



**MADISON-PLAINS LOCAL SCHOOL DISTRICT  
MADISON COUNTY  
SINGLE AUDIT  
FOR THE YEAR ENDED JUNE 30, 2021**

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OHIO AUDITOR OF STATE  
KEITH FABER



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Board of Education  
Madison Plains Local School District  
55 Linson Road  
London, Ohio 43144

We have reviewed the *Independent Auditor's Report* of the Madison Plains Local School District, Madison County, prepared by Perry & Associates, Certified Public Accountants, A.C., 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 Plains Local School District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

April 12, 2022

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MADISON COUNTY**

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## INDEPENDENT AUDITOR'S REPORT

February 25, 2022

Madison-Plains Local School District  
Madison County  
55 Linson Road  
London, Ohio 43144

To the Board of Education:

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

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

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

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

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

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the 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 to the extent needed to opine on the effectiveness of the School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations  
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***Opinion***

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

***Emphasis of Matter***

As discussed in Note 2 to the financial statements, during 2021, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. We did not modify our opinion regarding this matter.

***Other Matters***

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

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

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



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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 2022, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



**Perry and Associates**  
Certified Public Accountants, A.C.  
*Marietta, Ohio*

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

***Financial Highlights***

Key financial highlights for 2021 are as follows:

- Net position increased \$1,649,774, which represents a 26 percent increase from the restated 2020 net position.
- Capital assets decreased \$217,122 during fiscal year 2021.
- The School District implemented GASB Statement No. 84 resulting in the restatement of fund balance and net position in the general fund, other governmental funds, governmental activities, private purpose trust funds, and custodial funds.

***Using this Annual Report***

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Madison Plains Local School District as a whole 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 School District, presenting both an aggregate view of the School 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 School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Madison Plains Local School District, the general fund is the most significant fund.

***Reporting the School District as a Whole***

*Statement of Net Position and the Statement of Activities*

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

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

In the *Statement of Net Position* and the *Statement of Activities*, Governmental Activities include the School District's programs and services, including instruction, support services, extracurricular activities, and non-instructional services, i.e., food service operations.

***Reporting the School District's Most Significant Funds***

***Fund Financial Statements***

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant funds. The School District's major governmental fund is the general fund.

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

***Reporting the School District's Fiduciary Responsibilities***

The School District acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in custodial fund. The School District's fiduciary activities are reported in separate *Statement of Fiduciary Net Position* and *Changes in Fiduciary Net Position*. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

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**The School District as a Whole**

Recall that the *Statement of Net Position* provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2021 compared to 2020:

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

	Governmental Activities		
	2021	Restated 2020	Change
<b>Assets</b>			
Current & Other Assets	\$ 12,643,321	\$ 9,966,312	\$ 2,677,009
Net Pension/OPEB Asset	948,574	879,298	69,276
Capital Assets	6,579,145	6,796,267	(217,122)
<i>Total Assets</i>	<u>20,171,040</u>	<u>17,641,877</u>	<u>2,529,163</u>
<b>Deferred Outflows of Resources</b>			
Pension & OPEB	3,345,390	3,042,750	302,640
<i>Total Deferred Outflows of Resources</i>	<u>3,345,390</u>	<u>3,042,750</u>	<u>302,640</u>
<b>Liabilities</b>			
Current & Other Liabilities	1,816,575	1,642,643	173,932
Long-Term Liabilities:			
Due Within One Year	74,214	96,357	(22,143)
Due In More Than One Year:			
Pension & OPEB	18,085,714	17,097,887	987,827
Other Amounts	688,310	817,422	(129,112)
<i>Total Liabilities</i>	<u>20,664,813</u>	<u>19,654,309</u>	<u>1,010,504</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	4,520,934	3,878,526	642,408
Payments in Lieu of Taxes	17,500	17,500	-
Pension & OPEB	2,899,453	3,370,336	(470,883)
<i>Total Deferred Inflows of Resources</i>	<u>7,437,887</u>	<u>7,266,362</u>	<u>171,525</u>
<b>Net Position</b>			
Net Investment in Capital Assets	6,579,145	6,780,556	(201,411)
Restricted	761,741	603,026	158,715
Unrestricted	(11,927,156)	(13,619,626)	1,692,470
<i>Total Net Position</i>	<u>\$ (4,586,270)</u>	<u>\$ (6,236,044)</u>	<u>\$ 1,649,774</u>

