

MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED
JUNE 30, 2021

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Education
Madison Local School District
1379 Grace Street
Mansfield, Ohio 44905

We have reviewed the *Independent Auditor's Report* of the Madison Local School District, Richland County, prepared by Julian & Grube, Inc., for the audit period July 1, 2020 through June 30, 2021. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Keith Faber
Auditor of State
Columbus, Ohio

February 16, 2022

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**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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Independent Auditor's Report

Madison Local School District
Richland County
1379 Grace Street
Mansfield, Ohio 44905

To the Board of Education:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Madison Local School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Madison Local School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Madison Local School District, Richland County, Ohio, as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the general fund for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 19 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Madison Local School District. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Madison Local School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2021, on our consideration of the Madison Local School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Madison Local School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Madison Local School District's internal control over financial reporting and compliance.

Julian & Grube, Inc.

Julian & Grube, Inc.
December 20, 2021

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The management's discussion and analysis of Madison Local School District's (the "District") 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 basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2021 are as follows:

- In total, net position decreased \$2,866,827. Net position of governmental activities decreased \$2,840,001, which represents a 17.03% decrease from 2020's net position. Net position of business-type activities decreased \$26,826, which represents a 1.76% decrease from 2020's net position.
- General revenues accounted for \$33,836,948 in revenue or 74.02% of all governmental activities revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$11,875,985 or 25.98% of total governmental activities revenues of \$45,712,933.
- The District had \$48,527,934 in expenses related to governmental activities; only \$11,875,985 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$33,836,948 were not adequate enough to provide for these programs.
- The District's major governmental funds are the general fund and bond retirement fund. The general fund had \$36,052,558 in revenues and other financing sources and \$36,416,500 in expenditures and other financing uses. The general fund's fund balance decreased \$363,942 from \$5,265,949 to \$4,902,007.
- The District's other major governmental fund is the bond retirement fund. The bond retirement fund had \$2,360,347 in revenues and \$1,842,064 in expenditures. The bond retirement fund's fund balance increased \$518,283 from \$1,454,784 to \$1,973,067.
- The District's only major enterprise funds is the adult education fund. The adult education fund had \$1,038,629 in operating revenues, non-operating revenues and transfers, and \$941,793 in operating expenses.

Using the Basic 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 non-major funds presented in total in one column. In the case of the District, the general fund and bond retirement fund are by far the most significant funds, and the only governmental funds reported as major funds.

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

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 the District perform financially during fiscal year 2021?" The statement of net position and the statement of activities answer this question. These statements include all non-fiduciary assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, and expenses, using the accrual basis of accounting, similar to the accounting used by most private-sector companies. This basis of accounting considers all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net position and the statement of activities, the District is divided into two distinct kinds of activities:

Governmental Activities - Most of the District's programs and services are reported here including instruction, support services, operation and maintenance, pupil transportation, central, operation of non-instructional services, extracurricular activities, food service operations and interest and fiscal charges.

Business-Type Activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The District's adult education and preschool programs are reported as business-type activities.

The District's statement of net position and statement of activities can be found on pages 15 - 17 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 11. 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. The District's major governmental funds are the general fund and bond retirement fund.

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 the modified accrual basis of 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 to 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. The basic governmental fund financial statements can be found on pages 18 - 22 of this report.

Proprietary Funds

Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements closely resemble information provided in the statements for the District as a whole. The basic proprietary fund financial statements can be found on pages 23 - 25 of this report.

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Reporting the District's Fiduciary Responsibilities

The District acts in a trustee capacity as an agent for individuals or other entities. These activities are reported in custodial funds. All of the District's fiduciary activities are reported in separate statements (statement of fiduciary net position and statement of changes in fiduciary net position) on pages 26 - 27. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 28 - 69 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The required supplementary information can be found on pages 72 - 89 of this report.

The District as a Whole

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position at June 30, 2021 and June 30, 2020.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets						
Current assets	\$ 28,420,140	\$ 28,067,264	\$ 300,371	\$ 335,296	\$ 28,720,511	\$ 28,402,560
Net OPEB asset	2,279,407	2,159,292	76,421	73,761	2,355,828	2,233,053
Capital assets, net	32,894,017	33,039,049	15,678	18,027	32,909,695	33,057,076
Total assets	63,593,564	63,265,605	392,470	427,084	63,986,034	63,692,689
Deferred outflows of resources	8,341,634	7,985,331	353,403	320,248	8,695,037	8,305,579
Liabilities						
Current liabilities	4,913,269	4,578,800	75,259	61,190	4,988,528	4,639,990
Long-term liabilities:						
Due within one year	735,136	823,235	5,551	6,271	740,687	829,506
Net pension liability	38,343,260	34,862,316	1,562,791	1,489,055	39,906,051	36,351,371
Net OPEB liability	2,369,346	2,601,254	173,806	217,462	2,543,152	2,818,716
Other amounts	27,338,258	27,841,926	57,411	62,618	27,395,669	27,904,544
Total liabilities	73,699,269	70,707,531	1,874,818	1,836,596	75,574,087	72,544,127
Deferred inflows of resources	17,747,938	17,215,413	419,415	432,270	18,167,353	17,647,683
Net Position						
Net investment in capital assets	7,667,850	7,433,685	15,678	18,027	7,683,528	7,451,712
Restricted	3,461,876	2,551,978	-	-	3,461,876	2,551,978
Unrestricted (deficit)	(30,641,735)	(26,657,671)	(1,564,038)	(1,539,561)	(32,205,773)	(28,197,232)
Total net position (deficit)	\$ (19,512,009)	\$ (16,672,008)	\$ (1,548,360)	\$ (1,521,534)	\$ (21,060,369)	\$ (18,193,542)

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Net Pension Liability, Net OPEB Liability/Asset and Related Deferred Inflows and Outflows of Resources

The net pension liability (NPL) is the largest single liability reported by the District at June 30, 2021 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27." The School District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

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

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

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

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

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

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

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Analysis of Net Position

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2021, the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$21,060,369. \$19,512,009 of this total is in the governmental activities and \$1,548,360 is in the business-type activities.

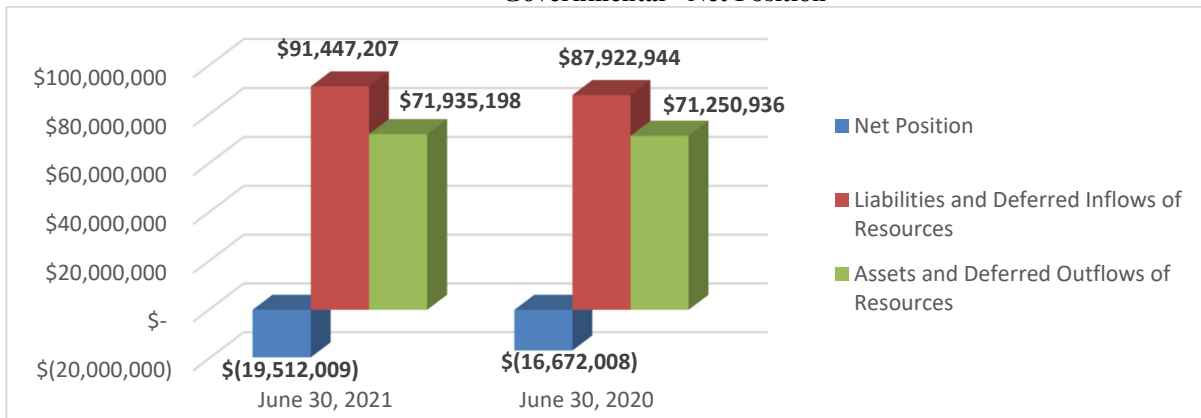
Capital assets reported on the government-wide statements represented 51.73% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. The District's net investment in capital assets for governmental activities at June 30, 2021 was \$7,667,850. These capital assets are used to provide services to students and are not available for future spending. Although the District's investment in capital assets is reported net of the outstanding balances 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.

Long-term liabilities increased primarily due to an increase in the net pension liability. This factor is outside of the control of the District. The District contributes its statutorily required contributions to the pension and OPEB systems; however, it's the pension and OPEB systems that collect, hold and distribute pensions and OPEB to District employees, not the District.

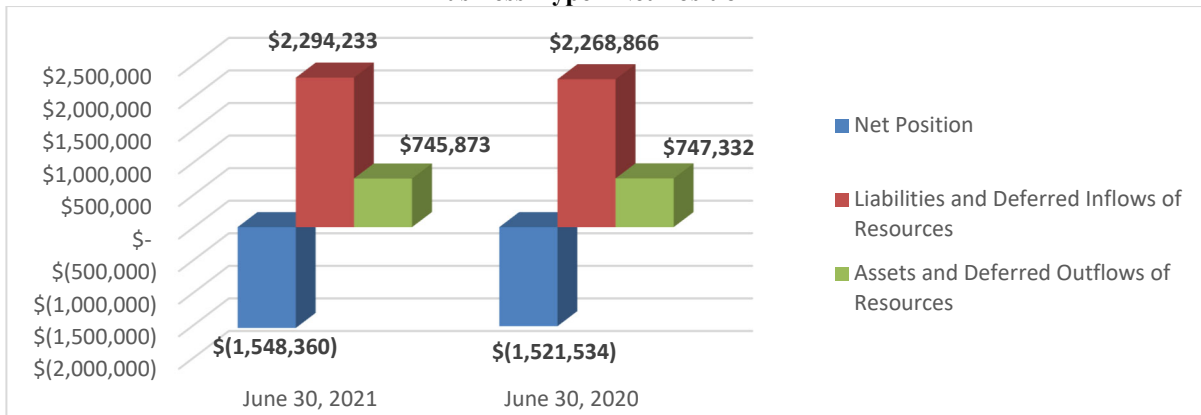
A portion of the District's net position, \$3,461,876, represents resources that are subject to external restriction on how they may be used. The remaining balance governmental activities of unrestricted net position is a deficit of \$30,641,735, which is caused by the reporting of the net pension and OPEB liability described above.

The graphs below present the District's governmental and business-type net position at June 30, 2021 and June 30, 2020.

Governmental - Net Position



Business-Type - Net Position



**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

The table below shows the change in net position for fiscal years 2021 and 2020.

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for services and sales	\$ 1,690,781	\$ 1,942,038	\$ 1,145,005	\$ 1,204,140	\$ 2,835,786	\$ 3,146,178
Operating grants and contributions	10,117,733	7,683,644	304,693	322,929	10,422,426	8,006,573
Capital grants and contributions	67,471	-	-	-	67,471	-
General revenues:						
Property taxes	13,267,396	11,613,357	-	-	13,267,396	11,613,357
Grants and entitlements, not restricted	19,264,231	19,126,704	-	-	19,264,231	19,126,704
Payments in lieu of taxes	338,179	270,488	-	-	338,179	270,488
Investment earnings	154,840	225,561	-	-	154,840	225,561
Change in fair value of investments	(145,483)	196,794	-	-	(145,483)	196,794
Gain on sale of capital assets	35,719	-	-	-	35,719	-
Miscellaneous	922,066	349,659	5,864	-	927,930	349,659
Total revenues	45,712,933	41,408,245	1,455,562	1,527,069	47,168,495	42,935,314
Expenses						
Program expenses:						
Instruction:						
Regular	17,554,518	15,587,458	-	-	17,554,518	15,587,458
Special	6,703,264	6,391,026	-	-	6,703,264	6,391,026
Vocational	3,126,056	2,693,723	-	-	3,126,056	2,693,723
Adult/continuing	167,638	29,136	-	-	167,638	29,136
Other	4,091,949	3,578,380	-	-	4,091,949	3,578,380
Support services:						
Pupil	1,997,418	1,728,293	-	-	1,997,418	1,728,293
Instructional staff	1,112,136	1,059,273	-	-	1,112,136	1,059,273
Board of education	32,445	39,036	-	-	32,445	39,036
Administration	3,463,835	3,464,789	-	-	3,463,835	3,464,789
Fiscal	831,507	813,143	-	-	831,507	813,143
Business	42,202	73,704	-	-	42,202	73,704
Operations and maintenance	3,592,213	3,151,289	-	-	3,592,213	3,151,289
Pupil transportation	1,794,612	1,679,156	-	-	1,794,612	1,679,156
Central	274,932	199,765	-	-	274,932	199,765
Operation of non-instructional services:						
Food service operations	1,118,888	1,316,879	-	-	1,118,888	1,316,879
Other non-instructional services	933,933	594,765	-	-	933,933	594,765
Extracurricular activities	773,383	732,754	-	-	773,383	732,754
Interest and fiscal charges	917,005	1,702,222	-	-	917,005	1,702,222
Adult education	-	-	959,909	974,012	959,909	974,012
Preschool	-	-	547,479	524,308	547,479	524,308
Total expenses	48,527,934	44,834,791	1,507,388	1,498,320	50,035,322	46,333,111
Transfers	(25,000)	(25,000)	25,000	25,000	-	-
Changes in net position	(2,840,001)	(3,451,546)	(26,826)	53,749	(2,866,827)	(3,397,797)
Net position (deficit) at beginning of year	(16,672,008)	(13,220,462)	(1,521,534)	(1,575,283)	(18,193,542)	(14,795,745)
Net position (deficit) at end of year	<u>\$ (19,512,009)</u>	<u>\$ (16,672,008)</u>	<u>\$ (1,548,360)</u>	<u>\$ (1,521,534)</u>	<u>\$ (21,060,369)</u>	<u>\$ (18,193,542)</u>

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Governmental Activities

The net position of the District’s governmental activities decreased \$2,840,001. Total governmental expenses of \$48,527,934 were offset by program revenues of \$11,875,985 and general revenues of \$33,836,948. Program revenues supported 24.47% of the total governmental expenses.

