



OHIO AUDITOR OF STATE  
**KEITH FABER**





**MADEIRA CITY SCHOOL DISTRICT  
HAMILTON COUNTY  
JUNE 30, 2021**

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HAMILTON COUNTY  
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## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

### ***Report on the Financial Statements***

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

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, 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.

***Emphasis of Matters***

As discussed in Note 20 to the financial statements, during 2021, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding this matter.

Also as discussed in Note 21 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding this matter.

***Other Matters***

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2022, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Madeira City School District  
Hamilton County  
Independent Auditor's Report  
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A handwritten signature in black ink, appearing to read "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio  
May 3, 2022

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**Madeira City School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
**(Unaudited)**

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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, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's performance.

### **Financial Highlights**

Key financial highlights for 2021 are as follows:

- Net position of governmental activities increased \$6,398,741 from 2020.
- General revenues accounted for \$31,514,371 in revenue or 92% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,675,129 or 8% of total revenues of \$34,189,500.
- The District had \$27,790,759 in expenses related to governmental activities; \$2,675,129 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$31,514,371 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 Permanent Improvement funds, are the major funds of the District.

### **Government-wide Financial Statements**

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2021?" The Government-wide Financial Statements answer this question. These statements include *all assets and deferred outflows*, 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 improved or diminished. The causes of this change may be the result of many factors, both financial

**Madeira City School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
**(Unaudited)**

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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**

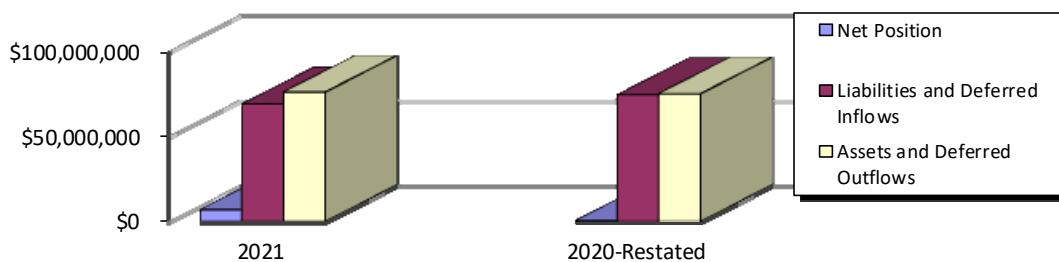
As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District's net position for 2021 compared to 2020:

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**Madeira City School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
(Unaudited)

**Table 1**  
**Net Position**

	Governmental Activities	
	2021	2020-Restated
Assets:		
Current and Other Assets	\$39,476,438	\$42,597,000
Net OPEB Asset	1,520,380	1,406,144
Capital Assets	<u>29,293,228</u>	<u>25,747,714</u>
Total Assets	<u>70,290,046</u>	<u>69,750,858</u>
Deferred Outflows of Resources:		
Deferred Charge on Refunding	66,146	75,596
OPEB	745,793	491,931
Pension	<u>4,870,447</u>	<u>4,669,217</u>
Total Deferred Outflows of Resources	<u>5,682,386</u>	<u>5,236,744</u>
Liabilities:		
Other Liabilities	3,063,244	3,139,193
Long-Term Liabilities	<u>51,745,359</u>	<u>50,392,531</u>
Total Liabilities	<u>54,808,603</u>	<u>53,531,724</u>
Deferred Inflows of Resources:		
Property Tax	10,674,574	16,961,141
Revenue in Lieu of Taxes	676,331	524,895
OPEB	2,720,264	2,286,261
Pension	<u>149,083</u>	<u>1,138,745</u>
Total Deferred Inflows of Resources	<u>14,220,252</u>	<u>20,911,042</u>
Net Position:		
Net Investment in Capital Assets	6,975,374	2,763,364
Restricted	4,036,769	2,912,226
Unrestricted	<u>(4,068,566)</u>	<u>(5,130,754)</u>
Total Net Position	<u>\$6,943,577</u>	<u>\$544,836</u>



Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2021, the District's assets and deferred outflows exceeded liabilities and deferred inflows by \$6,943,577.

**Madeira City School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
**(Unaudited)**

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At year-end, capital assets represented 39% 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, 2021, totaled \$6,975,374. 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, \$4,036,769 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 decreased due to a decrease in pooled cash and investments. Capital assets increased due to current year additions being greater than depreciation expense. Other liabilities increased from 2020 to 2021. Long term liabilities increased mainly due to the increase in net pension liability and net OPEB liability. Deferred outflows of resources related to pension increased and deferred inflows of resources related to pension decreased 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 2021 and 2020.

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**Madeira City School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
(Unaudited)

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

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	Governmental Activities	
	2021	2020-Restated
Revenues:		
Program Revenues:		
Charges for Services and Sales	\$1,220,546	\$1,068,326
Operating Grants and Contributions	<u>1,454,583</u>	<u>1,109,459</u>
Total Program Revenues	2,675,129	2,177,785
General Revenues:		
Property Taxes	25,683,523	13,346,621
Grants and Entitlements	4,725,515	4,555,632
Other	<u>1,105,333</u>	<u>832,934</u>
Total General Revenues	<u>31,514,371</u>	<u>18,735,187</u>
Total Revenues	<u>34,189,500</u>	<u>20,912,972</u>
Program Expenses:		
Instruction	16,818,999	15,229,671
Support Services:		
Pupil and Instructional Staff	2,441,831	2,488,804
School and General Administration,		
Fiscal and Business	2,790,575	2,769,159
Operations and Maintenance	1,797,061	1,516,726
Pupil Transportation	991,124	1,030,775
Central	17,461	13,979
Operation of Non-Instructional Services	1,131,323	1,142,929
Extracurricular Activities	671,302	708,893
Interest and Fiscal Charges	<u>1,131,083</u>	<u>1,209,481</u>
Total Program Expenses	<u>27,790,759</u>	<u>26,110,417</u>
Changes in Net Position	6,398,741	(5,197,445)
Net Position - Beginning of Year, restated	<u>544,836</u>	<u>5,742,281</u>
Net Position - End of Year	<u><u>\$6,943,577</u></u>	<u><u>\$544,836</u></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 89% 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

**Madeira City School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
**(Unaudited)**

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the home were reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become 0.5 mills and the owner would still pay \$35.00.