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Collectively, the net pension liability (NPL), reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27* and the net OPEB liability, pursuant to GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, are the largest liabilities reported by the School District at June 30, 2021. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability (NOA/NOL) to the reported net position and subtracting deferred outflows related to pension and the net OPEB assets.

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/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 asset/liability to equal the School 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 School District is not responsible for certain key factors affecting the balance of these assets/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. For STRS, the plan's fiduciary net OPEB position was sufficient to cover the plan's total OPEB liability resulting in a net OPEB asset for fiscal year 2021 that is allocated to each school based on its proportionate share. The retirement system is responsible for the administration of the pension and OPEB plans.

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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 reported by the retirement boards. 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 School 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 asset/liability, respectively, not accounted for as deferred inflows/outflows.

At year end, capital assets represented 33 percent of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and fixtures, vehicles, infrastructure and textbooks. Net investment in capital assets was \$6,579,145 at June 30, 2021. These capital assets are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, \$761,741, represents resources that are subject to external restrictions on how they may be used. The balance of government-wide unrestricted net position is a deficit of \$11,927,156, which was primarily caused by GASB 68 and 75.

Equity in pooled cash and cash equivalents increased significantly during the fiscal year primarily as a result of increases in property and income taxes in addition to increased operating grants. Intergovernmental receivables increased primarily due to increases in operating grants for Coronavirus relief.

There was a change in net pension/OPEB liability/asset for the School District. These fluctuations are due to changes in the actuarial liabilities/assets and related accruals that are passed through to the School District's financial statements. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows and NPL/NOL/NOA and are described in more detail in their respective notes.

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In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2021 and 2020.

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

	Governmental Activities		
	2021	Restated 2020	Change
<b>Revenues</b>			
<i>Program Revenues</i>			
Charges for Services	\$ 966,675	\$ 1,338,466	\$ (371,791)
Operating Grants	2,393,215	1,314,252	1,078,963
<i>Total Program Revenues</i>	<u>3,359,890</u>	<u>2,652,718</u>	<u>707,172</u>
<b>General Revenues</b>			
Property Taxes	7,935,987	7,787,302	148,685
Income Taxes	2,323,833	2,089,512	234,321
Grants & Entitlements	5,733,594	5,576,482	157,112
Payments in Lieu of Taxes	28,633	52,368	(23,735)
Miscellaneous	231,045	37,560	168,580
<i>Total General Revenues</i>	<u>16,253,092</u>	<u>15,543,224</u>	<u>709,868</u>
<i>Total Revenues</i>	<u>19,612,982</u>	<u>18,195,942</u>	<u>1,417,040</u>
<b>Program Expenses</b>			
Instruction:			
Regular	9,183,250	8,497,575	685,675
Special	1,668,983	1,476,450	192,533
Vocational	314,699	305,029	9,670
Support Services:			
Pupils	804,802	669,860	134,942
Instructional Staff	478,787	455,293	23,494
Board of Education	62,184	66,527	(4,343)
Administration	1,418,162	1,438,565	(20,403)
Fiscal	582,323	623,216	(40,893)
Operation and Maintenance of Plant	845,416	951,696	(106,280)
Pupil Transportation	1,118,649	1,215,842	(97,193)
Central	217,990	118,944	99,046
Operation of Non-Instructional/Shared Services:			
Food Service Operations	692,255	618,914	73,341
Community Services	2,739	-	2,739
Extracurricular Activities	572,328	526,097	46,231
Debt Service:			
Interest and Fiscal Charges	641	12,032	(11,391)
<i>Total Expenses</i>	<u>17,963,208</u>	<u>16,976,040</u>	<u>987,168</u>
<i>Change in Net Position</i>	1,649,774	1,219,902	429,872
<i>Net Position Beginning of Year</i>	(6,236,044)	(7,591,273)	1,355,229
<i>Restatement - See Note 2</i>	-	135,327	(135,327)
<i>Net Position End of Year</i>	<u>\$ (4,586,270)</u>	<u>\$ (6,236,044)</u>	<u>\$ 1,785,101</u>

