Implementation of New Accounting Principles**

**New Accounting Principles**

For fiscal year 2022, the School District implemented GASB Statement No. 87, Leases and related guidance from (GASB) Implementation Guide No. 2019-3, and GASB Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period.

GASB Statement No. 87 sets out to improve the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The implementation of GASB Statement No. 87 did not have an effect on the financial statements of the School District.

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the School District.

**Note 20 – 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 2022, the School District received COVID-19 funding. The financial impact of COVID-19 and the continuing recovery measures will impact subsequent periods of the School District. The impact on the School District's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

# **REQUIRED SUPPLEMENTARY INFORMATION**

---

Madeira City School District  
 Required Supplementary Information  
 Schedule of the District's Proportionate Share of the Net Pension Liability  
 School Employees Retirement System of Ohio  
 Last Nine 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
2022	0.08126250%	\$2,998,351	\$2,797,929	107.16%	82.86%
2021	0.08044690%	5,320,927	2,813,207	189.14%	68.55%
2020	0.07848310%	4,695,781	2,686,896	174.77%	70.85%
2019	0.07710370%	4,415,872	2,510,178	175.92%	71.36%
2018	0.07570570%	4,523,248	2,317,643	195.17%	69.50%
2017	0.07966940%	5,831,065	1,912,114	304.95%	62.98%
2016	0.07747540%	4,420,821	2,341,912	188.77%	69.16%
2015	0.07221000%	3,654,507	2,075,786	176.05%	71.70%
2014	0.07221000%	4,289,329	2,510,116	170.88%	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.

Madeira City School District  
 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
2022	\$439,940	(\$439,940)	\$0	\$3,142,429	14.00%
2021	391,710	(391,710)	0	2,797,929	14.00%
2020	393,849	(393,849)	0	2,813,207	14.00%
2019	362,731	(362,731)	0	2,686,896	13.50%
2018	338,874	(338,874)	0	2,510,178	13.50%
2017	324,470	(324,470)	0	2,317,643	14.00%
2016	267,696	(267,696)	0	1,912,114	14.00%
2015	308,664	(308,664)	0	2,341,912	13.18%
2014	287,704	(287,704)	0	2,075,786	13.86%
2013	347,400	(347,400)	0	2,510,116	13.84%

See accompanying notes to the required supplementary information.

Madeira City School District  
 Required Supplementary Information  
 Schedule of the District's Proportionate Share of the Net Pension Liability  
 State Teachers Retirement System of Ohio  
 Last Nine 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
2022	0.08911094%	\$11,393,635	\$10,758,857	105.90%	87.78%
2021	0.08650817%	20,931,899	10,471,543	199.89%	75.48%
2020	0.08489982%	18,775,085	10,146,514	185.04%	77.40%
2019	0.08475580%	18,635,897	9,794,400	190.27%	77.30%
2018	0.08382317%	19,912,374	10,046,014	198.21%	75.30%
2017	0.08408283%	28,145,058	9,090,000	309.63%	66.80%
2016	0.08152803%	22,531,963	8,559,943	263.23%	72.10%
2015	0.08278181%	20,135,401	9,035,815	222.84%	74.70%
2014	0.08278181%	23,911,099	9,397,662	254.44%	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.



Madeira City School District  
 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
2022	\$1,685,352	(\$1,685,352)	\$0	\$12,038,229	14.00%
2021	1,506,240	(1,506,240)	0	10,758,857	14.00%
2020	1,466,016	(1,466,016)	0	10,471,543	14.00%
2019	1,420,512	(1,420,512)	0	10,146,514	14.00%
2018	1,371,216	(1,371,216)	0	9,794,400	14.00%
2017	1,406,442	(1,406,442)	0	10,046,014	14.00%
2016	1,272,600	(1,272,600)	0	9,090,000	14.00%
2015	1,198,392	(1,198,392)	0	8,559,943	14.00%
2014	1,174,656	(1,174,656)	0	9,035,815	13.00%
2013	1,221,696	(1,221,696)	0	9,397,662	13.00%

See accompanying notes to the required supplementary information.