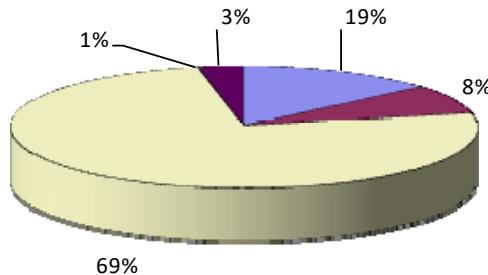
Thus Ohio districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service.

Property taxes made up 75% of governmental activities for the District in fiscal year 2021. The District's reliance upon tax revenues is demonstrated in the following graph:

**Governmental Activities**  
**Revenue Sources**

---

Revenue Sources	2021	Percent of Total
General Grants	\$4,725,515	14%
Program Revenues	2,675,129	8%
General Tax Revenues	25,683,523	75%
Investment Earnings	14,794	0%
Other Revenues	1,090,539	3%
	<u>\$34,189,500</u>	<u>100%</u>



Instruction comprises 61% of governmental program expenses. Support services expenses were 29% 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.

Property tax revenues increased from the prior year mainly due to an increase in property tax advances available. Total Expenses increased in 2021 as compared to 2020 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.

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**Madeira City School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
(Unaudited)

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

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	Total Cost of Services		Net Cost of Services	
	2021	2020-Restated	2021	2020-Restated
Instruction	\$16,818,999	\$15,229,671	(\$15,852,983)	(\$14,337,606)
Support Services:				
Pupil and Instructional Staff	2,441,831	2,488,804	(2,254,414)	(2,391,956)
School and General Administration, Fiscal and Business	2,790,575	2,769,159	(2,790,575)	(2,769,159)
Operations and Maintenance	1,797,061	1,516,726	(1,606,383)	(1,456,214)
Pupil Transportation	991,124	1,030,775	(986,424)	(1,028,318)
Central	17,461	13,979	(17,461)	(13,979)
Operation of Non-Instructional Services	1,131,323	1,142,929	(129,917)	(252,585)
Extracurricular Activities	671,302	708,893	(346,390)	(473,334)
Interest and Fiscal Charges	1,131,083	1,209,481	(1,131,083)	(1,209,481)
Total Expenses	<u>\$27,790,759</u>	<u>\$26,110,417</u>	<u>(\$25,115,630)</u>	<u>(\$23,932,632)</u>

### **The District's Funds**

The District has three major governmental funds: the General Fund, the Debt Service Fund and the Permanent Improvement Fund. Assets of these funds comprised \$38,926,830 (99%) of the total \$39,476,438 governmental fund assets.

**General Fund:** Fund balance at June 30, 2021 was \$19,189,134. Fund balance increased \$6,634,888 from the prior year. The primary reason for the increase in fund balance was due to an increase in property tax revenues received.

**Debt Service Fund:** Fund balance at June 30, 2021 was \$3,601,927. Fund balance increased \$882,596 from 2020. The primary reason for the increase in fund balance is due to an increase in property tax revenues received when compared to the prior year.

**Permanent Improvement Fund:** Fund balance at June 30, 2021 was \$1,240,087. Fund balance decreased \$4,535,495 from 2020. The primary reason for the decrease in fund balance is due to an increase in capital outlay expenditures.

### **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 2021, 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, 2021**  
**(Unaudited)**

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For the General Fund, final budget basis estimated revenue was \$23,032,533, compared to original budget estimates of \$22,415,373. Of the \$617,160 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 \$13,087,259.

**Capital Assets and Debt Administration**

***Capital Assets***

At fiscal year end, the District had \$29,293,228 invested in land, construction in progress, buildings and improvements, and equipment. Table 4 shows fiscal year 2021 balances compared to fiscal year 2020:

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

---

	<b>Governmental Activities</b>	
	<b>2021</b>	<b>2020</b>
Land	\$1,233,381	\$1,233,381
Construction in Progress	390,058	806,830
Buildings and Improvements	27,591,430	23,627,319
Equipment	<u>78,359</u>	<u>80,184</u>
Total Net Capital Assets	<u>\$29,293,228</u>	<u>\$25,747,714</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 \$22,558,673 in bonds and capital leases payable, \$1,570,335 due within one year. Table 5 summarizes bonds and capital leases outstanding at year end.

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**Madeira City School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2021**  
**(Unaudited)**

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

---

	<b>Governmental Activities</b>	
	<b>2021</b>	<b>2020</b>
General Obligation Bonds:		
2020 Auditorium Renovation Bonds:		
Current Interest	\$2,814,000	\$3,000,000
2006 School Improvement Refunding Bonds:		
Current Interest	9,605,000	9,605,000
Capital Appreciation	0	464,946
Accretion of Interest	0	410,126
2017 Refunding Bonds:		
Current Interest	9,965,000	9,990,000
Capital Leases	174,673	351,229
<b>Total Bonds and Capital Leases</b>	<b>\$22,558,673</b>	<b>\$23,821,301</b>

See Note 7-10 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, 2021

	Governmental Activities
<b>Assets:</b>	
Equity in Pooled Cash and Investments	\$18,468,182
<b>Receivables (Net):</b>	
Taxes	20,129,925
Accounts	1,493
Interest	14,380
Intergovernmental	840,074
Prepaid Items	22,384
Nondepreciable Capital Assets	1,623,439
Depreciable Capital Assets, Net	27,669,789
Net OPEB Asset	<u>1,520,380</u>
 Total Assets	 <u>70,290,046</u>
 Deferred Outflows of Resources:	
Deferred Charge on Refunding	66,146
Pension	4,870,447
OPEB	<u>745,793</u>
 Total Deferred Outflows of Resources	 <u>5,682,386</u>
 Liabilities:	
Accounts Payable	27,778
Accrued Wages and Benefits	2,855,367
Contracts Payable	122,087
Accrued Interest Payable	58,012
<b>Long-Term Liabilities:</b>	
Due Within One Year	1,675,075
Due In More Than One Year	
Net Pension Liability	26,252,826
Net OPEB Liability	1,812,372
Other Amounts	<u>22,005,086</u>
 Total Liabilities	 <u>54,808,603</u>
 Deferred Inflows of Resources:	
Property Taxes	10,674,574
Revenue in Lieu of Taxes	676,331
Pension	149,083
OPEB	<u>2,720,264</u>
 Total Deferred Inflows of Resources	 <u>14,220,252</u>
 Net Position:	
Net Investment in Capital Assets	6,975,374
<b>Restricted for:</b>	
Debt Service	3,614,480
Federal Grants	57,831
District Managed Activities	198,267
Auxiliary Services	1,607
Other Purposes	164,584
Unrestricted	<u>(4,068,566)</u>
 Total Net Position	 <u>\$6,943,577</u>

See accompanying notes to the basic financial statements.