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Operating grants increased as a result of the addition of CARES Act grants for Coronavirus relief. Charges for services decreased significantly for food service as a result of the COVID-19 pandemic with schools statewide offering free breakfast and lunches for all students, which is funded through grants causing an increase in operating grants.

Overall, program expenses increased significantly. The changes in program expenses are primarily associated to changes in the School District's proportionate share of the net pension liability, net OPEB liability/asset and related accruals. As previously indicated, these items are explained in detail within their respective notes.

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

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

	Total Cost of Service		Net Cost of Service	
	2021	2020	2021	2020
Instruction:				
Regular	9,183,250	8,497,575	7,670,593	7,379,037
Special	1,668,983	1,476,450	1,118,796	951,214
Vocational	314,699	305,029	214,837	242,628
Support Services:				
Pupils	804,802	669,860	579,810	531,922
Instructional Staff	478,787	455,293	431,589	445,164
Board of Education	62,184	66,527	62,184	66,527
Administration	1,418,162	1,438,565	1,338,309	1,361,102
Fiscal	582,323	623,216	582,323	623,216
Operation and Maintenance of Plant	845,416	951,696	845,416	946,433
Pupil Transportation	1,118,649	1,215,842	1,092,869	1,202,349
Central	217,990	118,944	201,151	115,251
Operation of Non-Instructional/Shared Services:				
Food Service Operations	692,255	618,914	52,679	19,705
Community Services	2,739	-	2,739	-
Extracurricular Activities	572,328	526,097	409,382	426,742
Debt Service:				
Interest and Fiscal Charges	641	12,032	641	12,032
<i>Total Expenses</i>	<u>\$ 17,963,208</u>	<u>\$ 16,976,040</u>	<u>\$ 14,603,318</u>	<u>\$ 14,323,322</u>

Table 3 was not updated for the implementation of GASB 84. The dependence upon general revenues for governmental activities is apparent as 81 percent of governmental activities are supported through taxes and other general revenues; such revenues are 83 percent of total governmental revenues. The community, as a whole, is by far the primary support for the School District students.

The total and net cost of services changes were primarily caused by the change in COLA related to NPL/NOL/NOA, as previously discussed.



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***Governmental Funds***

The School District's major funds are accounted for using the modified accrual basis of accounting.

The general fund's net change in fund balance for fiscal year 2021 was an increase of \$1,853,316 as a result of increased property and income taxes, increased intergovernmental receipts, and increased miscellaneous receipts, which was the result of a large Bureau of Workers' Compensation (BWC) rebate.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2021, the School District amended its general fund budget. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

***Original Budget Compared to Final Budget*** During the course of fiscal year 2021, the School District amended its general fund budget for estimated receipts due to increased estimated property taxes. The School District amended its general fund budget for estimated expenditures to decrease expenditures related to the retirement of the tax anticipation note the School District paid in fiscal year 2020. There were no other significant variances.

***Final Budget Compared to Actual Results*** For fiscal year 2021, actual receipts were higher than final budgeted receipts. The most significant variances were for property taxes, income taxes, income taxes. All of which were higher than anticipated. Actual expenditures were lower than final budgeted expenditures, as cost savings were recognized by the School District.

**Capital Assets**

Table 4 shows fiscal year 2021 balances compared with 2020.