Madeira City School District  
 Required Supplementary Information  
 Schedule of the District's Proportionate Share of the Net OPEB Liability  
 School Employees Retirement System of Ohio  
 Last Six 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
2022	0.08353030%	\$1,580,879	\$2,797,929	56.50%	24.08%
2021	0.08339160%	1,812,372	2,813,207	64.42%	18.17%
2020	0.08016550%	2,015,994	2,686,896	75.03%	15.57%
2019	0.07786440%	2,160,169	2,510,178	86.06%	13.57%
2018	0.07719820%	2,071,797	2,317,643	89.39%	12.46%
2017	0.08083039%	2,303,965	1,912,114	120.49%	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.

Madeira City School District  
 Required Supplementary Information  
 Schedule of the District's Contributions for Net OPEB Liability  
 School Employees Retirement System of Ohio  
 Last Seven 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
2022	\$56,283	(\$56,283)	\$0	\$3,142,429	0.58%
2021	52,451	(52,451)	0	2,797,929	1.87%
2020	53,156	(53,156)	0	2,813,207	1.89%
2019	61,127	(61,127)	0	2,686,896	2.28%
2018	53,030	(53,030)	0	2,510,178	2.11%
2017	25,500	(25,500)	0	2,317,643	1.10%
2016	41,356	(41,356)	0	1,912,114	2.16%

(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.

Madeira City School District  
 Required Supplementary Information  
 Schedule of the District's Proportionate Share of the Net OPEB (Asset)/Liability  
 State Teachers Retirement System of Ohio  
 Last Six 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
2022	0.08911094%	(\$1,878,831)	\$10,758,857	(17.46%)	174.73%
2021	0.08650817%	(1,520,380)	10,471,543	(14.52%)	182.13%
2020	0.08489982%	(1,406,144)	10,146,514	(13.86%)	174.74%
2019	0.08475580%	(1,361,939)	9,794,400	(13.91%)	176.00%
2018	0.08382317%	3,270,471	10,046,014	32.55%	47.10%
2017	0.08408283%	4,496,772	9,090,000	49.47%	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.

Madeira City School District  
 Required Supplementary Information  
 Schedule of the District's Contributions for Net OPEB (Asset)/Liability  
 State Teachers Retirement System of Ohio  
 Last Seven 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
2022	\$0	\$0	\$0	\$12,038,229	0.00%
2021	0	0	0	10,758,857	0.00%
2020	0	0	0	10,471,543	0.00%
2019	0	0	0	10,146,514	0.00%
2018	0	0	0	9,794,400	0.00%
2017	0	0	0	10,046,014	0.00%
2016	0	0	0	9,090,000	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.

Madeira City School District  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2022

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$17,721,495	\$18,632,836	\$18,641,085	\$8,249
Tuition and Fees	135,461	142,427	142,490	63
Investment Earnings	31,134	32,736	32,750	14
Intergovernmental	4,479,006	4,709,342	4,711,427	2,085
Extracurricular Activities	94,302	99,151	99,195	44
Other Revenues	703,212	739,376	739,703	327
<b>Total Revenues</b>	<b>23,164,610</b>	<b>24,355,868</b>	<b>24,366,650</b>	<b>10,782</b>
Expenditures:				
Current:				
Instruction:				
Regular	11,020,665	10,784,719	10,724,923	59,796
Special	3,092,162	3,025,961	3,009,183	16,778
Other	15,634	15,299	15,214	85
Support Services:				
Pupil	1,737,596	1,700,395	1,690,967	9,428
Instructional Staff	590,062	577,430	574,228	3,202
General Administration	72,191	70,646	70,254	392
School Administration	1,805,746	1,767,086	1,757,288	9,798
Fiscal	745,985	730,014	725,966	4,048
Business	68,356	66,893	66,522	371
Operations and Maintenance	1,805,433	1,766,780	1,756,984	9,796
Pupil Transportation	1,184,019	1,158,670	1,152,246	6,424
Central	15,724	15,387	15,302	85
Operation of Non-Instructional Services	2,119	2,073	2,062	11
Extracurricular Activities	429,454	420,260	417,930	2,330
Capital Outlay	290,217	284,004	282,429	1,575
<b>Total Expenditures</b>	<b>22,875,363</b>	<b>22,385,617</b>	<b>22,261,498</b>	<b>124,119</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>289,247</b>	<b>1,970,251</b>	<b>2,105,152</b>	<b>134,901</b>
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	3,365	3,538	3,540	2
Advances (Out)	(7,694)	(7,530)	(7,488)	42
Transfers (Out)	(411,030)	(402,230)	(400,000)	2,230
<b>Total Other Financing Sources (Uses)</b>	<b>(415,359)</b>	<b>(406,222)</b>	<b>(403,948)</b>	<b>2,274</b>
<b>Net Change in Fund Balance</b>	<b>(126,112)</b>	<b>1,564,029</b>	<b>1,701,204</b>	<b>137,175</b>
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	13,261,699	13,261,699	13,261,699	0
<b>Fund Balance - End of Year</b>	<b>\$13,135,587</b>	<b>\$14,825,728</b>	<b>\$14,962,903</b>	<b>\$137,175</b>