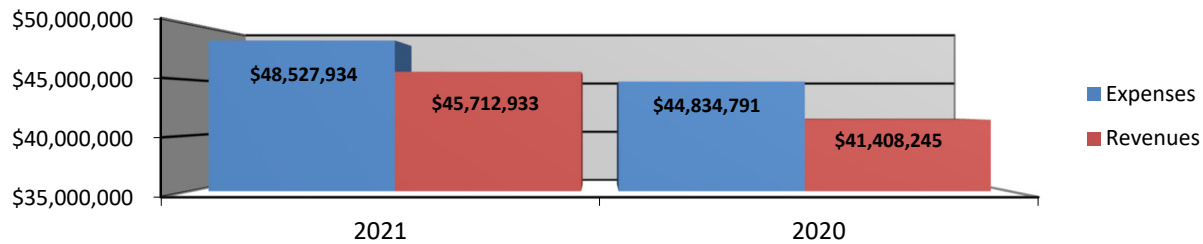
In the area of program revenues, operating grants and contributions increased, which is primarily attributable to \$1,275,347 and \$302,875 in Elementary and Secondary School Emergency (ESSER) funding and Coronavirus Relief funding, respectively, received during fiscal 2021 in response to the COVID-19 pandemic.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These two revenue sources represent 71.17% of total governmental revenue. Real estate property is reappraised every six years. Property taxes increased during the fiscal year as a result of a reappraisal update in Richland County in the 2020 tax year that started to be collected in fiscal year 2021.

Miscellaneous general revenues increased during fiscal year as a result of refunds and dividends received by the Bureau of Workers’ Compensation (BWC) and \$202,500 from an HVAC settlement. Investment earnings and change in fair value of investments experienced a significant decrease during the fiscal year as a result of the COVID-19 Pandemic and the Federal Reserve cutting interest rates.

The graph below presents the District’s governmental activities revenue and expenses for fiscal years 2021 and 2020.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2021 and 2020. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

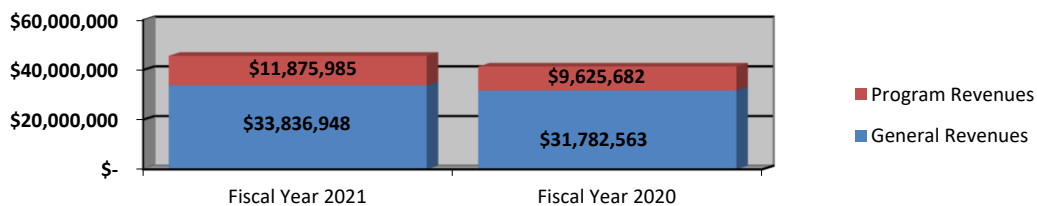
Governmental Activities

	Total Cost of Services <u>2021</u>	Net Cost of Services <u>2021</u>	Total Cost of Services <u>2020</u>	Net Cost of Services <u>2020</u>
Program expenses:				
Instruction:				
Regular	\$ 17,554,518	\$ 14,912,324	\$ 15,587,458	\$ 14,075,392
Special	6,703,264	2,594,674	6,391,026	2,455,033
Vocational	3,126,056	2,336,465	2,693,723	1,944,398
Adult/continuing	167,638	(47,778)	29,136	(6,982)
Other	4,091,949	4,091,949	3,578,380	3,578,380
Support services:				
Pupil	1,997,418	1,206,264	1,728,293	1,009,499
Instructional staff	1,112,136	724,851	1,059,273	790,000
Board of education	32,445	32,445	39,036	39,036
Administration	3,463,835	3,409,626	3,464,789	3,423,468
Fiscal	831,507	831,507	813,143	811,644
Business	42,202	41,713	73,704	73,056
Operations and maintenance	3,592,213	3,195,882	3,151,289	2,907,258
Pupil transportation	1,794,612	1,526,397	1,679,156	1,549,470
Central	274,932	193,290	199,765	153,539
Operation of non-instructional services:				
Food service operations	1,118,888	73,220	1,316,879	187,323
Other non-instructional services	933,933	43,827	594,765	(16,329)
Extracurricular activities	773,383	568,288	732,754	532,702
Interest and fiscal charges	917,005	917,005	1,702,222	1,702,222
Total expenses	<u>\$ 48,527,934</u>	<u>\$ 36,651,949</u>	<u>\$ 44,834,791</u>	<u>\$ 35,209,109</u>

The dependence upon tax revenues during fiscal year 2021 for governmental activities is apparent, as 75.49% of instruction activities are supported through taxes and other general revenues. In fiscal year 2021, 75.53% of total governmental activities program expenses were supported by general revenues. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio as a whole, are the primary support for the District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2021 and 2020.

Governmental Activities - General and Program Revenues



**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Business-Type Activities

Business-type activities include adult education and the preschool. These programs had revenues of \$1,455,562, transfers in of \$25,000 and expenses of \$1,507,388 during fiscal year 2021. The District's business-type activities receive no direct support from taxes. Pension expense was the primary reason for the increase in expenses. Pension expense is reported as a program expense of the program benefitting from the employee's service.

The District's Funds

The District's governmental funds reported a combined fund balance of \$8,814,598, which is lower than last year's total balance of \$8,860,283. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2021 and June 30, 2020.

	Fund Balance June 30, 2021	Fund Balance June 30, 2020	Change
General	\$ 4,902,007	\$ 5,265,949	\$ (363,942)
Bond retirement	1,973,067	1,454,784	518,283
Nonmajor governmental	1,939,524	2,139,550	(200,026)
Total	<u>\$ 8,814,598</u>	<u>\$ 8,860,283</u>	<u>\$ (45,685)</u>

General Fund

The District's general fund balance decreased \$363,942 during fiscal year 2021.

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2021 Amount	2020 Amount	Change	Change
<u>Revenues</u>				
Taxes	\$ 11,401,878	\$ 10,072,869	\$ 1,329,009	13.19 %
Tuition and fees	1,426,352	1,440,875	(14,523)	(1.01) %
Earnings on investments	153,789	223,109	(69,320)	(31.07) %
Change in fair value of investments	(145,483)	196,794	(342,277)	(173.93) %
Other	843,454	385,765	457,689	118.64 %
Payments in lieu of taxes	338,179	270,488	67,691	25.03 %
Intergovernmental	21,994,841	21,807,816	187,025	0.86 %
Total	<u>\$ 36,013,010</u>	<u>\$ 34,397,716</u>	<u>\$ 1,615,294</u>	4.70 %

Revenues of the general fund increased \$1,615,294 or 4.70%. Property taxes increased during the fiscal year as a result of a reappraisal update in Richland County in the 2020 tax year that started to be collected in fiscal year 2021. Other revenues increased during fiscal year as a result of refunds and dividends received by the Bureau of Workers' Compensation (BWC). Earnings on investments and change in fair value of investments experienced a significant decrease during the fiscal year as a result of the COVID-19 Pandemic and the Federal Reserve cutting interest rates. All other revenues in the general fund remained comparable to the prior fiscal year.

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	2021 Amount	2020 Amount	Change	Change
<u>Expenditures</u>				
Instruction	\$ 25,805,134	\$ 24,187,610	\$ 1,617,524	6.69 %
Support services	9,868,729	10,327,229	(458,500)	(4.44) %
Extracurricular activities	522,072	463,429	58,643	12.65 %
Facilities acquisition and construction	185,565	349,605	(164,040)	(46.92) %
Total	<u>\$ 36,381,500</u>	<u>\$ 35,327,873</u>	<u>\$ 1,053,627</u>	2.98 %

Expenditures of the general fund increased \$1,053,627 or 2.98%. Facilities acquisition and construction decreased \$164,040 or 46.92% primarily due to the District expensing fewer capital related expenditures out of the general fund in the current fiscal year. Instruction expenditures increased \$1,617,524 or 6.69% primarily due to an increase in regular and other instruction expenditures in the current fiscal year. All other revenues and expenditures in the general fund remained comparable to the prior fiscal year.

Bond Retirement Fund

The bond retirement fund had \$2,360,347 in revenues and \$1,842,064 in expenditures. The bond retirement fund's fund balance increased \$518,283 from \$1,454,784 to \$1,973,067.

Proprietary Funds

The District's proprietary funds provide similar information as is found in the government-wide statements for business-type activities, but in more detail.

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, cash disbursements and encumbrances. The most significant budgeted fund is the general fund.

The District uses site-based budgeting, which is designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, original and final budgeted revenues and other financing sources were \$33,321,148 and \$36,293,602, respectively. Actual revenues and other financing sources were \$36,293,604, which were \$2 higher than the final budgeted revenues and other financing sources.

General fund original and final appropriations and other financing uses were \$36,883,030, and \$36,290,552, respectively. The actual budget basis expenditures and other financing uses of \$36,290,552 remained the same as the final budgeted appropriations and other financing uses.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2021, the District had \$32,909,695 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment and vehicles. Of this total, \$32,894,017 was reported in the governmental activities and \$15,678 was reported in the business-type activities.

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

The following table shows June 30, 2021 balances compared to June 30, 2020.

**Capital Assets at June 30
(Net of Depreciation)**

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 395,721	\$ 395,721	\$ -	\$ -	\$ 395,721	\$ 395,721
Land improvements	205,646	224,944	-	-	205,646	224,944
Building and improvements	29,654,253	30,399,077	-	-	29,654,253	30,399,077
Furniture and equipment	1,795,160	1,249,260	15,678	18,027	1,810,838	1,267,287
Vehicles	831,233	770,047	-	-	831,233	770,047
Construction in progress	12,004	-	-	-	12,004	-
Total	\$ 32,894,017	\$ 33,039,049	\$ 15,678	\$ 18,027	\$32,909,695	\$ 33,057,076

The decrease in capital assets, net of depreciation, of \$147,381 is attributable to current year depreciation of \$1,376,677 and disposal (net of accumulated depreciation) of \$3,829 exceeding capital outlays of \$1,233,125 during 2021.

See Note 9 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2021, the District had \$24,809,442 in general obligation bonds, capital appreciation bonds and accreted interest on capital appreciation bonds outstanding. There were no long-term debt obligations reported among the business-type activities. Of the District's total long-term debt obligations, \$647,098 is due within one year.

The following table summarizes the bonds and accreted interest obligations outstanding at June 30, 2021 and June 30, 2020.

Outstanding Debt, at Year End

	Governmental Activities	
	2021	2020
General obligation bonds:		
General obligation bonds	\$ 23,865,000	\$ 24,075,000
Capital appreciation bonds	414,534	475,587
Accreted interest	529,908	832,924
Total governmental activities	\$ 24,809,442	\$ 25,383,511

At June 30, 2021, the District's overall legal debt margin was \$11,949,707 and its unvoted debt margin was \$380,624.

See Note 10 to the basic financial statements for additional information on the District's debt administration.

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Current Financial Related Activities

The District ended fiscal year 2021 with an unencumbered budgetary-basis balance of \$6,532,348 in the general fund. The District has been able to reduce staff and expenditures over the past several fiscal years to avoid a deficit situation. During the year, the District's total budgetary-basis revenues exceeded budgetary-basis expenditures by \$3,050. A 6.9 mil operating levy that was renewed in 2012 was again put to the voters for renewal in 2017, and it was passed. The collections on that levy will be received through December of 2022. Based on the assumptions at this time, the District projects an unencumbered budgetary-basis balance of \$5,417,966 for fiscal year 2022 and \$4,202,512 for fiscal year 2023.

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: Mrs. Robin Klenk, Treasurer of Madison Local School District, at 1379 Grace Street, Mansfield, Ohio, 44905-2742.