**Table 4**  
**Capital Assets at June 30**  
**(Net of Depreciation)**

	Governmental Activities	
	2021	2020
Land	\$ 202,377	\$ 202,377
Land Improvements	407,881	438,224
Buildings and Improvements	3,813,017	3,986,154
Furniture and Fixtures	1,219,309	1,272,082
Vehicles	839,572	786,465
Infrastructure	47,232	42,260
Textbooks	49,757	68,705
<b>Total</b>	<b>\$ 6,579,145</b>	<b>\$ 6,796,267</b>

See Note 9 for more information about the capital assets of the School District.

**Madison Plains Local School District**  
**Madison County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2021*  
*(Unaudited)*

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***Current Issues***

The School District has a good financial position. The Board of Education and administration closely monitor the School District's revenues and expenditures in accordance with its financial forecast and the School District's Improvement plan. The administration continues to carefully plan its expenditures to provide adequate resources to meet student needs over the next several years.

The School District is entering the third year of a three year negotiated agreement with the Madison Plains Education Association and the Ohio Association of Public School Employees. The School District completed negotiations with both MPEA and OAPSE in summer 2019. A three year contract was agreed upon. The MPEA contract calls for a 1 percent base increase in the first year, and 2 percent increase in years two and three of the agreement on a traditional column and step salary schedule (Legacy Schedule), as well as an optional performance based alternative salary schedule (MP COMPASS Schedule) at an estimated 7 percent overall increase in the first year based on initial opt-in placement and incentives, and 2 percent overall in years two and three of the agreement. The OAPSE contract calls for a 2 percent base increase in the first and second year, and 2.25 percent in year three of the agreement on a traditional column and step salary schedule. Each agreement also calls for an insurance cap of 12 percent. Should the insurance increase exceed 12 percent the percentage split between the School District and the employees of premium costs increases from an 80/20 School District/Employee percentage split, to a 50/50 School District/Employee percentage split.

The School District successfully passed a 1.25 percent earned income tax in May 2018, effective in 2019 for a period of five years. This School District earned income tax is expected to generate \$1.9 million in revenue per year.

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures have impacted the current period and will continue to impact subsequent periods of the School District.

***Contacting the School District's Financial Management***

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Todd Mustain, Treasurer of Madison Plains Local School District, 55 Linson Road SW, London, Ohio 43140.

**Madison Plains Local School District**  
**Madison County, Ohio**  
*Statement of Net Position*  
*June 30, 2021*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 5,355,027
Intergovernmental Receivable	530,137
Taxes Receivable	5,802,595
Income Taxes Receivable	938,062
Payments in Lieu of Taxes Receivable	17,500
Net OPEB Asset	948,574
Non-Depreciable Capital Assets	202,377
Depreciable Capital Assets, net	6,376,768
<i>Total Assets</i>	20,171,040
<b>Deferred Outflows of Resources</b>	
Pension	2,952,744
OPEB	392,646
<i>Total Deferred Outflows of Resources</i>	3,345,390
<b>Liabilities</b>	
Accounts Payable	165,577
Accrued Wages and Benefits	1,346,149
Accrued Vacation Payable	34,375
Intergovernmental Payable	267,477
Matured Compensated Absences Payable	2,997
Long-Term Liabilities:	
Due Within One Year	74,214
Due In More Than One Year:	
Net Pension Liability	16,835,016
Net OPEB Liability	1,250,698
Other Amounts Due in More Than One Year	688,310
<i>Total Liabilities</i>	20,664,813
<b>Deferred Inflows of Resources</b>	
Property Taxes Levied for the Next Year	4,520,934
Payments in Lieu of Taxes for the Next Year	17,500
Pension	796,780
OPEB	2,102,673
<i>Total Deferred Inflows of Resources</i>	7,437,887
<b>Net Position</b>	
Net Investment in Capital Assets	6,579,145
Restricted for:	
Capital Outlay	415,413
Other Purposes	346,328
Unrestricted	(11,927,156)
<i>Total Net Position</i>	\$ (4,586,270)

See accompanying notes to the basic financial statements.