Madeira City School District  
 Statement of Activities  
 For the Fiscal Year Ended June 30, 2021

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position Governmental Activities		
		Charges for Services and Sales	Operating Grants and Contributions			
<b>Governmental Activities:</b>						
<b>Instruction:</b>						
Regular	\$12,999,961	\$171,090	\$209,728	(\$12,619,143)		
Special	3,508,981	71,946	512,986	(2,924,049)		
Vocational	0	0	266	266		
Other	310,057	0	0	(310,057)		
<b>Support Services:</b>						
Pupil	1,841,109	0	43,735	(1,797,374)		
Instructional Staff	600,722	0	143,682	(457,040)		
General Administration	46,372	0	0	(46,372)		
School Administration	1,857,434	0	0	(1,857,434)		
Fiscal	743,426	0	0	(743,426)		
Business	143,343	0	0	(143,343)		
Operations and Maintenance	1,797,061	16,219	174,459	(1,606,383)		
Pupil Transportation	991,124	0	4,700	(986,424)		
Central	17,461	0	0	(17,461)		
Operation of Non-Instructional Services	1,131,323	647,880	353,526	(129,917)		
Extracurricular Activities	671,302	313,411	11,501	(346,390)		
Interest and Fiscal Charges	1,131,083	0	0	(1,131,083)		
<b>Totals</b>	<b>\$27,790,759</b>	<b>\$1,220,546</b>	<b>\$1,454,583</b>	<b>(25,115,630)</b>		

**General Revenues:**

Property Taxes Levied for:	
General Purposes	23,110,434
Debt Service Purposes	2,573,089
Grants and Entitlements, Not Restricted	4,725,515
Revenue in Lieu of Taxes	676,329
Unrestricted Contributions	70,257
Investment Earnings	14,794
Other Revenues	343,953
 Total General Revenues	 31,514,371
 Change in Net Position	 6,398,741
 Net Position - Beginning of Year, Restated	 544,836
 Net Position - End of Year	 \$6,943,577

See accompanying notes to the basic financial statements.

## Madeira City School District

## Balance Sheet

## Governmental Funds

June 30, 2021

	General	Debt Service	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>					
Equity in Pooled Cash and Investments	\$14,068,685	\$2,706,927	\$1,301,501	\$391,069	\$18,468,182
<b>Receivables (Net):</b>					
Taxes	17,932,610	2,197,315	0	0	20,129,925
Accounts	1,493	0	0	0	1,493
Interest	14,380	0	0	0	14,380
Intergovernmental	650,699	31,595	0	157,780	840,074
Prepaid Items	21,625	0	0	759	22,384
<b>Total Assets</b>	<b>32,689,492</b>	<b>4,935,837</b>	<b>1,301,501</b>	<b>549,608</b>	<b>39,476,438</b>
<b>Liabilities:</b>					
Accounts Payable	16,102	0	0	11,676	27,778
Accrued Wages and Benefits	2,758,102	0	0	97,265	2,855,367
Compensated Absences	44,125	0	0	0	44,125
Contracts Payable	0	0	61,414	60,673	122,087
<b>Total Liabilities</b>	<b>2,818,329</b>	<b>0</b>	<b>61,414</b>	<b>169,614</b>	<b>3,049,357</b>
<b>Deferred Inflows of Resources:</b>					
Property Taxes	10,032,610	1,302,315	0	0	11,334,925
Investment Earnings	4,683	0	0	0	4,683
Grants	0	0	0	120,635	120,635
Revenue in Lieu of Taxes	644,736	31,595	0	0	676,331
<b>Total Deferred Inflows of Resources</b>	<b>10,682,029</b>	<b>1,333,910</b>	<b>0</b>	<b>120,635</b>	<b>12,136,574</b>
<b>Fund Balances:</b>					
Nonspendable	21,625	0	0	759	22,384
Restricted	0	3,601,927	0	364,409	3,966,336
Assigned	196,612	0	1,240,087	0	1,436,699
Unassigned	18,970,897	0	0	(105,809)	18,865,088
<b>Total Fund Balances</b>	<b>19,189,134</b>	<b>3,601,927</b>	<b>1,240,087</b>	<b>259,359</b>	<b>24,290,507</b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b>\$32,689,492</b>	<b>\$4,935,837</b>	<b>\$1,301,501</b>	<b>\$549,608</b>	<b>\$39,476,438</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, 2021

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Total Governmental Fund Balance	\$24,290,507
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	29,293,228
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	
Delinquent Property Taxes	660,351
Interest	4,683
Intergovernmental	<u>120,635</u>
	785,669
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.	
	(58,012)
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	(1,077,363)
Deferred charge on refunding associated with long-term liabilities that are not reported in the funds.	66,146
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	4,870,447
Deferred inflows of resources related to pensions	(149,083)
Deferred outflows of resources related to OPEB	745,793
Deferred outflows of resources related to OPEB	<u>(2,720,264)</u>
	2,746,893
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	1,520,380
Net Pension Liability	(26,252,826)
Net OPEB Liability	(1,812,372)
Other Amounts	<u>(22,558,673)</u>
	(49,103,491)
Net Position of Governmental Activities	<u><u>\$6,943,577</u></u>