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**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and investments	\$ 13,005,117	\$ 330,619	\$ 13,335,736
Receivables:			
Property taxes	14,662,647	-	14,662,647
Payment in lieu of taxes	255,236	-	255,236
Accounts	546	997	1,543
Accrued interest	37,414	-	37,414
Intergovernmental	354,869	4,564	359,433
Prepayments	48,238	-	48,238
Materials and supplies inventory	8,906	-	8,906
Inventory held for resale	11,358	-	11,358
Internal balance	35,809	(35,809)	-
Net OPEB asset	2,279,407	76,421	2,355,828
Capital assets:			
Nondepreciable capital assets	407,725	-	407,725
Depreciable capital assets, net	32,486,292	15,678	32,501,970
Capital assets, net	<u>32,894,017</u>	<u>15,678</u>	<u>32,909,695</u>
Total assets	<u>63,593,564</u>	<u>392,470</u>	<u>63,986,034</u>
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	695,585	-	695,585
Pension	6,721,073	301,163	7,022,236
OPEB	924,976	52,240	977,216
Total deferred outflows of resources	<u>8,341,634</u>	<u>353,403</u>	<u>8,695,037</u>
Liabilities:			
Accounts payable	18,494	-	18,494
Accrued wages and benefits payable	3,190,147	42,832	3,232,979
Intergovernmental payable	667,081	28,681	695,762
Accrued interest payable	83,580	-	83,580
Unearned revenue	-	3,746	3,746
Claims payable	953,967	-	953,967
Long-term liabilities:			
Due within one year	735,136	5,551	740,687
Due in more than one year:			
Net pension liability	38,343,260	1,562,791	39,906,051
Net OPEB liability	2,369,346	173,806	2,543,152
Other amounts due in more than one year	27,338,258	57,411	27,395,669
Total liabilities	<u>73,699,269</u>	<u>1,874,818</u>	<u>75,574,087</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	12,723,147	-	12,723,147
Payment in lieu of taxes levied for the next fiscal year	180,188	-	180,188
Unamortized deferred gain on debt refunding	12,211	-	12,211
Pension	899,922	167,580	1,067,502
OPEB	3,932,470	251,835	4,184,305
Total deferred inflows of resources	<u>17,747,938</u>	<u>419,415</u>	<u>18,167,353</u>
Net position:			
Net investment in capital assets	7,667,850	15,678	7,683,528
Restricted for:			
Capital projects	156,582	-	156,582
Classroom facilities maintenance	1,389,294	-	1,389,294
Debt service	1,450,719	-	1,450,719
Federally funded programs	233,147	-	233,147
Student activities	110,031	-	110,031
Other purposes	122,103	-	122,103
Unrestricted (deficit)	<u>(30,641,735)</u>	<u>(1,564,038)</u>	<u>(32,205,773)</u>
Total net position (deficit)	<u>\$ (19,512,009)</u>	<u>\$ (1,548,360)</u>	<u>\$ (21,060,369)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Instruction:				
Regular	\$ 17,554,518	\$ 1,284,298	\$ 1,357,896	\$ -
Special	6,703,264	166,590	3,942,000	-
Vocational	3,126,056	21,503	768,088	-
Adult/continuing	167,638	-	215,416	-
Other	4,091,949	-	-	-
Support services:				
Pupil	1,997,418	-	791,154	-
Instructional staff	1,112,136	504	386,781	-
Board of education	32,445	-	-	-
Administration	3,463,835	-	54,209	-
Fiscal	831,507	-	-	-
Business	42,202	372	117	-
Operations and maintenance	3,592,213	77,240	319,091	-
Pupil transportation	1,794,612	611	210,133	57,471
Central	274,932	-	81,642	-
Operation of non-instructional services:				
Food service operations	1,118,888	29,155	1,016,513	-
Other non-instructional services	933,933	-	890,106	-
Extracurricular activities	773,383	110,508	84,587	10,000
Interest and fiscal charges	917,005	-	-	-
Total governmental activities	48,527,934	1,690,781	10,117,733	67,471
Business-type activities:				
Adult education	959,909	744,121	265,957	-
Preschool	547,479	400,884	38,736	-
Total business-type activities	1,507,388	1,145,005	304,693	-
Totals	\$ 50,035,322	\$ 2,835,786	\$ 10,422,426	\$ 67,471

General revenues:

Property taxes levied for:

General purposes

Debt service

Classroom facilities maintenance

Payments in lieu of taxes

Grants and entitlements not restricted
to specific programs

Investment earnings

Change in fair value of investments

Gain on sale of capital assets

Miscellaneous

Total general revenues

Transfers

Total general revenues and transfers

Change in net position

Net position (deficit) at beginning of year

Net position (deficit) at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue
and Changes in Net Position**

Governmental Activities	Business-Type Activities	Total
\$ (14,912,324)	\$ -	\$ (14,912,324)
(2,594,674)	-	(2,594,674)
(2,336,465)	-	(2,336,465)
47,778	-	47,778
(4,091,949)	-	(4,091,949)
(1,206,264)	-	(1,206,264)
(724,851)	-	(724,851)
(32,445)	-	(32,445)
(3,409,626)	-	(3,409,626)
(831,507)	-	(831,507)
(41,713)	-	(41,713)
(3,195,882)	-	(3,195,882)
(1,526,397)	-	(1,526,397)
(193,290)	-	(193,290)
(73,220)	-	(73,220)
(43,827)	-	(43,827)
(568,288)	-	(568,288)
(917,005)	-	(917,005)
(36,651,949)	-	(36,651,949)
-	50,169	50,169
-	(107,859)	(107,859)
-	(57,690)	(57,690)
(36,651,949)	(57,690)	(36,709,639)
11,372,740	-	11,372,740
1,750,222	-	1,750,222
144,434	-	144,434
338,179	-	338,179
19,264,231	-	19,264,231
154,840	-	154,840
(145,483)	-	(145,483)
35,719	-	35,719
922,066	5,864	927,930
33,836,948	5,864	33,842,812
(25,000)	25,000	-
33,811,948	30,864	33,842,812
(2,840,001)	(26,826)	(2,866,827)
(16,672,008)	(1,521,534)	(18,193,542)
<u>\$ (19,512,009)</u>	<u>\$ (1,548,360)</u>	<u>\$ (21,060,369)</u>

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and investments	\$ 7,003,878	\$ 1,817,959	\$ 2,329,120	\$ 11,150,957
Receivables:				
Property taxes	12,644,855	1,861,640	156,152	14,662,647
Payment in lieu of taxes	255,236	-	-	255,236
Accounts	454	-	92	546
Accrued interest	37,414	-	-	37,414
Interfund loans	102,915	-	-	102,915
Intergovernmental	55,982	-	298,887	354,869
Prepayments	48,238	-	-	48,238
Materials and supplies inventory	-	-	8,906	8,906
Inventory held for resale	-	-	11,358	11,358
Total assets	<u>\$ 20,148,972</u>	<u>\$ 3,679,599</u>	<u>\$ 2,804,515</u>	<u>\$ 26,633,086</u>
Liabilities:				
Accounts payable	\$ 18,439	\$ -	\$ 55	\$ 18,494
Accrued wages and benefits payable	2,830,079	-	360,068	3,190,147
Compensated absences payable	3,343	-	-	3,343
Intergovernmental payable	603,717	-	63,364	667,081
Interfund loans payable	-	-	102,915	102,915
Total liabilities	<u>3,455,578</u>	<u>-</u>	<u>526,402</u>	<u>3,981,980</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	10,972,258	1,615,392	135,497	12,723,147
Payment in lieu of taxes levied for the next fiscal year	180,188	-	-	180,188
Delinquent property tax revenue not available	619,052	91,140	7,645	717,837
Intergovernmental revenue not available	-	-	195,447	195,447
Accrued interest not available	19,889	-	-	19,889
Total deferred inflows of resources	<u>11,791,387</u>	<u>1,706,532</u>	<u>338,589</u>	<u>13,836,508</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory	-	-	8,906	8,906
Prepays	48,238	-	-	48,238
Restricted:				
Debt service	-	1,973,067	-	1,973,067
Capital improvements	-	-	156,582	156,582
Classroom facilities maintenance	-	-	1,381,649	1,381,649
State funded programs	-	-	12,770	12,770
Federally funded programs	-	-	233,146	233,146
Extracurricular	-	-	110,031	110,031
Other purposes	-	-	122,103	122,103
Committed:				
Capital improvements	-	-	167,301	167,301
Assigned:				
Student and staff support	81,928	-	-	81,928
Other purposes	2,247	-	-	2,247
Unassigned (deficit)	4,769,594	-	(252,964)	4,516,630
Total fund balances	<u>4,902,007</u>	<u>1,973,067</u>	<u>1,939,524</u>	<u>8,814,598</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 20,148,972</u>	<u>\$ 3,679,599</u>	<u>\$ 2,804,515</u>	<u>\$ 26,633,086</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2021

Total governmental fund balances		\$	8,814,598
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			32,894,017
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	717,837	
Accrued interest receivable		19,889	
Intergovernmental receivable		195,447	
Total		933,173	933,173
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund (including internal balance of \$35,809) are included in governmental activities on the statement of net position.			936,002
Unamortized premiums on bonds issued are not recognized in the funds.			(1,630,007)
Unamortized amounts on refundings are not recognized in the funds.			683,374
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(83,580)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - pension		6,721,073	
Deferred inflows - pension		(899,922)	
Net pension liability		(38,343,260)	
Deferred outflows - OPEB		924,976	
Deferred inflows - OPEB		(3,932,470)	
Net OPEB asset		2,279,407	
Net OPEB liability		(2,369,346)	
Total		(35,619,542)	(35,619,542)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(24,809,442)	
Compensated absences		(1,630,602)	
Total		(26,440,044)	(26,440,044)
Net position of governmental activities		\$	(19,512,009)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 11,401,878	\$ 1,752,500	\$ 145,152	\$ 13,299,530
Intergovernmental	21,994,841	607,847	6,573,414	29,176,102
Investment earnings	153,789	-	33	153,822
Tuition and fees	1,426,352	-	-	1,426,352
Extracurricular	-	-	111,386	111,386
Rental income	77,240	-	-	77,240
Charges for services	43,056	-	29,155	72,211
Contributions and donations	-	-	169,168	169,168
Payment in lieu of taxes	338,179	-	-	338,179
Miscellaneous	723,158	-	27,309	750,467
Change in fair value of investments	(145,483)	-	-	(145,483)
Total revenues	<u>36,013,010</u>	<u>2,360,347</u>	<u>7,055,617</u>	<u>45,428,974</u>
Expenditures:				
Current:				
Instruction:				
Regular	14,370,488	-	1,397,867	15,768,355
Special	4,596,257	-	1,348,979	5,945,236
Vocational	2,774,157	-	39,818	2,813,975
Adult/continuing	-	-	186,291	186,291
Other	4,064,232	-	-	4,064,232
Support services:				
Pupil	796,868	-	1,102,603	1,899,471
Instructional staff	838,992	-	396,819	1,235,811
Board of education	31,311	-	-	31,311
Administration	2,984,624	-	72,337	3,056,961
Fiscal	756,217	37,162	3,077	796,456
Business	41,397	-	641	42,038
Operations and maintenance	2,812,564	-	432,367	3,244,931
Pupil transportation	1,454,849	-	183,174	1,638,023
Central	151,907	-	77,335	229,242
Operation of non-instructional services:				
Food service operations	-	-	1,006,738	1,006,738
Other non-instructional services	-	-	908,358	908,358
Extracurricular activities	522,072	-	164,163	686,235
Facilities acquisition and construction	185,565	-	145,489	331,054
Debt service:				
Principal retirement	-	271,053	-	271,053
Interest and fiscal charges	-	1,004,902	-	1,004,902
Accretion on capital appreciation bonds	-	528,947	-	528,947
Total expenditures	<u>36,381,500</u>	<u>1,842,064</u>	<u>7,466,056</u>	<u>45,689,620</u>
Excess of revenues over (under) expenditures	<u>(368,490)</u>	<u>518,283</u>	<u>(410,439)</u>	<u>(260,646)</u>
Other financing sources (uses):				
Sale of capital assets	39,548	-	-	39,548
Transfers in	-	-	10,000	10,000
Transfers (out)	(35,000)	-	-	(35,000)
Insurance proceeds	-	-	202,500	202,500
Total other financing sources (uses)	<u>4,548</u>	<u>-</u>	<u>212,500</u>	<u>217,048</u>
Net change in fund balances	(363,942)	518,283	(197,939)	(43,598)
Fund balances at beginning of year	5,265,949	1,454,784	2,139,550	8,860,283
Change in reserve for inventory	-	-	(2,087)	(2,087)
Fund balances at end of year	<u>\$ 4,902,007</u>	<u>\$ 1,973,067</u>	<u>\$ 1,939,524</u>	<u>\$ 8,814,598</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