**Madison Plains Local School District**  
**Madison County, Ohio**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2021

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
<b>Governmental Activities</b>				
Instruction:				
Regular	\$ 9,183,250	\$ 624,911	\$ 887,746	\$ (7,670,593)
Special	1,668,983	93,393	456,794	(1,118,796)
Vocational	314,699	2,694	97,168	(214,837)
Support Services:				
Pupils	804,802	5,339	219,653	(579,810)
Instructional Staff	478,787	-	47,198	(431,589)
Board of Education	62,184	-	-	(62,184)
Administration	1,418,162	-	79,853	(1,338,309)
Fiscal	582,323	-	-	(582,323)
Operation and Maintenance of Plant	845,416	-	-	(845,416)
Pupil Transportation	1,118,649	-	25,780	(1,092,869)
Central	217,990	5,558	11,281	(201,151)
Operation of Non-Instructional/Shared Services:				
Food Service Operations	692,255	77,241	562,335	(52,679)
Community Services	2,739	-	-	(2,739)
Extracurricular Activities	572,328	157,539	5,407	(409,382)
Debt Service:				
Interest and Fiscal Charges	641	-	-	(641)
<b>Total</b>	<u>\$ 17,963,208</u>	<u>\$ 966,675</u>	<u>\$ 2,393,215</u>	<u>(14,603,318)</u>

**General Revenues**

Property Taxes Levied for:		
General Purposes		7,575,914
Capital Outlay		360,073
Income Taxes Levied for:		
General Purposes		2,323,833
Grants and Entitlements not Restricted to Specific Programs		5,733,594
Payments in Lieu of Taxes		28,633
Gain on Sale of Capital Assets		16
Insurance Recoveries		24,905
Investment Earnings		3
Miscellaneous		206,121
<i>Total General Revenues</i>		<u>16,253,092</u>
<i>Change in Net Position</i>		1,649,774
<i>Net Position Beginning of Year (Restated, See Note 2)</i>		<u>(6,236,044)</u>
<i>Net Position End of Year</i>		<u>\$ (4,586,270)</u>

See accompanying notes to the basic financial statements.

**Madison Plains Local School District**  
**Madison County, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2021*

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 4,665,213	\$ 689,814	\$ 5,355,027
Interfund Receivable	269,191	-	269,191
Intergovernmental Receivable	70,783	459,354	530,137
Taxes Receivable	5,567,690	234,905	5,802,595
Income Taxes Receivable	938,062	-	938,062
Revenue in Lieu of Taxes Receivable	17,500	-	17,500
<i>Total Assets</i>	<u>\$ 11,528,439</u>	<u>\$ 1,384,073</u>	<u>\$ 12,912,512</u>
<b>Liabilities</b>			
Accounts Payable	\$ 17,558	\$ 148,019	\$ 165,577
Accrued Wages and Benefits	1,267,043	79,106	1,346,149
Intergovernmental Payable	256,768	10,709	267,477
Interfund Payable	-	269,191	269,191
Matured Compensated Absences Payable	2,997	-	2,997
<i>Total Liabilities</i>	<u>1,544,366</u>	<u>507,025</u>	<u>2,051,391</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes Levied for the Next Year	4,344,207	176,727	4,520,934
Payments in Lieu of Taxes	17,500	-	17,500
Unavailable Revenue	523,796	203,761	727,557
<i>Total Deferred Inflows of Resources</i>	<u>4,885,503</u>	<u>380,488</u>	<u>5,265,991</u>
<b>Fund Balances</b>			
Restricted	-	680,931	680,931
Assigned	276,111	-	276,111
Unassigned	4,822,459	(184,371)	4,638,088
<i>Total Fund Balance</i>	<u>5,098,570</u>	<u>496,560</u>	<u>5,595,130</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 11,528,439</u>	<u>\$ 1,384,073</u>	<u>\$ 12,912,512</u>

See accompanying notes to the basic financial statements.