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, 2021

	General	Debt Service	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Property and Other Taxes	\$23,122,781	\$2,566,742	\$0	\$0	\$25,689,523
Tuition and Fees	234,730	0	0	0	234,730
Investment Earnings	0	8,584	7,220	169	15,973
Intergovernmental	4,680,934	253,818	0	1,171,114	6,105,866
Extracurricular Activities	153,676	0	0	159,735	313,411
Charges for Services	656,188	0	0	0	656,188
Revenue in Lieu of Taxes	644,736	31,595	0	0	676,331
Other Revenues	313,350	0	10,221	106,855	430,426
<b>Total Revenues</b>	<b>29,806,395</b>	<b>2,860,739</b>	<b>17,441</b>	<b>1,437,873</b>	<b>34,122,448</b>
<b>Expenditures:</b>					
Current:					
Instruction:					
Regular	10,631,161	0	5,908	215,261	10,852,330
Special	2,890,243	0	0	338,430	3,228,673
Other	249,021	0	0	0	249,021
Support Services:					
Pupil	1,706,217	0	0	9,609	1,715,826
Instructional Staff	544,360	0	0	41,618	585,978
General Administration	46,372	0	0	0	46,372
School Administration	1,696,745	0	0	0	1,696,745
Fiscal	678,193	24,297	0	21,450	723,940
Business	64,910	0	0	0	64,910
Operations and Maintenance	1,526,547	0	159,071	64,542	1,750,160
Pupil Transportation	989,354	0	0	0	989,354
Central	17,461	0	0	0	17,461
Operation of Non-Instructional Services	739,239	0	0	347,783	1,087,022
Extracurricular Activities	400,205	0	0	217,105	617,310
Capital Outlay	197,159	0	4,737,957	187,814	5,122,930
Debt Service:					
Principal Retirement	362,556	489,946	0	0	852,502
Interest and Fiscal Charges	68,872	1,463,900	0	0	1,532,772
<b>Total Expenditures</b>	<b>22,808,615</b>	<b>1,978,143</b>	<b>4,902,936</b>	<b>1,443,612</b>	<b>31,133,306</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>6,997,780</b>	<b>882,596</b>	<b>(4,885,495)</b>	<b>(5,739)</b>	<b>2,989,142</b>
<b>Other Financing Sources (Uses):</b>					
Proceeds from Sale of Capital Assets	2,108	0	0	0	2,108
Transfers In	0	0	350,000	15,000	365,000
Transfers (Out)	(365,000)	0	0	0	(365,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(362,892)</b>	<b>0</b>	<b>350,000</b>	<b>15,000</b>	<b>2,108</b>
Net Change in Fund Balance	6,634,888	882,596	(4,535,495)	9,261	2,991,250
<b>Fund Balance - Beginning of Year, Restated</b>	<b>12,554,246</b>	<b>2,719,331</b>	<b>5,775,582</b>	<b>250,098</b>	<b>21,299,257</b>
<b>Fund Balance - End of Year</b>	<b>\$19,189,134</b>	<b>\$3,601,927</b>	<b>\$1,240,087</b>	<b>\$259,359</b>	<b>\$24,290,507</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, 2021

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Net Change in Fund Balance - Total Governmental Funds \$2,991,250

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	4,942,684
Depreciation Expense	(1,340,976)
	3,601,708

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. The amount of the proceeds must be removed and the gain or loss on the disposal of capital assets must be recognized. This is the amount of the difference between the proceeds and the gain or loss.

(56,194)

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	1,897,950
Pension Expense	(3,489,018)
District OPEB Contributions	52,451
OPEB Expense	85,266
	(1,453,351)

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

Delinquent Property Taxes	(6,000)
Interest	(1,179)
Intergovernmental	74,231
	67,052

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.

1,627,502

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

1,013

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	(5,915)
Amortization of Deferred Charge on Refunding	(9,450)
Bond Accretion	(364,874)
	(380,239)

Change in Net Position of Governmental Activities \$6,398,741

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, 2021

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	Custodial Fund
Additions:	
Extracurricular Collections for OHSAA	<u>\$4,140</u>
Total Additions	<u>4,140</u>
Deductions:	
Extracurricular Distributions to OHSAA	<u>4,140</u>
Total Deductions	<u>4,140</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, 2021**

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**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, 2021**

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**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, 2021**

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**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.

Permanent Improvement Fund – The permanent fund is used to account for financial resources, to be used to maintain the District's facilities as well as provide for major equipment and instructional material purchases.

**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 current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2021**

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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 9 and 10.

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, 2021, but which were levied to finance year 2022 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. 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 9 and 10 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, 2021**

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**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 permanent improvement fund during fiscal year 2021 amounted to \$7,220, \$8,584 for the debt service and \$169 for other governmental funds.

**Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2021 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and 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 repairs that do not add to the value of the asset or materially extend an asset's life are not.

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2021**

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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

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**Notes to the Basic Financial Statements**  
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**Sick Leave**

How Earned Regular Full Time	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 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
<b><u>Sick Leave</u></b>	<b><u>Certified</u></b>	<b><u>Administrators</u></b>	<b><u>Non-Certificated</u></b>
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 \$4,036,769 in restricted net position, none were restricted by enabling legislation.

**Interfund Activity**

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

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
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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.

**Note 3 - Equity in Pooled Cash and Investments**

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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:

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**Notes to the Basic Financial Statements**  
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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).
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.

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2021**

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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, 2021, \$10,563,726 of the District's bank balance of \$10,813,726 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.

**Investments**

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

Investment Type	Fair Value	Fair Value Hierarchy	Weighted Average Maturity (Years)
Federal Home Loan Bank	\$447,738	Level 2	2.91
Federal National Mortgage Association	201,720	Level 2	0.27
Federal Farm Credit Bank	249,133	Level 2	2.35
Negotiable CDs	2,915,542	Level 2	1.46
Commercial Paper	306,701	Level 2	0.34
Money Market Funds	624,521	N/A	0.00
STAR Ohio	3,123,049	N/A	0.15
<b>Total Fair Value</b>	<b>\$7,868,404</b>		
Portfolio Weighted Average Maturity			0.86

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

**Madeira City School District**  
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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, 2021. 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, Federal Farm Credit Bank, and Federal National Mortgage Association 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 AAA 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 5.69% in Federal Home Loan Bank, 37.05% in Negotiable CDs, 2.56% in Federal National Mortgage Association, 3.17% in Federal Farm Credit Bank, 3.9% in Commercial Paper, 7.94% in Money Market Funds, and 39.69% 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.

**Note 4 - Property Taxes**

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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 2021 (other than public utility property tax) represents the collection of 2021 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.