Net change in fund balances - total governmental funds	\$	(43,598)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 1,233,125	
Current year depreciation	<u>(1,374,328)</u>	
Total		(141,203)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.		(3,829)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		(2,087)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(32,134)	
Earnings on investments	1,030	
Intergovernmental	<u>76,844</u>	
Total		45,740
Repayment of bond principal, including accreted interest, is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		800,000
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
(Increase) decrease in accrued interest payable	205,684	
Accreted interest on capital appreciation bonds	(225,931)	
Amortization of bond premiums	126,848	
Amortization of deferred gains	12,211	
Amortization of deferred charges	<u>(30,915)</u>	
Total		87,897
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	2,830,887	
OPEB	<u>69,332</u>	
Total		2,900,219
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(4,715,336)	
OPEB	<u>138,691</u>	
Total		(4,576,645)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(116,933)
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund (including internal balance activity of (\$21,807)) is allocated among the governmental activities.		<u>(1,789,562)</u>
Change in net position of governmental activities	\$	<u>(2,840,001)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property taxes	\$ 10,962,992	\$ 11,550,658	\$ 11,550,658	\$ -
Intergovernmental	20,179,242	21,881,739	21,881,741	2
Investment earnings	200,000	163,432	163,432	-
Tuition and fees	1,470,971	1,421,366	1,421,366	-
Rental income	2,000	77,240	77,240	-
Charges for services	19,000	21,553	21,553	-
Payment in lieu of taxes	245,243	263,131	263,131	-
Miscellaneous	11,700	10,696	10,696	-
Total revenues	<u>33,091,148</u>	<u>35,389,815</u>	<u>35,389,817</u>	<u>2</u>
Expenditures:				
Current:				
Instruction:				
Regular	14,287,547	14,178,557	14,178,557	-
Special	4,626,460	4,566,692	4,566,692	-
Vocational	2,682,037	2,637,137	2,637,137	-
Other	3,849,441	4,066,780	4,066,780	-
Support services:				
Pupil	1,027,368	746,506	746,506	-
Instructional staff	823,852	847,355	847,355	-
Board of education	34,946	31,462	31,462	-
Administration	3,197,768	3,086,020	3,086,020	-
Fiscal	779,858	747,945	747,945	-
Business	57,319	41,401	41,401	-
Operations and maintenance	2,828,428	2,830,137	2,830,137	-
Pupil transportation	1,566,281	1,465,462	1,465,462	-
Central	149,875	149,915	149,915	-
Extracurricular activities	493,416	522,953	522,953	-
Facilities acquisition and construction	460,934	234,315	234,315	-
Total expenditures	<u>36,865,530</u>	<u>36,152,637</u>	<u>36,152,637</u>	<u>-</u>
Excess of revenues (under) expenditures	<u>(3,774,382)</u>	<u>(762,822)</u>	<u>(762,820)</u>	<u>2</u>
Other financing sources (uses):				
Refund of prior year's expenditures	230,000	819,318	819,318	-
Transfers (out)	(17,500)	(35,000)	(35,000)	-
Advances (out)	-	(102,915)	(102,915)	-
Sale of capital assets	-	84,469	84,469	-
Total other financing sources (uses)	<u>212,500</u>	<u>765,872</u>	<u>765,872</u>	<u>-</u>
Net change in fund balance	(3,561,882)	3,050	3,052	2
Fund balance at beginning of year	<u>6,529,296</u>	<u>6,529,296</u>	<u>6,529,296</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,967,414</u>	<u>\$ 6,532,346</u>	<u>\$ 6,532,348</u>	<u>\$ 2</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	<u>Adult Education</u>	<u>Nonmajor Enterprise Fund Preschool</u>	<u>Total Business-Type Activities - Enterprise Funds</u>	<u>Governmental Activities - Internal Service Fund</u>
Assets:				
Current assets:				
Equity in pooled cash and investments	\$ 132,766	\$ 197,853	\$ 330,619	\$ 1,854,160
Receivables:				
Accounts	269	728	997	-
Intergovernmental	-	4,564	4,564	-
Total current assets	<u>133,035</u>	<u>203,145</u>	<u>336,180</u>	<u>1,854,160</u>
Noncurrent assets:				
Net OPEB asset	64,711	11,710	76,421	-
Depreciable capital assets, net	15,678	-	15,678	-
Total noncurrent assets	<u>80,389</u>	<u>11,710</u>	<u>92,099</u>	<u>-</u>
Total assets	<u>213,424</u>	<u>214,855</u>	<u>428,279</u>	<u>1,854,160</u>
Deferred outflows of resources:				
Pension	195,340	105,823	301,163	-
OPEB	22,129	30,111	52,240	-
Total deferred outflows of resources	<u>217,469</u>	<u>135,934</u>	<u>353,403</u>	<u>-</u>
Liabilities:				
Accrued wages and benefits	22,389	20,443	42,832	-
Compensated absences	3,837	1,714	5,551	-
Intergovernmental payable	20,339	8,342	28,681	-
Claims payable	-	-	-	953,967
Unearned revenue	-	3,746	3,746	-
Total current liabilities	<u>46,565</u>	<u>34,245</u>	<u>80,810</u>	<u>953,967</u>
Long-term liabilities:				
Compensated absences payable	57,411	-	57,411	-
Net pension liability	1,040,259	522,532	1,562,791	-
Net OPEB liability	50,830	122,976	173,806	-
Total long-term liabilities	<u>1,148,500</u>	<u>645,508</u>	<u>1,794,008</u>	<u>-</u>
Total liabilities	<u>1,195,065</u>	<u>679,753</u>	<u>1,874,818</u>	<u>953,967</u>
Deferred inflows of resources:				
Pension	131,663	35,917	167,580	-
OPEB	122,596	129,239	251,835	-
Total deferred inflows of resources	<u>254,259</u>	<u>165,156</u>	<u>419,415</u>	<u>-</u>
Net position:				
Investment in capital assets	15,678	-	15,678	-
Unrestricted (deficit)	(1,034,109)	(494,120)	(1,528,229)	900,193
Total net position (deficit)	<u>\$ (1,018,431)</u>	<u>\$ (494,120)</u>	<u>(1,512,551)</u>	<u>\$ 900,193</u>
Adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds			(35,809)	
Net position (deficit) of business-type activities			<u>\$ (1,548,360)</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Adult Education	Nonmajor Enterprise Fund Preschool	Total Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
Operating revenues:				
Tuition and fees	\$ 660,642	\$ 400,884	\$ 1,061,526	\$ -
Sales/charges for services	83,479	-	83,479	7,161,329
Total operating revenues	<u>744,121</u>	<u>400,884</u>	<u>1,145,005</u>	<u>7,161,329</u>
Operating expenses:				
Personal services	762,478	364,997	1,127,475	-
Purchased services	91,522	100,705	192,227	1,233,428
Materials and supplies	82,337	60,589	142,926	-
Other	3,107	17,497	20,604	7,127
Claims	-	-	-	7,732,143
Depreciation	2,349	-	2,349	-
Total operating expenses	<u>941,793</u>	<u>543,788</u>	<u>1,485,581</u>	<u>8,972,698</u>
Operating (loss)	<u>(197,672)</u>	<u>(142,904)</u>	<u>(340,576)</u>	<u>(1,811,369)</u>
Nonoperating revenues:				
Grants and subsidies	265,957	38,736	304,693	-
Refunds and reimbursements	3,551	2,313	5,864	-
Total nonoperating revenues	<u>269,508</u>	<u>41,049</u>	<u>310,557</u>	<u>-</u>
Income (loss) before transfers	71,836	(101,855)	(30,019)	(1,811,369)
Transfer in	<u>25,000</u>	<u>-</u>	<u>25,000</u>	<u>-</u>
Change in net position	96,836	(101,855)	(5,019)	(1,811,369)
Net position (deficit) at beginning of year	<u>(1,115,267)</u>	<u>(392,265)</u>		<u>2,711,562</u>
Net position (deficit) at end of year	<u>\$ (1,018,431)</u>	<u>\$ (494,120)</u>		<u>\$ 900,193</u>
Adjustment to reflect the consolidation of the internal service fund activities related to enterprise funds			(21,807)	
Changes in net position of business-type activities			<u>\$ (26,826)</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	Adult Education	Nonmajor Enterprise Fund Preschool	Total Business-Type Activities - Enterprise Funds	Governmental Activities - Internal Service Fund
Cash flows from operating activities:				
Cash received from tuition and fees	\$ 660,642	\$ 403,698	\$ 1,064,340	\$ -
Cash received from sales/charges for services	83,210	-	83,210	-
Cash received from other operations	-	-	-	7,161,329
Cash payments for personal services	(763,210)	(381,716)	(1,144,926)	-
Cash payments for contractual services	(91,522)	(100,875)	(192,397)	(1,233,428)
Cash payments for materials and supplies	(77,879)	(60,589)	(138,468)	-
Cash payments for claims	-	-	-	(7,597,058)
Cash payments for other expenses	(3,107)	(17,497)	(20,604)	-
Net cash (used in) operating activities	<u>(191,866)</u>	<u>(156,979)</u>	<u>(348,845)</u>	<u>(1,669,157)</u>
Cash flows from noncapital financing activities:				
Cash received from grants and subsidies	265,957	34,172	300,129	-
Cash received from transfers in	25,000	-	25,000	-
Cash received from refunds and reimbursements	3,551	2,313	5,864	-
Net cash provided by noncapital financing activities	<u>294,508</u>	<u>36,485</u>	<u>330,993</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents	102,642	(120,494)	(17,852)	(1,669,157)
Cash and investments at beginning of year	<u>30,124</u>	<u>318,347</u>	<u>348,471</u>	<u>3,523,317</u>
Cash and investments at end of year	<u><u>\$ 132,766</u></u>	<u><u>\$ 197,853</u></u>	<u><u>\$ 330,619</u></u>	<u><u>\$ 1,854,160</u></u>
Reconciliation of operating (loss) to net cash (used in) operating activities:				
Operating (loss)	\$ (197,672)	\$ (142,904)	\$ (340,576)	\$ (1,811,369)
Adjustments:				
Depreciation	2,349	-	2,349	-
Changes in assets and liabilities:				
Accounts receivable	(269)	99	(170)	-
Net OPEB asset	406	(3,066)	(2,660)	-
Deferred outflows - pension	11,922	(34,278)	(22,356)	-
Deferred outflows - OPEB	(3,352)	(7,447)	(10,799)	-
Accounts payable	-	(447)	(447)	-
Accrued wages and benefits	769	20,443	21,212	-
Intergovernmental payable	4,607	(14,465)	(9,858)	-
Compensated absences payable	(6,703)	776	(5,927)	-
Unearned revenue	-	3,162	3,162	-
Net pension liability	26,764	46,972	73,736	-
Net OPEB liability	(11,298)	(32,358)	(43,656)	-
Deferred inflows - pension	(24,785)	(24,275)	(49,060)	-
Deferred inflows - OPEB	5,396	30,809	36,205	-
Claims payable	-	-	-	142,212
Net cash (used in) operating activities	<u><u>\$ (191,866)</u></u>	<u><u>\$ (156,979)</u></u>	<u><u>\$ (348,845)</u></u>	<u><u>\$ (1,669,157)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUND
JUNE 30, 2021

	<u>Custodial</u>
Assets:	
Equity in pooled cash and investments	\$ 15,884
Total assets	<u>15,884</u>
Net position:	
Restricted for individuals	15,884
Total net position	<u>\$ 15,884</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

	<u>Custodial</u>
Net position at beginning of year	\$ 15,884
Net position at end of year	<u>\$ 15,884</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Madison Local School District (the "District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local school district as defined by Section 3311.03 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 statute and further mandated by State and/or federal agencies. This Board controls the District's 5 instructional/support facilities staffed by 141 classified and 239 certified full-time teaching personnel, who provide services to 3,033 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "*The Financial Reporting Entity*" as amended by GASB Statement No. 39, "*Determining Whether Certain Organizations Are Component Units*" and GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATIONS

Heartland Council of Governments/North Central Ohio Computer Cooperative (the "COG")

The COG is a jointly governed organization among 16 school districts, 1 educational service center and a career center. The COG is an association of public school districts within the boundaries of Ashland, Crawford, Richland, Marion, Morrow, Seneca, and Wyandot counties. The COG 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. Each member school district supports the COG based on a per pupil charge dependent upon the software package utilized. The COG is governed by a Cooperative Assembly consisting of superintendents of the member school districts. The degree of control exercised by any school district is limited to its representation on the Cooperative Assembly. During fiscal year 2021, the District paid \$215,330 to the COG for various services. Financial information can be obtained from the treasurer for the Pioneer Career and Technology Center, who serves as fiscal agent, at 27 Ryan Road, Shelby, Ohio 44875-0309.