See accompanying notes to the required supplementary information.

**Madeira City School District**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2022**

---

---

**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 Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Board. The legal level of control has been established by Board at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts 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 2022.

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 Board during the year.

While the District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Non-GAAP 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 and expendable trust funds (GAAP basis).
4. Some funds are reported as part of the general fund (GAAP basis) as opposed to the general fund being reported alone (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the General Fund.

**Madeira City School District**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2022**

---

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$2,487,970
Revenue Accruals	(1,961,159)
Expenditure Accruals	1,342,305
Proceeds of Capital Assets	(30,843)
Advances (Out)	(7,488)
Encumbrances	<u>(129,581)</u>
Budget Basis	<u><u>\$1,701,204</u></u>

**Note 2 - Net Pension Liability**

---

**School Employees Retirement System (SERS)**

**Changes in Benefit Terms:**

2022: Cost of Living Adjustments (COLA) increased from 0.50% to 2.50%.

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 3.00% annual increase to a Cost of Living Adjustments (COLA) based on the changed in the Consumer Price Index Index (CPI-W), with a cap of 2.50% and a floor of 0.00%.

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

**Changes in Assumptions:**

2022: The following changes of assumptions affected the total pension liability since the prior measurement date:

- (1) The assumed rate of inflation was reduced from 3.00% to 2.40%,
- (2) Payroll growth assumption was reduced from 3.50% to 1.75%,
- (3) Assumed real wage growth was increased from 0.50% to 0.85%,
- (4) Cost of Living Adjustments (COLA) was reduced from 2.50% to 2.00%,
- (5) The discount rate was reduced from 7.50% to 7.00%,
- (6) Rates of withdrawal, compensation, participation, spouse coverage assumption, retirement, and disability were updated to reflect recent experience, and,
- (7) Mortality among active members, service retirees and beneficiaries, and disabled members were updated.

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:



**Madeira City School District**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2022**

---

- (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,
- (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:**

2019-2022: 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:**

2022: There were changes in assumptions since the prior measurement date, which the discount rate was adjusted to 7.00% from 7.45%.

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.

**Madeira City School District**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2022**

---

**Note 3 - Net OPEB (Asset)/Liability**

---

**School Employees Retirement System (SERS)**

**Changes in Benefit Terms:**

2017-2022: There were no changes in benefit terms from the amounts reported for these fiscal years.

**Changes in Assumptions:**

2022: 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	2.63%
Measurement Date	2.27%
- (2) Investment Rate of Return:

Prior Measurement Date	7.50%
Measurement Date	7.00%
- (3) Assumed Rate of Inflation:

Prior Measurement Date	3.00%
Measurement Date	2.40%
- (4) Payroll Growth Assumption:

Prior Measurement Date	3.50%
Measurement Date	1.75%
- (5) Assumed Real Wage Growth:

Prior Measurement Date	0.50%
Measurement Date	0.85%
- (6) Municipal Bond Index Rate:

Prior Measurement Date	2.45%
Measurement Date	1.92%
- (7) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Prior Measurement Date	2.63%
Measurement Date	2.27%
- (8) Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- (9) Rate of health care participation for future retirees and spouses was updated to reflect recent.
- (10) Mortality among active members was updated to the following:
  - a. PUB-2010 General Amount Weighted Below Median Employee mortality table.
- (11) Mortality among service retired members was updated to the following:
  - a. PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.
- (12) Mortality among beneficiaries was updated to the following:
  - a. PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.
- (13) Mortality among disabled member was updated to the following:
  - a. PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.