**Madeira City School District  
Notes to the Basic Financial Statements  
For The Fiscal Year Ended June 30, 2021**

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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, 2021, are available to finance fiscal year 2022 operations. The amount available for advance can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes that became measurable as of June 30, 2021. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflows for that portion not intended to finance \$7,900,000 in the General Fund and \$895,000 in the Debt Service Fund.

The assessed value, by property classification, upon which taxes collected in 2021 were based as follows:

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$424,741,440
Public Utility Personal	<u>9,988,800</u>
Total	<u><u>\$434,730,240</u></u>

**Note 5 – Receivables**

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Receivables at June 30, 2021, consisted of taxes, accounts, interest, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

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**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2021**

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**Note 6 - Capital Assets**

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$1,233,381	\$0	\$0	\$1,233,381
Construction in Progress	806,830	390,058	806,830	390,058
Total Capital Assets, not being depreciated	2,040,211	390,058	806,830	1,623,439
<i>Capital Assets, being depreciated:</i>				
Buildings and Improvements	37,450,033	5,340,735	165,511	42,625,257
Equipment	1,075,411	18,721	0	1,094,132
<i>Total Capital Assets, being depreciated:</i>	38,525,444	5,359,456	165,511	43,719,389
Totals at Historical Cost	<u>40,565,655</u>	<u>5,749,514</u>	<u>972,341</u>	<u>45,342,828</u>
Less Accumulated Depreciation:				
Buildings and Improvements	13,822,714	1,320,430	109,317	15,033,827
Equipment	995,227	20,546	0	1,015,773
Total Accumulated Depreciation	<u>14,817,941</u>	<u>1,340,976</u>	<u>109,317</u>	<u>16,049,600</u>
Governmental Activities Capital Assets, Net	<u>\$25,747,714</u>	<u>\$4,408,538</u>	<u>\$863,024</u>	<u>\$29,293,228</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$1,126,893
Special	49,619
Other Instruction	61,036
Support Services:	
Business	73,861
Operations and Maintenance	23,986
Extracurricular Activities	5,581
Total Depreciation Expense	<u>\$1,340,976</u>

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2021**

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**Note 7 - Long-Term Liabilities**

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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
Capital Appreciation	4.00%	12/1/20	464,946	0	(464,946)	0	0
Accretion of Interest		12/1/20	410,126	364,874	(775,000)	0	0
2017 Refunding -							
Current Interest	1.85%	12/1/27	9,990,000	0	(25,000)	9,965,000	1,280,000
2020 Bonds - Auditorium Reno	2.08%		3,000,000	0	(186,000)	2,814,000	175,000
Total General Obligation Bonds			23,470,072	364,874	(1,450,946)	22,384,000	1,455,000
Capital Leases:							
2018 Technology Lease/Purchase	1.69%	3/1/17	63,818	0	(63,818)	0	0
2019 New Lease	3.07%	3/15/22	112,174	0	(55,246)	56,928	56,928
2020 Technology Lease/Purchase	1.59%		175,237	0	(57,492)	117,745	58,407
Total Capital Leases			351,229	0	(176,556)	174,673	115,335
Net Pension Liabilities							
STRS			18,775,085	2,156,814	0	20,931,899	0
SERS			4,695,781	625,146	0	5,320,927	0
Total Net Pension Liability			23,470,866	2,781,960	0	26,252,826	0
Net OPEB Liabilities							
STRS			0	0	0	0	0
SERS			2,015,994	0	(203,622)	1,812,372	0
Total Net OPEB Liability			2,015,994	0	(203,622)	1,812,372	0
Total Long-Term Liabilities			49,308,161	3,146,834	(1,831,124)	50,623,871	1,570,335
Compensated Absences			1,084,370	182,731	(145,613)	1,121,488	104,740
Total Governmental Activities			\$50,392,531	\$3,329,565	(\$1,976,737)	\$51,745,359	\$1,675,075

General obligation bonds will be paid from the debt service fund. Capital leases 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:

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**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2021**

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General Obligation Bonds			
Fiscal Year	Principal	Interest	Total
Ending June 30			
2022	\$1,455,000	\$735,305	\$2,190,305
2023	1,504,000	707,569	2,211,569
2024	1,553,000	678,918	2,231,918
2025	1,607,000	649,305	2,256,305
2026	1,660,000	618,682	2,278,682
2027-2031	9,547,000	2,318,276	11,865,276
2032-2035	<u>5,058,000</u>	<u>268,729</u>	<u>5,326,729</u>
Total	<u><b>\$22,384,000</b></u>	<u><b>\$5,976,784</b></u>	<u><b>\$28,360,784</b></u>

**Note 8 - Capital Leases**

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The District has capital leases for various technology equipment and computers.

The leases meet the criteria of capital lease, which defines a capital lease generally as one that transfers benefits and risks of ownership to the lessee. Capital lease payments will be made from the General Fund.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of fiscal year end.

Fiscal Year	Long-Term Debt
Ending June 30,	
2022	\$117,069
2023	<u>60,282</u>
Total Minimum Lease Payments	177,351
Less: Amount Representing Interest	<u>(2,678)</u>
Present Value of Minimum Lease Payments	<u><b>\$174,673</b></u>

Capital assets acquired under the capital leases are as follows:

Equipment	\$711,349
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**Note 9 - Defined Benefit Pension Plans**

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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.

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be 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 10 for the required OPEB disclosures.

**Plan Description - School Employees Retirement System (SERS)**

**Plan Description**

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

Age and service requirements for retirement are as follows:

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**Madeira City School District**  
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**For The Fiscal Year Ended June 30, 2021**

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

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

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

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

#### **Changes in Benefits between Measurement Date and the Fiscal Year End**

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

#### **Funding Policy**

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2021, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was \$391,710 for fiscal year 2021. Of this amount \$72,139 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).

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
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New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan, and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307.

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

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

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

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**Funding Policy**

Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2021 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2021, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$1,506,240 for fiscal year 2021. Of this amount \$251,039 is reported as accrued wages and benefits.