INSURANCE PURCHASING POOL

Workers' Compensation Group Retrospective Rating Program (GRP)

The District participates in a Workers' Compensation Group Retrospective Rating Program (GRP) administered by Sheakley UniServe, Inc. 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 District pays a fee to the GRP to cover the costs of administering the program.

Schools of Ohio Risk Sharing Authority

The District also participates in the Schools of Ohio Risk Sharing Authority Board (SORSA), an insurance purchasing pool. SORSA's business affairs are conducted by a nine-member Board of directors consisting of a President, Vice President, Secretary, Treasurer and five delegates. SORSA was created to provide joint self-insurance coverage and to assist members to prevent and reduce losses and injuries to the District's property and person. It is intended to provide liability and property insurance at reduced premiums for the participants. SORSA is organized as a nonprofit corporation under provisions of Ohio Revised Code 2744.

B. Fund Accounting

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary, and fiduciary. Each category is divided into separate fund types.

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 plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance.

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The following are the District's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported 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.

Bond Retirement - The bond retirement fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for principal and interest.

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

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The following are the District's proprietary funds:

Enterprise funds - The enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The following are the District's major enterprise fund:

Adult education fund - This fund accounts for educational opportunities offered on a tuition basis to adults living within the community.

Internal service fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The internal service fund of the District is used to account for employee health benefits self-insurance.

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 used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District does not have any trust funds. Custodial funds are used to report fiduciary activity that is not required to be reported in a trust fund. The District's custodial funds accounts for funds collected and distributed on behalf of the OHSAA and contributions and donations collected and distributed for scholarships. The District has no administrative involvement in determining the recipient of the scholarships. The District did not collect or distribute any funds on behalf of OHSAA in fiscal year 2021.

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Basis of Presentation and Measurement Focus

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

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the District and 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 are 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 grants 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. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the adult education and preschool enterprise operations are tuition charged for the programs. The primary operating expenses for the enterprise operations are administrative expenses required to run the programs. The principal operating revenues of the District's internal service fund are charges for services. Operating expenses for internal service funds primarily include the claims and purchased services and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The fiduciary funds are reported using the economic resources measurement focus. All assets and liabilities associated with the operation of fiduciary funds are included on the statement of net fiduciary position. Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

D. 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 on the fund financial statements. Proprietary and fiduciary funds also use the accrual basis of accounting.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal 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 fiscal year end: property taxes available as an advance, interest, tuition, grants, student fees, refunds, and rentals.

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will 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, see Notes 13 and 14 for deferred outflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively.

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow of resources 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, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the District, see Notes 13 and 14 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position. In addition, deferred inflows of resources include a deferred gain on debt refunding. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the operating statement as an expenditure with a corresponding amount reported as intergovernmental revenue.

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

E. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds except custodial funds. The specific timetable for fiscal year 2021 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for each fund. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Richland County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original and final budgeted revenue amount in the budgetary statement reflect the amounts set forth in the original and final amended certificate of estimated resources issued for fiscal year 2021.

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year). Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals. Although the legal level of control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated, increased or decreased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal year 2021.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Cash disbursements plus encumbrances may not legally exceed budgeted appropriations at the fund level, which is the legal level of control.

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

F. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary and fiduciary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements.

During fiscal year 2021, investments were limited to Federal Farm Credit Bank (FFCB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal National Mortgage Association (FNMA) securities, Federal Home Loan Bank (FHLB), negotiable certificates of deposits (negotiable CDs), and U.S. government money market mutual funds. 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 deposit, are reported at cost.

Under existing Ohio statute, interest earnings are allotted to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2021 amounted to \$153,789, which includes \$74,630 assigned from other District funds.

For purposes of the statement of cash flows and for presentation on the statement of net position, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. An analysis of the District's accounts at year end is provided in Note 4.

**MADISON LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

G. Prepayments

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

H. Inventory

On the government-wide and fund financial statements, purchased inventories are presented at the lower of cost or fair value and donated commodities are presented at their entitlement value. On the government-wide financial statements, inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the purchase method on the fund financial statements and the consumption method on the government-wide statements.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

I. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of \$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.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land improvements	20 years	N/A
Buildings and improvements	20 - 40 years	N/A
Furniture and equipment	5 - 20 years	8 - 15 years
Vehicles	6 - 8 years	N/A

J. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

In accordance with the provisions of GASB Statement No. 16, "*Accounting for Compensated Absences*", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the statement of net position date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service and all employees with at least twenty years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2021 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. In proprietary funds, the entire amount of compensated absences is reported as a fund liability. These amounts are recorded in the account "Compensated Absences Payable".

K. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

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

L. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable in the general fund.

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

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

M. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its 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 amount restricted for other purposes represents amounts restricted for special trusts and other grant funds.

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

N. Parochial Schools

St. Mary and Mansfield Christian Schools operate within the District's boundaries. Current State legislation provides funding to these parochial schools. 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 fiduciary responsibility of the District for these monies is reflected in a special revenue fund for financial reporting purposes.

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

O. Estimates

The preparation of the financial statements in conformity with GAAP 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.

P. Issuance Costs/Bond Premiums and Discounts and Accounting Gain or Loss on Debt Refunding

On the governmental fund financial statements, issuance costs, bond premiums, bond discounts, and deferred charges from debt refunding are recognized in the current period.

On the government-wide financial statements, issuance costs are recognized in the current period and are not amortized. Bond premiums and discounts are amortized over the term of the bonds using the straight-line method. Unamortized bond premiums are presented as an addition to the face amount of the bonds reported on the statement of net position. Unamortized bond discounts are presented as a reduction to the face amount of the bonds reported on the statement of net position. The reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 10.

For advance refunding resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred inflow or outflow of resources.

Q. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability, net OPEB asset, deferred outflows of resources and deferred inflows of resources related 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.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2021.

S. Fair Value Measurements

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

T. Interfund Activity

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

U. Interfund Balances

On the fund financial statements, receivables and payables resulting from transactions between funds for services provided or goods received and from short-term interfund loans are classified as "interfund loans receivables/payables." These amounts are eliminated on the statement of net position, except for the net residual amount due between governmental and business-type activities which is presented as an internal balance.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2021, the District has applied GASB Statement No. 95, "Postponement of the Effective Dates of Certain Authoritative Guidance." GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. This objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

Certain provisions contained in the following pronouncements were scheduled to be implemented for the fiscal year ended June 30, 2021. Due to the implementation of GASB Statement No. 95, the effective dates of certain provisions contained in these pronouncements are postponed until the fiscal year ended June 30, 2022:

- Statement No. 87, *Leases*
- Implementation Guide No. 2019-3, *Leases*
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*
- Statement No. 92, *Omnibus 2020*
- Statement No. 93, *Replacement of Interbank Offered Rates*

B. Deficit Fund Balances

Fund balances at June 30, 2021 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Food services	\$ 44,883
Public school preschool	2,488
Student wellness and success	1,008
IDEA, Part B	96,792
Title I, disadvantaged children	87,706
Supporting effective instruction	11,181

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation 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 that the fair 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 that 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 certificate 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 items 1 or 2 above 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 Treasury Asset Reserve of Ohio investment pool (STAR Ohio); and,
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;

**MADISON LOCAL SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At fiscal year end, the District had \$4,500 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and investments."

B. Deposits with Financial Institutions

At June 30, 2021, the carrying amount of all District deposits was \$2,578,707 and the bank balance of all District deposits was \$2,711,198. Of the bank balance, \$2,673,225 was covered by the FDIC and \$37,973 was covered by the Ohio Pooled Collateral System (OPCS).

Custodial credit risk 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. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) 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 fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

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

Measurement / Investment Type	Measurement Value	Investment Maturity				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
<i>Fair Value:</i>						
FFCB	\$ 1,644,112	\$ -	\$ 250,457	\$ 650,106	\$ -	\$ 743,549
FHLMC	595,763	-	-	-	-	595,763
FNMA	1,599,038	200,687	-	-	-	1,398,351
FHLB	1,193,005	-	-	-	-	1,193,005
Negotiable CDs	5,541,645	1,015,936	1,218,913	1,259,878	719,315	1,327,603
U.S. Government Money Market Mutual Funds	194,850	194,850	-	-	-	-
Total	\$ 10,768,413	\$ 1,411,473	\$1,469,370	\$ 1,909,984	\$ 719,315	\$ 5,258,271

The weighted average maturity of investments is 2.25 years.

The District's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The District's investments in federal agency securities (FFCB, FHLMC, FHLB and FNMA) and negotiable CDs are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned the U.S. Government money markets an AAAM money market rating. The negotiable CDs are covered by the FDIC. The District has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

Custodial Credit Risk: For an investment, 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. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agency but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2021:

<u>Measurement/ Investment Type</u>	<u>Measurement Value</u>	<u>% of total</u>
<i>Fair Value:</i>		
FFCB	\$ 1,644,112	15.27
FHLMC	595,763	5.53
FNMA	1,599,038	14.85
FHLB	1,193,005	11.08
Negotiable CDs	5,541,645	51.46
U.S. Government Money		
Market Mutual Funds	<u>194,850</u>	<u>1.81</u>
Total	<u>\$ 10,768,413</u>	<u>100.00</u>

D. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2021:

Cash and investments per note

Carrying amount of deposits	\$ 2,578,707
Investments	10,768,413
Cash on hand	<u>4,500</u>
Total	<u>\$ 13,351,620</u>

Cash and investments per statement of net position

Governmental activities	\$ 13,005,117
Business-type activities	330,619
Custodial funds	<u>15,884</u>
Total	<u>\$ 13,351,620</u>

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund transfers for the year ended June 30, 2021, consisted of the following, as reported on the fund statements:

<u>Transfer From</u>	<u>Transfer To</u>	
General Fund	Nonmajor governmental fund:	
	Permanent improvement capital projects	\$ 10,000
	Adult education fund	<u>25,000</u>
Total		<u>\$ 35,000</u>

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 5 - INTERFUND TRANSACTIONS – (Continued)

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities. Transfers between governmental activities and business-type activities are reported as transfers on the statement of activities. All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

- B.** Interfund balances at June 30, 2021 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor special revenue funds:	
	Food service	<u>\$ 102,915</u>

The primary purpose of the interfund balance is to cover costs in specific funds where revenues were not received by June 30. The interfund balance will be repaid once the anticipated revenues are received and is expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2021 represent the collection of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed values as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2021 represent the collection of calendar year 2020 taxes. Public utility real and personal property taxes received in calendar year 2021 became a lien on December 31, 2019, were levied after April 1, 2020, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Richland 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 2021 operations. The amount available as an advance at June 30, 2021 was \$1,053,545 in the general fund, \$155,108 in the bond retirement fund and \$13,010 in the classroom facilities maintenance fund (a nonmajor governmental fund). These amounts are recorded as revenue. The amount available for advance at June 30, 2020 was \$1,202,326 in the general fund, \$173,281 in the bond retirement fund and \$15,513 in the classroom facilities maintenance fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2021 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 6 - PROPERTY TAXES - (Continued)

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

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

	2020 Second Half Collections		2021 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 307,545,730	92.03	\$ 352,616,500	92.64
Public utility personal	<u>26,641,920</u>	<u>7.97</u>	<u>28,007,650</u>	<u>7.36</u>
Total	<u>\$ 334,187,650</u>	<u>100.00</u>	<u>\$ 380,624,150</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$66.40		\$66.40	

NOTE 7 - PAYMENT IN LIEU OF TAXES

The District is party to tax incremental financing agreements with local companies. These companies were granted reductions or exemptions from property tax obligations to encourage economic development in the area; however, as part of these agreements, the companies make payments in lieu of taxes to the District to compensate the District for its portion of the reduction in property tax receipts. On the governmental fund financial statements, payment in lieu of taxes revenues totaled \$338,179 in the general fund during fiscal year 2021.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2021 consisted of taxes, payment in lieu of taxes, accounts (billings for user charged services and student fees), intergovernmental grants and entitlements and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:

Property taxes	\$ 14,662,647
Payment in lieu of taxes	255,236
Accounts	546
Accrued interest	37,414
Intergovernmental	<u>354,869</u>
Total receivables	<u>\$ 15,310,712</u>

Business-type activities:

Accounts	\$ 997
Intergovernmental	<u>4,564</u>
Total receivables	<u>\$ 5,561</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 9 - CAPITAL ASSETS