**Madeira City School District**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2022**

---

(14) Mortality rates are projected using a fully generational projection with Scale MP-2020.

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:

- (1) Discount Rate:
  - Prior Measurement Date 3.70%
  - Measurement Date 3.22%
- (2) Municipal Bond Index Rate:
  - Prior Measurement Date 3.62%
  - Measurement Date 3.13%
- (3) 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:

- (1) Discount Rate:
  - Prior Measurement Date 3.63%
  - Measurement Date 3.70%
- (2) Municipal Bond Index Rate:
  - Prior Measurement Date 3.56%
  - Measurement Date 3.62%
- (3) 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%

**Madeira City School District**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2022**

---

(2) Municipal Bond Index Rate:

Fiscal Year 2018	3.56%
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:**

2022: The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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

**Madeira City School District**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2022**

---

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.

2018: The subsidy multiplier for non-Medicare benefit recipients was reduced from 2.10% to 1.90% 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:**

2022: There were changes in assumptions since the prior measurement date, which the discount rate was adjusted to 7.00% from 7.45%.

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% to 4.13% 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% to 7.45%. 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***

**This page intentionally left blank.**

**MADEIRA CITY SCHOOL DISTRICT  
HAMILTON COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Assistance Listing Number	Pass Through Entity Identifying Number	Total Federal Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed Through Ohio Department of Education:</i>			
Special Education Cluster:			
Special Education-Grants to States	84.027	3M20	\$351,872
Special Education-Preschool Grants	84.173	3C50	<u>4,073</u>
Total Special Education Cluster			<u>355,945</u>
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	3HS0	120,523
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	3HS0	<u>360,266</u>
Total Elementary and Secondary School Emergency Relief Fund			<u>480,789</u>
Title I Grants to Local Educational Agencies	84.010	3M00	74,452
Supporting Effective Instruction State Grants	84.367	3Y60	28,152
Student Support and Academic Enrichment Program	84.424	3H10	11,502
<i>Passed Through Hamilton County ESC:</i>			
English Language Acquisition State Grants	84.365	N/A	<u>3,010</u>
Total U.S. Department of Education			<u>953,850</u>
Total Expenditures of Federal Awards			<u><u>\$953,850</u></u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**MADEIRA CITY SCHOOL DISTRICT  
HAMILTON COUNTY  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2022**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Madeira City School District (the District) under programs of the federal government for the year ended June 30, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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.



# 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

Madeira City School District  
Hamilton County  
7465 Loannes Drive  
Madeira, Ohio 45243

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Madeira City School District, Hamilton County, (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 22, 2023. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District.

### ***Report on Internal Control Over Financial Reporting***

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

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

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

***Report on Compliance and Other Matters***

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

***Purpose of This Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio  
March 22, 2023

# 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 THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Madeira City School District  
Hamilton County  
7465 Loannes Drive  
Madeira, Ohio 45243

To the Board of Education:

### Report on Compliance for the Major Federal Program

#### ***Opinion on the Major Federal Program***

We have audited Madeira City School District's, Hamilton County, (District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Madeira City School District's major federal program for the year ended June 30, 2022. Madeira City School District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Madeira City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

#### ***Basis for Opinion on the Major Federal Program***

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

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

#### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

### **Report on Internal Control Over Compliance**

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

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

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

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



Keith Faber  
Auditor of State  
Columbus, Ohio  
March 22, 2023

**This page intentionally left blank.**

**MADEIRA CITY SCHOOL DISTRICT  
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2022**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	84.425D and 84.425U-Elementary and Secondary School Emergency Relief (ESSER)
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	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.





# OHIO AUDITOR OF STATE KEITH FABER



**MADEIRA CITY SCHOOL DISTRICT**

**HAMILTON COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 3/28/2023**

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](http://www.ohioauditor.gov)