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

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportionate Share of the Net Pension Liability	\$5,320,927	\$20,931,899	\$26,252,826
Proportion of the Net Pension Liability:			
Current Measurement Date	0.08044690%	0.08650817%	
Prior Measurement Date	0.07848310%	0.08489982%	
Change in Proportionate Share	0.00196380%	0.00160835%	
Pension Expense	\$655,436	\$2,833,582	\$3,489,018

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

	SERS	STRS	Total
<b><u>Deferred Outflows of Resources</u></b>			
Differences between expected and actual experience	\$10,336	\$46,966	\$57,302
Changes of assumptions	0	1,123,639	1,123,639
Net difference between projected and actual earnings on pension plan investments	337,771	1,017,921	1,355,692
Changes in employer proportionate share of net pension liability	86,002	349,863	435,865
Contributions subsequent to the measurement date	391,710	1,506,240	1,897,950
<b>Total Deferred Outflows of Resources</b>	<b>\$825,819</b>	<b>\$4,044,629</b>	<b>\$4,870,448</b>
<b><u>Deferred Inflows of Resources</u></b>			
Differences between expected and actual experience	\$0	\$133,845	\$133,845
Changes in employer proportionate share of net pension liability	0	15,238	15,238
<b>Total Deferred Inflows of Resources</b>	<b>\$0</b>	<b>\$149,083</b>	<b>\$149,083</b>

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\$1,897,950 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

<b>Fiscal Year</b> <b>Ending June 30:</b>	<b>SERS</b>	<b>STRS</b>	<b>Total</b>
2022	\$59,210	\$778,852	\$838,062
2023	128,357	435,088	563,445
2024	140,790	647,125	787,915
2025	105,751	528,241	633,992
<b>Total</b>	<b>\$434,108</b>	<b>\$2,389,306</b>	<b>\$2,823,414</b>

**Actuarial Assumptions - SERS**

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

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

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

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

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

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled

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members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement. The most recent experience study was completed for the five year period ended June 30, 2015.

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

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

**Discount Rate**

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

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

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

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Proportionate share of the net pension liability	\$7,289,021	\$5,320,927	\$3,669,660

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

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

**Actuarial Assumptions - STRS**

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

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

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

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

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

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	<u>100.00%</u>	

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

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**Discount Rate**

The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

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

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

	1% Decrease 6.45%	Current Discount Rate 7.45%	1% Increase 8.45%
Proportionate share of the net pension liability	\$29,803,380	\$20,931,899	\$13,414,058

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

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

**Note 10 - Defined Benefit OPEB Plans**

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

**Plan Description - School Employees Retirement System (SERS)**

**Health Care Plan Description**

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

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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 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the District's surcharge obligation was \$52,451.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$52,451 for fiscal year 2021.

**Plan Description - State Teachers Retirement System (STRS)**

**Plan Description**

The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](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 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability (asset) was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

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	SERS	STRS	Total
Proportionate Share of the Net OPEB Liability	\$1,812,372	\$0	\$1,812,372
Proportionate Share of the Net OPEB (Asset)	0	(1,520,380)	(1,520,380)
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.08339160%	0.08650817%	
Prior Measurement Date	<u>0.08016550%</u>	<u>0.08489982%</u>	
Change in Proportionate Share	0.00322610%	0.00160835%	
OPEB Expense	\$873	(\$86,139)	(\$85,266)

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

	SERS	STRS	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$23,804	\$97,420	\$121,224
Changes of assumptions	308,946	25,097	334,043
Net difference between projected and actual earnings on OPEB plan investments	20,421	53,284	73,705
Changes in employer proportionate share of net OPEB liability	139,276	25,094	164,370
Contributions subsequent to the measurement date	<u>52,451</u>	0	<u>52,451</u>
Total Deferred Outflows of Resources	<u>\$544,898</u>	<u>\$200,895</u>	<u>\$745,793</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$921,718	\$302,838	\$1,224,556
Changes of assumptions	45,649	1,444,107	1,489,756
Changes in employer proportionate share of net OPEB liability	0	5,951	5,951
Total Deferred Inflows of Resources	<u>\$967,367</u>	<u>\$1,752,896</u>	<u>\$2,720,263</u>

\$52,451 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (adjustment to net OPEB asset) in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Ending June 30:	SERS	STRS	Total
2022	(\$95,206)	(\$388,344)	(\$483,550)
2023	(93,728)	(352,277)	(446,005)
2024	(93,969)	(339,625)	(433,594)
2025	(93,812)	(329,825)	(423,637)
2026	(72,756)	(68,836)	(141,592)
Thereafter	(25,450)	(73,094)	(98,544)
Total	<u>(\$474,921)</u>	<u>(\$1,552,001)</u>	<u>(\$2,026,922)</u>

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**Actuarial Assumptions - SERS**

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

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

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

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

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

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were

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

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

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

**Discount Rate**

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

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

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

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	1% Decrease (1.63%)	Current Discount Rate (2.63%)	1% Increase (3.63%)
Proportionate share of the net OPEB liability	\$2,218,299	\$1,812,372	\$1,489,662
	1% Decrease (6.00% decreasing to 3.75%)	Current Trend Rate (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
Proportionate share of the net OPEB liability	\$1,427,105	\$1,812,372	\$2,327,573

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

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

**Actuarial Assumptions - STRS**

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

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

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

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

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

Since the prior measurement date, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2021**

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premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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

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

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

**Discount Rate**

The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2020.

**Sensitivity of the Proportionate Share of the Net OPEB (Asset) to Changes in the Discount and Health Care Cost Trend Rate**

The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Proportionate share of the net OPEB (asset)	(\$1,322,829)	(\$1,520,380)	(\$1,687,994)
	1% Decrease	Current Trend Rate	1% Increase
Proportionate share of the net OPEB (asset)	(\$1,677,590)	(\$1,520,380)	(\$1,328,874)

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2021**

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**Note 11 - Contingent Liabilities**

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**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 2021 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2021 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, 2021, 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 12 - Jointly Governed Organizations**

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*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 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.

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2021**

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*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 13 - Risk Management**

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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 2021, 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 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.

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2021**

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**Note 14 - 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 15 - Accountability**

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

Fund	Deficit
Special Revenue:	
Special Education IDEA B	\$44,137
Title I	2,087
ESSR	58,875

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 16 - 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.