A. Governmental capital asset activity for the fiscal year ended June 30, 2021 was as follows:

	Balance 6/30/20	Additions	Deductions	Balance 6/30/21
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 395,721	\$ -	\$ -	\$ 395,721
Construction in progress	-	12,004	-	12,004
Total capital assets, not being depreciated	<u>395,721</u>	<u>12,004</u>	<u>-</u>	<u>407,725</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,051,992	6,200	(8,381)	1,049,811
Buildings/improvements	46,571,722	243,478	(283,487)	46,531,713
Furniture/equipment	3,919,801	756,086	(6,404)	4,669,483
Vehicles	2,290,588	215,357	(132,386)	2,373,559
Total capital assets, being depreciated	<u>53,834,103</u>	<u>1,221,121</u>	<u>(430,658)</u>	<u>54,624,566</u>
<i>Less: accumulated depreciation</i>				
Land improvements	(827,048)	(25,498)	8,381	(844,165)
Buildings/improvements	(16,172,645)	(984,473)	279,658	(16,877,460)
Furniture/equipment	(2,670,541)	(210,186)	6,404	(2,874,323)
Vehicles	(1,520,541)	(154,171)	132,386	(1,542,326)
Total accumulated depreciation	<u>(21,190,775)</u>	<u>(1,374,328)</u>	<u>426,829</u>	<u>(22,138,274)</u>
Governmental activities capital assets, net	<u>\$ 33,039,049</u>	<u>\$ (141,203)</u>	<u>\$ (3,829)</u>	<u>\$ 32,894,017</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 612,427
Special	180,811
Vocational	181,598
Adult/continuing	7,212
Support services:	
Pupil	28,849
Instructional staff	27,171
Administration	29,507
Operations and maintenance	84,157
Pupil transportation	144,403
Non-instructional services	14,086
Food service operations	40,975
Extracurricular activities	23,132
Total depreciation expense	<u>\$ 1,374,328</u>

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 9 - CAPITAL ASSETS - (Continued)

B. Business-type capital asset activity for the fiscal year ended June 30, 2021 was as follows:

	Balance 06/30/20	Additions	Deductions	Balance 06/30/21
Business-type activities:				
<i>Capital assets, being depreciated:</i>				
Furniture and equipment	\$ 89,692	\$ -	\$ -	\$ 89,692
Less: accumulated depreciation	(71,665)	(2,349)	-	(74,014)
Business-type activities capital assets, net	\$ 18,027	\$ (2,349)	\$ -	\$ 15,678

Depreciation expense was charged to the adult education enterprise fund.

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**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10 - LONG-TERM OBLIGATIONS

During fiscal year 2021, the following changes occurred in the governmental activities and business-type activities long-term obligations.

	Balance 06/30/20	Additions	Reductions	Balance 06/30/21	Amounts Due in One Year
Governmental activities:					
General obligation bonds - series 2010					
Current interest bonds	\$ 6,920,000	\$ -	\$ -	\$ 6,920,000	\$ -
Capital appreciation bonds	105,587	-	(61,053)	44,534	44,534
Accreted interest	805,405	161,106	(528,947)	437,564	437,564
Total general obligation bonds	<u>7,830,992</u>	<u>161,106</u>	<u>(590,000)</u>	<u>7,402,098</u>	<u>482,098</u>
Refunding bonds - series 2014					
Current interest bonds	45,000	-	(25,000)	20,000	20,000
Refunding bonds - series 2019					
Current interest bonds	17,110,000	-	(185,000)	16,925,000	145,000
Capital appreciation bonds	370,000	-	-	370,000	-
Accreted interest	27,519	64,825	-	92,344	-
Total refunding bonds	17,552,519	64,825	(210,000)	17,407,344	165,000
Net pension liability	34,862,316	3,480,944	-	38,343,260	-
Net OPEB liability	2,601,254	-	(231,908)	2,369,346	-
Compensated absences payable	1,524,795	292,946	(183,796)	1,633,945	88,038
Total governmental activities long-term liabilities	<u>\$64,371,876</u>	<u>\$ 3,999,821</u>	<u>\$ (1,215,704)</u>	<u>67,155,993</u>	<u>\$ 735,136</u>
Unamortized premium				<u>1,630,007</u>	
Total governmental activities as reported on statement of net position				<u>\$ 68,786,000</u>	
Business-type activities:					
Net pension liability	\$ 1,489,055	\$ 73,736	\$ -	\$ 1,562,791	\$ -
Net OPEB liability	217,462	-	(43,656)	173,806	-
Compensated absences	68,889	5,551	(11,478)	62,962	5,551
Total business-type activities long-term liabilities	<u>\$ 1,775,406</u>	<u>\$ 79,287</u>	<u>\$ (55,134)</u>	<u>\$ 1,799,559</u>	<u>\$ 5,551</u>

Compensated Absences

Compensated absences will be paid from the fund from which the employee is paid, which for the District is primarily the general fund, the adult education enterprise fund, and the preschool enterprise fund.

Net Pension Liability - See Notes 13 for details. The District pays obligations related to employee compensation from the fund benefitting from their service.

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Net OPEB Liability - See Notes 14 for details. The District pays obligations related to employee compensation from the fund benefitting from their service.

Series 2010 School Improvement General Obligation Bonds

During fiscal year 2011, the District issued \$25,800,138 in general obligation bonds, for the purpose of improving school facilities. Principal and interest payments are made from the bond retirement fund.

The original issue was comprised of both current interest bonds, par value \$24,990,000, and capital appreciation bonds par value \$810,138. The interest rates on the current interest bonds range from 2.00%-7.30%. A capital appreciation bond matured on December 1, 2018 (approximate initial offering yield to maturity 3.81%). The remaining capital appreciation bonds matured on December 1, 2019 (approximate initial offering yield to maturity 4.10%), December 1, 2020 (approximate initial offering yield to maturity 4.35%) and December 1, 2021 (approximate initial offering yield to maturity 4.55%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$2,265,000. Total accreted interest of \$437,564 for series 2010 has been included on the statement of net position at June 30, 2021. This issue is comprised of current interest bonds and capital appreciation bonds, present value of \$6,920,000 and \$44,534 at June 30, 2021.

During fiscal year 2014, \$17,680,000 of the series 2010 general obligation bonds were refunded. The balance of the refunded bonds at June 30, 2021, is \$17,680,000.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2029.

The following is a description of the District's future annual debt service requirements to maturity for bonds payable:

Fiscal Year	Current Interest - Series 2010			Capital Appreciation - Series 2010		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ -	\$ 460,180	\$ 460,180	\$ 44,534	\$ 495,466	\$ 540,000
2023	-	460,180	460,180	-	-	-
2024	-	460,180	460,180	-	-	-
2025	-	460,180	460,180	-	-	-
2026	-	460,180	460,180	-	-	-
2027 - 2030	6,920,000	1,610,630	8,530,630	-	-	-
Total	<u>\$ 6,920,000</u>	<u>\$ 3,911,530</u>	<u>\$ 10,831,530</u>	<u>\$ 44,534</u>	<u>\$ 495,466</u>	<u>\$ 540,000</u>

The series 2010 general obligation school improvement bonds require the District to make mandatory sinking fund deposits beginning December 1, 2021. The sinking fund deposits will result in a balloon principal payment of \$6,920,000 made on December 1, 2029. Sinking fund deposits will be made on December 1, in the following fiscal years and in the following amounts.

Fiscal Year	Sinking Fund Deposit Due
2022	\$ 150,000
2023	710,000
2024	735,000
2025	810,000
2026	830,000
2027 - 2030	<u>3,685,000</u>
Total	<u>\$ 6,920,000</u>

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Refunding Bonds, Series 2014

On April 10, 2014, the District issued general obligation refunding bonds (Series 2014, refunding bonds). These bonds refunded the \$17,680,000 callable portion of the Series 2010 issue. The interest rate on the current interest bonds range from 1.50% to 5.25%. These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. On the fund financial statements, payments of principal and interest relating to these bonds are recorded as expenditures in the bond retirement fund. On the government-wide financial statements, principal payments reduce the liability reported on the statement of net position. This issue is comprised of current interest bonds, present value \$20,000 at June 30, 2021.

During fiscal year 2020, \$17,490,000 of the series 2014 general obligation bonds were refunded. The balance of the refunded bonds at June 30, 2021, is \$17,490,000.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2021.

The net carrying amount of the old debt and the refunded premium exceeded the reacquisition price by \$362,764. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

Future Debt Service Requirements

The following is a description of the District's future annual debt service requirements to maturity for bonds payable:

Fiscal Year	Refunding Bonds 2014		
	Principal	Interest	Total
2022	\$ 20,000	\$ 250	\$ 20,250

Refunding Bonds, Series 2019

On December 30, 2019, the District issued general obligation refunding bonds (Series 2019, refunding bonds) par value \$17,110,000 and capital appreciation bonds par value \$370,000. These bonds refunded the \$17,490,000 callable portion of the Series 2014 issue. The District covered the remaining \$10,000. The interest rate on the current interest bonds range from 1.80% to 3.45%. The capital appreciation bonds mature on December 30, 2030 (approximate initial offering yield to maturity 3.29%) and December 30, 2031 (approximate initial offering yield to maturity 3.39%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$2,090,000. Total accreted interest of \$92,344 for series 2019 has been included on the statement of net position at June 30, 2021. This issue is comprised of current interest bonds and capital appreciation bonds, present value of \$16,925,000 and \$370,000 at June 30, 2021. On the fund financial statements, payments of principal and interest relating to these bonds are recorded as expenditures in the bond retirement fund.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2043.

The net present value of savings from the refunding was \$1,493,055. The net carrying amount of the new debt and the refunded premium exceeded the reacquisition price by \$741,957. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued.

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Future Debt Service Requirements

The following is a description of the District's future annual debt service requirements to maturity for bonds payable:

Fiscal Year	Current Interest - Refunding Bonds 2019			Capital Appreciation - Refunding Bonds 2019		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 145,000	\$ 540,848	\$ 685,848	\$ -	\$ -	\$ -
2023	145,000	537,948	682,948	-	-	-
2024	150,000	534,901	684,901	-	-	-
2025	150,000	531,676	681,676	-	-	-
2026	155,000	528,197	683,197	-	-	-
2027 - 2031	660,000	2,582,486	3,242,486	195,000	835,000	1,030,000
2032 - 2036	4,765,000	2,272,579	7,037,579	175,000	885,000	1,060,000
2037 - 2041	6,810,000	1,251,389	8,061,389	-	-	-
2042 - 2044	3,945,000	185,351	4,130,351	-	-	-
Total	<u>\$ 16,925,000</u>	<u>\$ 8,965,375</u>	<u>\$ 25,890,375</u>	<u>\$ 370,000</u>	<u>\$ 1,720,000</u>	<u>\$ 2,090,000</u>

Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2021, are a voted debt margin of \$11,949,707 (including available funds of \$1,973,067) and an unvoted debt margin of \$380,624.

NOTE 11 - COMPENSATED ABSENCES

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn up to 25 days of vacation per year, depending upon the length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Administrators who are contracted to work 260 days in a year are given 20 days of vacation per year by contract. Any unused vacation days at the end of the contract are forfeited.

Administrators, teachers, and classified employees earn sick leave at a rate of one and one-fourth days per month. Upon retirement, full-time certified employees receive a payment of their eligible percentage of their unused sick leave balance up to a maximum of 70 days. For Classified employees, the number of days for which payment is made shall be limited to twenty-five percent (25%) of the accumulated sick leave up to 260 days, thirty percent (30%) of accumulated sick leave if they reach 290 days, and thirty-five percent (35%) of accumulated sick leave if they reach 320 days.

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

The District maintains comprehensive insurance coverage with private carriers for liability, real property, building contents, boiler/machinery and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are 90% coinsured. The following is a description of the District's insurance coverage:

<u>Coverage</u>	<u>Insurer</u>	<u>Limits of Coverage</u>	<u>Deductible</u>
General liability: Each occurrence	SORSA	\$ 15,000,000	\$0
Property/Boiler and Machinery	SORSA	135,085,257	0
Automobile: Bodily Injury & Property Damage	SORSA	15,000,000	0

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal year. Insurance coverage has not been significantly reduced from the prior year.

B. Health Care Self-Insurance Program

The District provides the following insurance coverage for employees, which is administered through Medical Mutual of Ohio. The District has also purchased a commercial "stop-loss" policy for its self-insurance plan with a \$150,000 per covered person threshold.

Certified employees receive hospital, surgical and major medical, dental, vision and prescription drug coverage. The total monthly cost was \$724 for single coverage and \$1,950 for family coverage for fiscal year 2021. The District paid 93% of single and family coverage.

Classified employees receive hospital, surgical and major medical, dental, vision and prescription drug coverage. The monthly cost was \$891 for single coverage and \$2,412 for family coverage for fiscal year 2021. The District paid 93% of single and family coverage.