**Madison Plains Local School District**  
**Madison County, Ohio**  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Position of Governmental Activities*  
*June 30, 2021*

<b>Total Governmental Fund Balances</b>		\$ 5,595,130
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		6,579,145
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Intergovernmental	\$ 187,539	
Delinquent Property Taxes	365,591	
Income Tax	<u>174,427</u>	727,557
The net pension liability and net OPEB liability are not due and payable in the current period, therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Net OPEB Asset	948,574	
Deferred Outflows - Pension	2,952,744	
Deferred Outflows - OPEB	392,646	
Net Pension Liability	(16,835,016)	
Net OPEB Liability	(1,250,698)	
Deferred Inflows - Pension	(796,780)	
Deferred Inflows - OPEB	<u>(2,102,673)</u>	(16,691,203)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Capital Leases	(43,535)	
Accrued Vacation Leave Payable	(34,375)	
Compensated Absences	<u>(718,989)</u>	<u>(796,899)</u>
<i>Net Position of Governmental Activities</i>		<u><u>\$ (4,586,270)</u></u>

See accompanying notes to the basic financial statements.

**Madison Plains Local School District**  
**Madison County, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2021*

	General	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property and Other Local Taxes	\$ 7,495,909	\$ 356,631	\$ 7,852,540
Income Taxes	2,521,429	-	2,521,429
Intergovernmental	5,981,465	2,000,939	7,982,404
Investment Income	3	-	3
Tuition and Fees	719,824	-	719,824
Extracurricular Activities	8,659	157,539	166,198
Charges for Services	3,412	77,241	80,653
Contributions and Donations	9,532	83,996	93,528
Payments in Lieu of Taxes	28,633	-	28,633
Miscellaneous	204,969	1,152	206,121
<i>Total Revenues</i>	<u>16,973,835</u>	<u>2,677,498</u>	<u>19,651,333</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	7,960,345	880,327	8,840,672
Special	1,387,965	246,940	1,634,905
Vocational	297,311	9,378	306,689
Support Services:			
Pupils	594,494	204,360	798,854
Instructional Staff	423,397	46,665	470,062
Board of Education	62,009	-	62,009
Administration	1,356,507	84,750	1,441,257
Fiscal	598,829	7,740	606,569
Operation and Maintenance of Plant	839,377	11,580	850,957
Pupil Transportation	997,578	204,220	1,201,798
Central	198,497	12,463	210,960
Operation of Non-Instructional/Shared Services:			
Food Service Operations	-	702,541	702,541
Community Services	-	2,739	2,739
Extracurricular Activities	404,291	154,540	558,831
Capital Outlay	-	88,468	88,468
Debt Service			
Principal Retirement	16,455	-	16,455
Interest and Fiscal Charges	641	-	641
<i>Total Expenditures</i>	<u>15,137,696</u>	<u>2,656,711</u>	<u>17,794,407</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,836,139</u>	<u>20,787</u>	<u>1,856,926</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from Sale of Capital Assets	16	-	16
Insurance Recoveries	24,905	-	24,905
Inception of Capital Lease	48,283	-	48,283
Transfers In	-	56,027	56,027
Transfers Out	(56,027)	-	(56,027)
<i>Total Other Financing Sources (Uses)</i>	<u>17,177</u>	<u>56,027</u>	<u>73,204</u>
<i>Net Change in Fund Balances</i>	1,853,316	76,814	1,930,130
<i>Fund Balances Beginning of Year, Restated (See Note 2)</i>	<u>3,245,254</u>	<u>419,746</u>	<u>3,665,000</u>
<i>Fund Balances End of Year</i>	<u>\$ 5,098,570</u>	<u>\$ 496,560</u>	<u>\$ 5,595,130</u>

See accompanying notes to the basic financial statements.