	<u>Capital Acquisition</u>
Set Aside Reserve Balance as of June 30, 2020	\$0
Current Year Set Aside Requirements	278,743
Qualified Disbursements	0
Current Year Offsets	(274,783)
Set Aside Reserve Balance as of June 30, 2021	<u><u>\$0</u></u>
Restricted Cash as of June 30, 2021	<u><u>\$0</u></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.

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2021**

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**Note 17 - Interfund Transactions**

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Interfund transactions at June 30, 2021, consisted of the following transfers in and transfers out:

	Transfers	
	In	Out
General Fund	\$0	\$365,000
Other Governmental Funds	15,000	0
Permanent Improvement Fund	350,000	0
 Total All Funds	 <u>\$365,000</u>	 <u>\$365,000</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.

**Note 18 - Fund Balances**

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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:

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**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2021**

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<u>Fund Balances</u>	<u>General</u>	<u>Debt Service</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<b>Nonspendable:</b>					
Prepays	\$21,625	\$0	\$0	\$759	\$22,384
<b>Total Nonspendable</b>	<b>21,625</b>	<b>0</b>	<b>0</b>	<b>759</b>	<b>22,384</b>
<b>Restricted for:</b>					
Other Local Grants	\$0	\$0	\$0	\$84,247	\$84,247
Auxiliary Services	0	0	0	1,558	1,558
Consumer Economics	0	0	0	85,114	85,114
Student Activity	0	0	0	113,153	113,153
Student Wellness and Success	0	0	0	35,151	35,151
Debt Service	0	3,601,927	0	0	3,601,927
Education Foundation Funding	0	0	0	45,186	45,186
<b>Total Restricted</b>	<b>0</b>	<b>3,601,927</b>	<b>0</b>	<b>364,409</b>	<b>3,966,336</b>
<b>Assigned to:</b>					
Public School Support	27,341	0	0	0	27,341
Encumbrances	169,271	0	0	0	169,271
Permanent Improvement	0	0	1,240,087	0	1,240,087
<b>Total Assigned</b>	<b>196,612</b>	<b>0</b>	<b>1,240,087</b>	<b>0</b>	<b>1,436,699</b>
<b>Unassigned (Deficit)</b>	<b>18,970,897</b>	<b>0</b>	<b>0</b>	<b>(105,809)</b>	<b>18,865,088</b>
<b>Total Fund Balance</b>	<b>\$19,189,134</b>	<b>\$3,601,927</b>	<b>\$1,240,087</b>	<b>\$259,359</b>	<b>\$24,290,507</b>

**Note 19 - Tax Abatements**

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As of June 30, 2021, the District has taxes abated on its behalf by the City of Madeira for a TIF agreement.

<u>Tax Abatement Programs</u>	<u>District's Share of Taxes Abated</u>
TIF	
Kenwood Senior Star	\$204,252
Traditions of Madeira	28,503

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.

**Note 20 – Implementation of New Accounting Principles and Restatement of Net Position/Fund Balance**

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**New Accounting Principles**

For fiscal year 2021, the District implemented GASB Statement No. 84, Fiduciary Activities and related guidance from (GASB) Implementation Guide No. 2019-2, Fiduciary Activities, and GASB Statement No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and GASB Statements No. 61. GASB Statement No. 84 established specific criteria for identifying activities that should be reported as

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2021**

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

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

**Restatement of Fund Balance/Net Position**

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

	<u>Other Governmental Funds</u>
Fund Balance, June 30, 2020	\$138,163
Adjustments-Presentation Changes:	
GASB Statement No. 84	<u>111,935</u>
Restated Fund Balance, June 30, 2020	<u>\$250,098</u>

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

	<u>Governmental Activities</u>
Net Position, June 30, 2020	\$432,901
Adjustments-Presentation Changes:	
GASB Statement No. 84	<u>111,935</u>
Restated Net Position, June 30, 2020	<u>\$544,836</u>

**Note 21 – COVID-19**

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

**Madeira City School District**  
**Notes to the Basic Financial Statements**  
**For The Fiscal Year Ended June 30, 2021**

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**Note 22 – Subsequent Events**

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For fiscal year 2022, District foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school and scholarship funding will be directly funded by the State of Ohio to the respective schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the District were funded to the District who, in turn, made the payment to the respective school.

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# **R**EQUIRED **S**UPPLEMENTARY **I**NFORMATION

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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 Eight Fiscal Years (1) (2)

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.08044690%	\$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
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%
2012	332,136	(332,136)	0	2,469,413	13.45%

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 Eight Fiscal Years (1) (2)

Year	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2021	0.08650817%	\$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
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%
2012	1,170,024	(1,170,024)	0	9,000,185	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 Five Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2021	0.08339160%	\$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 Six Fiscal Years (1) (2)

Year	District's Contractually Required Contribution (2)	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2021	\$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 Five Fiscal Years (1) (2)

Year	District's Proportion of the Net OPEB (Asset)/Liability	District's Proportionate Share of the Net OPEB (Asset)/Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB (Asset)/Liability
2021	0.08650817%	(\$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 Six Fiscal Years (1)

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2021	\$0	\$0	\$0	\$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, 2021