The claims liability of \$953,967 reported in the internal service fund at June 30, 2021, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "*Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*," as amended by GASB Statement No. 30, "*Risk Financing Omnibus*," which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims.

Changes in claims activity for the past two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Beginning of Year</u>	<u>Claims</u>	<u>Payments</u>	<u>End of Year</u>
2021	\$ 811,755	\$ 7,732,143	\$ (7,589,931)	\$ 953,967
2020	\$ 961,316	\$ 6,201,278	\$ (6,350,839)	\$ 811,755

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 12 - RISK MANAGEMENT - (Continued)

C. Workers' Compensation Group Retrospective Rating Plan

For fiscal year 2021, the District participated in a Workers' Compensation Group Retrospective Rating Program (GRP). 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. Under the GRP, the participating districts continues to pay their own individual premiums and have the opportunity to receive retrospective premium adjustments based upon the combined performance of the group. Depending upon that performance, the participating districts receive either a premium refund or an assessment. The participating districts pay an experience- or base-rated premium under the same terms as if they were not in a retrospective group. The group-retrospective premiums are recalculated twelve months after the end of the policy year and the recalculated premium is compared to the standard premium. If the retrospective premium is lower than the standard premium, the participating districts receive a refund. If the retrospective premium is higher than the standard premium, the participating districts are charged an assessment.

Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley UniServe, Inc. provides administrative, cost control and actuarial services to the GRP.

NOTE 13 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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

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

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

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 14 for the required OPEB disclosures.

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Plan Description - School Employees Retirement System (SERS)

Plan Description - The 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, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Age 65 with 5 years of services credit; or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; or 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% for the first thirty years of service and 2.5% for years of service credit over 30. Final average salary is the average of the highest three years of salary.

Effective January 1, 2018, SERS cost-of-living adjustment (COLA) changed from a fixed 3% annual increase to one based on the Consumer Price Index (CPI-W) with a cap of 2.5% and a floor of 0%. SERS also has the authority to award or suspend the COLA, or to adjust the COLA above or below CPI-W. SERS suspended the COLA increases for 2018, 2019 and 2020 for current retirees, and confirmed their intent to implement a four-year waiting period for the start of a COLA for future retirees. For 2021, the COLA was 0.5%.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% 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% for plan members and 14% 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%.

The District’s contractually required contribution to SERS was \$543,204 for fiscal year 2021. Of this amount, \$36,582 is reported as intergovernmental payable.

**MADISON LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

Plan Description - Licensed teachers participate in STRS, a cost-sharing multiple-employer public employee retirement 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 website at www.strsoh.org.

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined (CO) 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 will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 28 years of service, or 33 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all of their member contributions and 9.53% of the 14% employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47% of the 14% 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% of the 14% member rate goes to the DC Plan and the remaining 2% 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 after termination of employment at age 50 and after termination of employment.

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

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For fiscal year 2021, plan members were required to contribute 14% of their annual covered salary. The District was required to contribute 14%; the entire 14% was the portion used to fund pension obligations. The fiscal year 2021 contribution rates were equal to the statutory maximum rates.

**MADISON LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

The District's contractually required contribution to STRS was \$2,402,750 for fiscal year 2021. Of this amount, \$410,700 is reported as intergovernmental payable.

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 projected contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.10922730%	0.13482668%	
Proportion of the net pension liability current measurement date	<u>0.11297040%</u>	<u>0.13404430%</u>	
Change in proportionate share	<u>0.00374310%</u>	<u>-0.00078238%</u>	
Proportionate share of the net pension liability	\$ 7,472,100	\$ 32,433,951	\$ 39,906,051
Pension expense	\$ 839,137	\$ 3,993,586	\$ 4,832,723

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 14,513	\$ 72,773	\$ 87,286
Net difference between projected and actual earnings on pension plan investments	474,329	1,577,270	2,051,599
Changes of assumptions	-	1,741,076	1,741,076
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	153,665	42,656	196,321
Contributions subsequent to the measurement date	<u>543,204</u>	<u>2,402,750</u>	<u>2,945,954</u>
Total deferred outflows of resources	<u>\$ 1,185,711</u>	<u>\$ 5,836,525</u>	<u>\$ 7,022,236</u>

**MADISON LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 207,392	\$ 207,392
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	60,401	799,709	860,110
Total deferred inflows of resources	\$ 60,401	\$ 1,007,101	\$ 1,067,502

\$2,945,954 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 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:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	\$ 45,463	\$ 776,921	\$ 822,384
2023	190,429	274,686	465,115
2024	197,710	700,649	898,359
2025	148,504	674,418	822,922
Total	\$ 582,106	\$ 2,426,674	\$ 3,008,780

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.

**MADISON LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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:

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
COLA or ad hoc COLA	2.50%
Investment rate of return	7.50% net of investment expense, including inflation
Actuarial cost method	Entry age normal (level percent of payroll)

For 2020, the 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% of male rates, and 110% of female rates. Mortality among disabled members was based upon the 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.

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 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 a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	1.85 %
US Equity	22.50	5.75
International Equity	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%. 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%). 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.

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50%, 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%), or one percentage point higher (8.50%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 10,235,865	\$ 7,472,100	\$ 5,153,249

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:

	July 1, 2020
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%
Cost-of-living adjustments (COLA)	0.00%

For the July 1, 2020, actuarial valuation, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

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.

**MADISON LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Discount Rate - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes 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. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not 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% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

Sensitivity of the District's 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%, 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%) or one-percentage-point higher (8.45%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 46,180,300	\$ 32,433,951	\$ 20,785,065

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 13 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 Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

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% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to post-employment 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% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the District's surcharge obligation was \$74,418.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$74,418 for fiscal year 2021. Of this amount, \$74,418 is reported as intergovernmental payable.

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. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability/asset was measured as of June 30, 2020, and the total OPEB liability/asset 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 and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.11208550%	0.13482668%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.11701650%</u>	<u>0.13404430%</u>	
Change in proportionate share	<u>0.00493100%</u>	<u>-0.00078238%</u>	
Proportionate share of the net OPEB liability	\$ 2,543,152	\$ -	\$ 2,543,152
Proportionate share of the net OPEB asset	\$ -	\$ (2,355,828)	\$ (2,355,828)
OPEB expense	\$ (3,728)	\$ (150,786)	\$ (154,514)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 33,402	\$ 150,952	\$ 184,354
Net difference between projected and actual earnings on OPEB plan investments	28,655	82,566	111,221
Changes of assumptions	433,519	38,887	472,406
Difference between employer contributions and proportionate share of contributions/change in proportionate share	125,576	9,241	134,817
Contributions subsequent to the measurement date	<u>74,418</u>	<u>-</u>	<u>74,418</u>
Total deferred outflows of resources	<u>\$ 695,570</u>	<u>\$ 281,646</u>	<u>\$ 977,216</u>

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 1,293,370	\$ 469,248	\$ 1,762,618
Changes of assumptions	64,055	2,237,639	2,301,694
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	71,341	48,652	119,993
Total deferred inflows of resources	\$ 1,428,766	\$ 2,755,539	\$ 4,184,305

\$74,418 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal 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:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	\$ (166,712)	\$ (619,049)	\$ (785,761)
2023	(164,640)	(563,166)	(727,806)
2024	(164,977)	(543,559)	(708,536)
2025	(160,108)	(523,300)	(683,408)
2026	(114,847)	(110,794)	(225,641)
Thereafter	(36,330)	(114,025)	(150,355)
Total	\$ (807,614)	\$ (2,473,893)	\$ (3,281,507)

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.

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investment expense, including inflation
Municipal bond index rate:	
Measurement date	2.45%
Prior measurement date	3.13%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	2.63%
Prior measurement date	3.22%
Medical trend assumption:	
Measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%
Prior measurement date	
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% of male rates and 110% of female rates. RP-2000 Disabled Mortality Table with 90% for male rates and 100% 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 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%, 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.

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 Equity	22.50	5.75
International Equity	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%. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.22%. 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% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% 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%, 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. A municipal bond rate of 3.13% was used as of June 30, 2019. 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 District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability 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 (7.00% decreasing to 4.75%).

	1% Decrease	Current Discount Rate	1% Increase
	District's proportionate share of the net OPEB liability	\$ 3,112,754	\$ 2,543,152

	1% Decrease	Current Trend Rate	1% Increase
	District's proportionate share of the net OPEB liability	\$ 2,002,538	\$ 2,543,152

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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, compared with July 1, 2019, are presented below:

	July 1, 2020		July 1, 2019	
	Initial	Ultimate	Initial	Ultimate
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.45%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.45%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
Medical				
Pre-Medicare	5.00%	4.00%	5.87%	4.00%
Medicare	-6.69%	4.00%	4.93%	4.00%
Prescription Drug				
Pre-Medicare	6.50%	4.00%	7.73%	4.00%
Medicare	11.87%	4.00%	9.62%	4.00%

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% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% 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% of rates for males and 100% 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.

Assumption Changes Since the Prior Measurement Date - There were no changes in assumptions since the prior measurement date of June 30, 2019.

Benefit Term Changes Since the Prior Measurement Date - 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.

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 Real 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 geometric nominal returns, which include the real rate of return and inflation of 2.25% and 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 asset was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS Ohio 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. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2020.

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45%, 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%) or one percentage point higher (8.45%) 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	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 2,049,722	\$ 2,355,828	\$ 2,615,545

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 2,599,423	\$ 2,355,828	\$ 2,059,089

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 3,052
Net adjustment for revenue accruals	507,226
Net adjustment for expenditure accruals	(163,327)
Net adjustment for other sources and uses	(761,324)
Funds budgeted elsewhere	50,431
GAAP basis	\$ (363,942)

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the voided checks fund, uniform school supplies fund, special rotary fund, the public school support fund, the retirement clearing, worker's compensation clearing and title I clearing fund.

NOTE 16 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District; however, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 16 - CONTINGENCIES - (Continued)

B. Litigation

The District is involved in no material litigation as either plaintiff or defendant.

NOTE 17 - SET-ASIDES

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	Capital Improvements
Set-aside balance June 30, 2020	\$ -
Current year set-aside requirement	507,278
Current year qualifying expenditures	(401,933)
Current year offsets	(232,371)
Total	\$ (127,026)
Balance carried forward to fiscal year 2022	\$ -
Set-aside balance June 30, 2021	\$ -

During fiscal year 2011, the District issued \$25,800,138 in capital related school improvement bonds. These proceeds may be used to reduce capital acquisition to zero in future years. The District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods. \$24,655,597 of the \$25,800,138 in proceeds from the issuance has not been used as offsets as of June 30, 2021.

NOTE 18 - TAX ABATEMENTS

The City of Mansfield has entered into property tax abatement agreements with property owners that are within the taxing districts of the District. These agreements include Enterprise Zone Agreements (“EZAs”), the Ohio Community Reinvestment Area (“CRA”) program, and Community Urban Redevelopment Corporations (“CURC”) established under Ohio Revised Code 1728. These programs are direct incentive property tax exemption programs benefiting property owners who renovate or construct new buildings. Under these programs, the other governments designated areas to encourage revitalization of the existing structures and promote the development of new structures.

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 18 - TAX ABATEMENTS - (Continued)

For the District, the City of Mansfield has entered into agreements through these abatement programs that have caused a reduction to the District’s property tax revenues. During fiscal year 2021, the District’s property tax revenues were reduced as follows:

Government Entering Into Agreement	Tax Abatement Program			District Forgone Tax Revenue
	CRA	EZAs	CUR	
City of Mansfield	\$ 135,899	\$ 291,806	\$ 24,257	\$ 451,962

During fiscal year 2021, the District received \$338,179 in compensation payments associated with the forgone property tax revenue. These compensation payments are reported as payments in lieu of taxes on the basic financial statements.

NOTE 19 - COVID 19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The District’s investment portfolio and the pension and other employee benefits plan in which the District participate fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the District’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During fiscal year 2021, the District received \$100,122 as an on-behalf of grant from another government. This amount is recorded in the coronavirus relief fund (a nonmajor governmental fund).