General Fund				
	Original Budget	Final Budget	Actual	Variance from Final Budget
<b>Revenues:</b>				
Taxes	\$16,720,552	\$17,180,916	\$17,187,781	\$6,865
Tuition and Fees	134,003	137,693	137,748	55
Investment Earnings	44,731	45,963	45,981	18
Intergovernmental	4,547,888	4,673,104	4,674,971	1,867
Extracurricular Activities	91,063	93,571	93,608	37
Other Revenues	877,136	901,286	901,646	360
<b>Total Revenues</b>	<b>22,415,373</b>	<b>23,032,533</b>	<b>23,041,735</b>	<b>9,202</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	10,936,282	10,597,582	10,433,163	164,419
Special	2,925,535	2,834,930	2,790,947	43,983
Other	261,030	252,945	249,021	3,924
<b>Support Services:</b>				
Pupil	1,728,663	1,675,126	1,649,137	25,989
Instructional Staff	568,049	550,456	541,916	8,540
General Administration	49,167	47,644	46,905	739
School Administration	1,755,154	1,700,797	1,674,409	26,388
Fiscal	715,034	692,889	682,139	10,750
Business	68,340	66,223	65,196	1,027
Operations and Maintenance	1,652,666	1,601,483	1,576,636	24,847
Pupil Transportation	1,037,064	1,004,946	989,354	15,592
Central	15,861	15,369	15,131	238
Extracurricular Activities	415,869	402,989	396,737	6,252
<b>Capital Outlay</b>	<b>465,006</b>	<b>450,605</b>	<b>443,614</b>	<b>6,991</b>
<b>Total Expenditures</b>	<b>22,593,720</b>	<b>21,893,984</b>	<b>21,554,305</b>	<b>339,679</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(178,347)</b>	<b>1,138,549</b>	<b>1,487,430</b>	<b>348,881</b>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Capital Assets	2,051	2,107	2,108	1
Transfers (Out)	(382,601)	(370,752)	(365,000)	5,752
<b>Total Other Financing Sources (Uses)</b>	<b>(380,550)</b>	<b>(368,645)</b>	<b>(362,892)</b>	<b>5,753</b>
<b>Net Change in Fund Balance</b>	<b>(558,897)</b>	<b>769,904</b>	<b>1,124,538</b>	<b>354,634</b>
<b>Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)</b>	<b>11,962,721</b>	<b>11,962,721</b>	<b>11,962,721</b>	<b>0</b>
<b>Fund Balance - End of Year</b>	<b>\$11,403,824</b>	<b>\$12,732,625</b>	<b>\$13,087,259</b>	<b>\$354,634</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, 2021**

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**Note 1 – Budgetary Process**

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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 2021.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by 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, 2021**

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**Net Change in Fund Balance**

	<u>General</u>
GAAP Basis	\$6,634,888
Revenue Accruals	(6,764,660)
Expenditure Accruals	1,428,745
Encumbrances	(174,435)
Budget Basis	<u><u>\$1,124,538</u></u>

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**Note 2 - Net Pension Liability**

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**School Employees Retirement System (SERS)**

**Changes in Benefit Terms:**

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

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

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

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

**Changes in Assumptions:**

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

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

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

**Madeira City School District**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2021**

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**State Teachers Retirement System (STRS)**

**Changes in Benefit Terms:**

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

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

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

**Changes in Assumptions:**

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

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

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

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

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

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**School Employees Retirement System (SERS)**

**Changes in Benefit Terms:**

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

**Changes in Assumptions:**

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

- (1) Discount Rate:

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

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

Prior Measurement Date	3.22%
Measurement Date	2.63%

**Madeira City School District**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2021**

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

- (4) Discount Rate:
  - Prior Measurement Date 3.70%
  - Measurement Date 3.22%
- (5) Municipal Bond Index Rate:
  - Prior Measurement Date 3.62%
  - Measurement Date 3.13%
- (6) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
  - Prior Measurement Date 3.70%
  - Measurement Date 3.22%

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

- (7) Discount Rate:
  - Prior Measurement Date 3.63%
  - Measurement Date 3.70%
- (8) Municipal Bond Index Rate:
  - Prior Measurement Date 3.56%
  - Measurement Date 3.62%
- (9) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:
  - Prior Measurement Date 3.63%
  - Measurement Date 3.70%

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

- (1) Discount Rate:
  - Fiscal Year 2018 3.63%
  - Fiscal Year 2017 2.98%
- (2) Municipal Bond Index Rate:
  - Fiscal Year 2018 3.56%
  - 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,

**Madeira City School District  
Notes to the Required Supplementary Information  
For The Fiscal Year Ended June 30, 2021**

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

**State Teachers Retirement System (STRS)**

**Changes in Benefit Terms:**

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

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

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

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

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

**Changes in Assumptions:**

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

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

**Madeira City School District**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2021**

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

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

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

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**MADEIRA CITY SCHOOL DISTRICT  
HAMILTON COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Assistance Listing Number	Pass Through Entity Identifying Number	Total Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education:</i>			
Special Education Cluster:			
Special Education-Grants to States	84.027	3M20	\$349,180
Special Education-6B IDEA Restoration	84.027A	3M20	22,967
Special Education-Preschool Grants	84.173	3C50	4,098
Total Special Education Cluster			<u>376,245</u>
Title I Grants to Local Educational Agencies	84.010	3M00	59,875
Supporting Effective Instruction State Grants	84.367	3Y60	30,878
Student Support and Academic Enrichment Program	84.424	3H10	8,688
COVID - 19 Elementary and Secondary School Emergency Relief Fund	84.425D	3HS0	185,085
Total U.S. Department of Education			<u>660,771</u>
<b>U.S. DEPARTMENT OF THE TREASURY</b>			
<i>Passed Through Ohio Department of Education:</i>			
Coronavirus Relief Fund	21.019	5CV1	74,779
<i>Passed Through Hamilton County, Ohio:</i>			
Coronavirus Relief Fund	21.019	CRF	79,131
Total - Coronavirus Relief Fund			<u>153,910</u>
Total U.S. Department of the Treasury			<u>153,910</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
<i>Passed Through Ohio Department of Public Safety:</i>			
Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4507	<u>6,207</u>
Total U.S. Department of Homeland Security			<u>6,207</u>
Total Expenditures of Federal Awards			<u>\$820,888</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, 2021**

**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, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, 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.



## 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  
Cincinnati, Ohio 45243

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Madeira City School District, Hamilton County, (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 3, 2022, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District.

### ***Internal Control Over Financial Reporting***

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

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

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

### ***Compliance and Other Matters***

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

Madeira City School District  
Hamilton County  
Independent Auditor's Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by Government Auditing Standards  
Page 2

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio  
May 3, 2022



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  
Cincinnati, Ohio 45243

To the Board of Education:

***Report on Compliance for the Major Federal Program***

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

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

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

In our opinion, Madeira City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2021.

Madeira City School District

Hamilton County

Independent Auditor's Report on Compliance with Requirements

Applicable to the Major Federal Program and on Internal Control Over  
Compliance Required by the Uniform Guidance

Page 2

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

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

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

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

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



Keith Faber  
Auditor of State  
Columbus, Ohio  
May 3, 2022

MADEIRA CITY SCHOOL DISTRICT  
HAMILTON COUNTY

SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2021

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	84.027; 84.173 Special Education Cluster
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	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 5/17/2022

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)