NOTE 20 - SUBSEQUENT EVENT

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, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the District were funded to the District who, in turn, made the payment to the educating school. For fiscal year 2021, the District reported \$4,270,808 in revenues and expenditures/expenses related to these programs. Also, during fiscal year 2021, the District reported \$1,034,081 in tuition and fees from the resident school districts which will be direct funded to the District as the educating entity in fiscal year 2022. This new funding system calculates a unique base cost and a unique “per-pupil local capacity amount” for each District. The District’s state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

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REQUIRED SUPPLEMENTARY INFORMATION

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability	0.11297040%	0.10922730%	0.11216090%	0.11185230%
District's proportionate share of the net pension liability	\$ 7,472,100	\$ 6,535,261	\$ 6,423,662	\$ 6,682,928
District's covered payroll	\$ 3,869,886	\$ 3,655,207	\$ 3,773,222	\$ 3,642,500
District's proportionate share of the net pension liability as a percentage of its covered payroll	193.08%	178.79%	170.24%	183.47%
Plan fiduciary net position as a percentage of the total pension liability	68.55%	70.85%	71.36%	69.50%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017	2016	2015	2014
0.11512510%	0.11692560%	0.11825500%	0.11825500%
\$ 8,426,095	\$ 6,671,888	\$ 5,984,818	\$ 7,032,245
\$ 3,688,886	\$ 3,519,712	\$ 3,436,248	\$ 3,414,234
228.42%	189.56%	174.17%	205.97%
62.98%	69.16%	71.70%	65.52%

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability	0.13404430%	0.13482668%	0.13812608%	0.13804656%
District's proportionate share of the net pension liability	\$ 32,433,951	\$ 29,816,110	\$ 30,370,824	\$ 32,793,256
District's covered payroll	\$ 16,371,571	\$ 15,525,343	\$ 14,452,629	\$ 15,323,357
District's proportionate share of the net pension liability as a percentage of its covered payroll	198.11%	192.05%	210.14%	214.01%
Plan fiduciary net position as a percentage of the total pension liability	75.48%	77.40%	77.31%	75.30%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2017	2016	2015	2014
0.13914933%	0.13547969%	0.13915392%	0.13915392%
\$ 46,577,475	\$ 37,442,624	\$ 33,847,049	\$ 40,318,384
\$ 14,466,329	\$ 14,135,036	\$ 14,217,685	\$ 13,752,492
321.97%	264.89%	238.06%	293.17%
66.80%	72.10%	74.70%	69.30%

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 543,204	\$ 541,784	\$ 493,453	\$ 509,385
Contributions in relation to the contractually required contribution	<u>(543,204)</u>	<u>(541,784)</u>	<u>(493,453)</u>	<u>(509,385)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,880,029	\$ 3,869,886	\$ 3,655,207	\$ 3,773,222
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 509,950	\$ 516,444	\$ 463,898	\$ 476,264	\$ 472,530	\$ 477,471
<u>(509,950)</u>	<u>(516,444)</u>	<u>(463,898)</u>	<u>(476,264)</u>	<u>(472,530)</u>	<u>(477,471)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,642,500	\$ 3,688,886	\$ 3,519,712	\$ 3,436,248	\$ 3,414,234	\$ 3,549,970
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PENSION CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	2021	2020	2019	2018
Contractually required contribution	\$ 2,402,750	\$ 2,292,020	\$ 2,173,548	\$ 2,023,368
Contributions in relation to the contractually required contribution	(2,402,750)	(2,292,020)	(2,173,548)	(2,023,368)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 17,162,500	\$ 16,371,571	\$ 15,525,343	\$ 14,452,629
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 2,145,270	\$ 2,025,286	\$ 1,978,905	\$ 1,848,299	\$ 1,787,824	\$ 1,856,946
<u>(2,145,270)</u>	<u>(2,025,286)</u>	<u>(1,978,905)</u>	<u>(1,848,299)</u>	<u>(1,787,824)</u>	<u>(1,856,946)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 15,323,357	\$ 14,466,329	\$ 14,135,036	\$ 14,217,685	\$ 13,752,492	\$ 14,284,200
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.11701650%	0.11208550%	0.11392380%	0.11358270%	0.11679580%
District's proportionate share of the net OPEB liability	\$ 2,543,152	\$ 2,818,716	\$ 3,160,554	\$ 3,048,261	\$ 3,329,112
District's covered payroll	\$ 3,869,886	\$ 3,655,207	\$ 3,773,222	\$ 3,642,500	\$ 3,688,886
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	65.72%	77.12%	83.76%	83.69%	90.25%
Plan fiduciary net position as a percentage of the total OPEB liability	18.17%	15.57%	13.57%	12.46%	11.49%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY/ASSET
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability/asset	0.13404430%	0.13482668%	0.13812608%	0.13804656%	0.13914933%
District's proportionate share of the net OPEB liability/(asset)	\$ (2,355,828)	\$ (2,233,053)	\$ (2,219,545)	\$ 5,386,068	\$ 7,441,742
District's covered payroll	\$ 16,371,571	\$ 15,525,343	\$ 14,452,629	\$ 15,323,357	\$ 14,466,329
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	14.39%	14.38%	15.36%	35.15%	51.44%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	182.10%	174.70%	176.00%	47.10%	37.33%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

LAST TEN FISCAL YEARS

	2021	2020	2019	2018
Contractually required contribution	\$ 74,418	\$ 74,168	\$ 87,388	\$ 81,019
Contributions in relation to the contractually required contribution	(74,418)	(74,168)	(87,388)	(81,019)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 3,880,029	\$ 3,869,886	\$ 3,655,207	\$ 3,773,222
Contributions as a percentage of covered payroll	1.92%	1.92%	2.39%	2.15%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 62,269	\$ 59,653	\$ 88,848	\$ 57,812	\$ 58,518	\$ 74,037
<u>(62,269)</u>	<u>(59,653)</u>	<u>(88,848)</u>	<u>(57,812)</u>	<u>(58,518)</u>	<u>(74,037)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 3,642,500	\$ 3,688,886	\$ 3,519,712	\$ 3,436,248	\$ 3,414,234	\$ 3,549,970
1.71%	1.62%	2.52%	1.68%	1.71%	2.09%

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 17,162,500	\$ 16,371,571	\$ 15,525,343	\$ 14,452,629
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ -	\$ -	\$ -	\$ 136,941	\$ 137,525	\$ 142,842
-	-	-	(136,941)	(137,525)	(142,842)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 15,323,357	\$ 14,466,329	\$ 14,135,036	\$ 14,217,685	\$ 13,752,492	\$ 14,284,200
0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%. There were no changes in benefit terms from the amounts previously reported for fiscal years 2019-2021.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) 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, (f) 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, (g) 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 (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2018-2021.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017. For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero. There were no changes in benefit terms from amounts previously reported for fiscal years 2019-2021.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) 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, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2019-2021.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

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

(Continued)

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) 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, (g) mortality among disabled members was updated to the following: 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, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%. For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%. For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% 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. For fiscal year 2021, 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.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) 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 and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) 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) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate. For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate. For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.

SUPPLEMENTARY INFORMATION

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM/CLUSTER TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER / ADDITIONAL AWARD IDENTIFICATION	TOTAL EXPENDITURES OF FEDERAL AWARDS
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through the Ohio Department of Education</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	2021	\$ 158,666
COVID-19 - School Breakfast Program	10.553	COVID-19, 2021	14,989
Total School Breakfast Program			<u>173,655</u>
National School Lunch Program	10.555	2021	579,551
COVID-19 - National School Lunch Program	10.555	COVID-19, 2021	84,694
National School Lunch Program - Food Donation	10.555	2021	52,734
Total National School Lunch Program			<u>716,979</u>
Total Child Nutrition Cluster			<u>890,634</u>
Child and Adult Care Food Program	10.558	2021	27,980
COVID-19 - Child and Adult Care Food Program	10.558	COVID-19, 2021	6,192
Total Child and Adult Care Food Program			<u>34,172</u>
Total U.S. Department of Agriculture			<u>924,806</u>
U.S. DEPARTMENT OF THE TREASURY			
<i>Passed Through the Ohio Department of Education</i>			
COVID-19 - Coronavirus Relief Fund - BroadbandOhio Connectivity	21.019	COVID-19, 2021	12,000
COVID-19 - Coronavirus Relief Fund - Rural and Small Town SD	21.019	COVID-19, 2021	164,150
<i>Passed Through the Ohio Board of Regents</i>			
COVID-19 - Coronavirus Relief Fund	21.019	COVID-19, 2021	10,002
COVID-19 - Coronavirus Relief Fund	21.019	COVID-19, 2021	5,001
<i>Passed Through the Ohio Child Care Resource and Referral Association</i>			
COVID-19 - Coronavirus Relief Fund	21.019	COVID-19, 2021	11,600
Total Coronavirus Relief Fund and U.S. Department of the Treasury			<u>202,753</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Direct</i>			
Student Financial Assistance Cluster:			
Federal Pell Grant Program	84.063	N/A	222,905
Federal Direct Student Loans	84.268	N/A	163,410
Total Student Financial Assistance Cluster			<u>386,315</u>
<i>Passed Through the Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	2020	82,101
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2021	708,097
Title I Grants to Local Educational Agencies - Expanding Opportunities For Each Child Non-Competitive Grant	84.010A	84.010A, 2021	9,844
Total Title I Grants to Local Educational Agencies			<u>800,042</u>
Special Education Cluster (IDEA):			
Special Education _Grants to States	84.027	2020	69,288
Special Education _Grants to States	84.027A	84.027A, 2021	623,640
Total Special Education _Grants to States			<u>692,928</u>
Special Education _Preschool Grants	84.173A	84.173A, 2021	16,821
Total Special Education Cluster (IDEA)			<u>709,749</u>
Career and Technical Education - Basic Grants to States - Adult	84.048A	84.048A, 2021	51,081
Career and Technical Education - Basic Grants to States - Secondary	84.048A	84.048A, 2021	56,667
Total Career and Technical Education - Basic Grants to States			<u>107,748</u>
Supporting Effective Instruction State Grants	84.367	2020	13,743
Supporting Effective Instruction State Grants	84.367A	84.367A, 2021	125,094
Total Supporting Effective Instruction State Grants			<u>138,837</u>
Student Support and Academic Enrichment Program	84.424A	84.424A, 2021	70,159
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER I) Fund	84.425D	COVID-19, 84.425D, 2021	680,926
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425D	COVID-19, 84.425D, 2022	472,952
<i>Direct</i>			
COVID-19 - Higher Education Emergency Relief Fund (HEERF I) - Student Aide Portion	84.425E	COVID-19, 84.425E	55,051
COVID-19 - Higher Education Emergency Relief Fund (HEERF I) - Institutional Portion	84.425F	COVID-19, 84.425F	55,051
COVID-19 - Higher Education Emergency Relief Fund (HEERF II) - Student Aide Portion	84.425E	COVID-19, 84.425E	55,051
COVID-19 - Higher Education Emergency Relief Fund (HEERF) - Fund for the Improvement of Postsecondary Education (FIPSE) Formula Grant	84.425N	COVID-19, 84.425N	245,931
<i>Passed Through the Ohio Child Care Resource and Referral Association</i>			
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER I) Fund	84.425D	COVID-19, 84.425D, 2021	40,317
Total Education Stabilization Fund			<u>1,605,279</u>
Total U.S. Department of Education			<u>3,818,129</u>
Total Federal Financial Assistance			<u>\$ 4,945,688</u>

The accompanying notes are an integral part of this schedule.

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

NOTE 1 – BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Madison Local School District under programs of the federal government for the fiscal year ended June 30, 2021 and is prepared in accordance with the cash basis of accounting. 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 Madison Local School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Madison Local School District. Such expenditures are recognized following cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be limited to as to reimbursement.

NOTE 2 – DE MINIMIS COST RATE

CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The Madison Local School District has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 - CHILD NUTRITION CLUSTER

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

NOTE 4 – FOOD DONATION PROGRAM

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

NOTE 5 – PASS-THROUGH FUNDS

The Madison Local School District was awarded federal program allocations to be administered on their behalf by the Mid-Ohio Educational Service Center. For fiscal year 2021, the Madison Local School District's allocation was as follows:

Title I Grants to Local Educational Agencies - Neglected (ALN 84.010A) \$101,402

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Madison Local School District
Richland County
1379 Grace Street
Mansfield, Ohio 44905

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Madison Local School District, Richland County, Ohio, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Madison Local School District's basic financial statements, and have issued our report thereon dated December 20, 2021, wherein we noted as described Note 19 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Julian & Grube, Inc.
December 20, 2021

**Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the Uniform Guidance**

Madison Local School District
Richland County
1379 Grace Street
Mansfield, Ohio 44905

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Madison Local School District's compliance with the types of compliance requirements described in the *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Madison Local School District's major federal programs for the fiscal year ended June 30, 2021. The Madison Local School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Madison Local School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Madison Local School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Madison Local School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2021.

Report on Internal Control over Compliance

Management of the Madison Local School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Madison Local School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Madison Local School 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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to 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.

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



Julian & Grube, Inc.
December 20, 2021

**MADISON LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR §200.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	Title I Grants to Local Educational Agencies (ALN 84.010); COVID-19 - Education Stabilization Fund (ALN 84.425)
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE KEITH FABER



MADISON LOCAL SCHOOL DISTRICT

RICHLAND COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/1/2022

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