**Madison Plains Local School District**  
**Madison 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*

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	1,930,130
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	\$ 253,645	
Current Year Depreciation	<u>(470,767)</u>	(217,122)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Intergovernmental	50,877	
Property Taxes	83,447	
Income Tax	<u>(197,596)</u>	(63,272)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Capital Lease		20,459
Inception of capital lease in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues.		
		(48,283)
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,199,976	
OPEB	<u>36,925</u>	1,236,901
Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(1,525,870)	
OPEB	<u>143,941</u>	(1,381,929)
Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Accrued Vacation Leave Payable	(6,189)	
Early Retirement Incentive	18,044	
Compensated Absences	<u>161,035</u>	<u>172,890</u>
<i>Change in Net Position of Governmental Activities</i>	\$	<u><u>1,649,774</u></u>

See accompanying notes to the basic financial statements.



**Madison Plains Local School District**  
**Madison County, Ohio**  
*Statement of Revenues, Expenditures and Changes in*  
*Fund Balance - Budget and Actual (Budget Basis)*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2021*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues and Other Financing Sources	\$ 16,134,018	\$ 15,827,511	\$ 17,342,834	\$ 1,515,323
Expenditures and Other Financing Uses	<u>16,328,318</u>	<u>15,501,129</u>	<u>15,393,019</u>	<u>108,110</u>
Net Change in Fund Balance	(194,300)	326,382	1,949,815	1,623,433
<i>Fund Balance Beginning of Year</i>	2,492,342	2,492,342	2,492,342	-
Prior Year Encumbrances Appropriated	<u>145,730</u>	<u>145,730</u>	<u>145,730</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 2,443,772</u>	<u>\$ 2,964,454</u>	<u>\$ 4,587,887</u>	<u>\$ 1,623,433</u>

See accompanying notes to the basic financial statements.

**Madison Plains Local School District**  
**Madison County, Ohio**  
*Statement of Fiduciary Net Position*  
*Custodial Fund*  
*June 30, 2021*

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	<u>Custodial</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 49
<i>Total Assets</i>	<u>49</u>
<b>Net Position</b>	
Restricted for Individuals, Organizations, and Other Governments	49
<i>Total Net Position</i>	<u><u>\$ 49</u></u>

See accompanying notes to the basic financial statements.

**Madison Plains Local School District**  
**Madison County, Ohio**  
*Statement of Changes in Fiduciary Net Position*  
*Custodial Fund*  
*For the Fiscal Year Ended June 30, 2021*

	Custodial
<b>Additions</b>	
Extracurricular Amounts Collected for Other Governments	\$ 2,544
<i>Total Additions</i>	<i>2,544</i>
<b>Deductions</b>	
Extracurricular Distributions to Other Governments	2,495
<i>Total Deductions</i>	<i>2,495</i>
 <i>Change in Net Position</i>	 49
 <i>Net Position Beginning of Year</i>	 -
 <i>Net Position End of Year</i>	 \$ 49

See accompanying notes to the basic financial statements.

**Madison Plains Local School District**  
**Madison County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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**NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT**

Madison Plains Local School District (the “School District”) was formed in 1968, the result of a consolidation of the Plains District and the Madison South District. This new District covered 270 square miles. The newly appointed Board of Education, Isaiah Call, Donald Dorn, Donald Laird, Marion Moats, and C. B. Stoer, met for the first time on June 22, 1968.

In 1969 the School District operated six buildings: Madison Rural School, which housed kindergarten-fourth, seventh and eighth grades; Midway School with first, third, and fifth grades; South Solon School housed kindergarten, first, second, fourth, and sixth grades; Mt. Sterling School with kindergarten through sixth grades and grades nine through twelve; Fairfield School with students in grades kindergarten through eighth, and, lastly, the Madison South High School housed grades ten, eleven, and twelve. Beginning with the 1971-72 school year, all tenth, eleventh, and twelfth grade students of the School District began to attend the Madison South building.

In 1976, the School District was still operating six buildings, employed 105 certified and 69 noncertified employees with an operating budget of just over two million dollars a year. Property valuation was \$56 million dollars and the School District operated on 22 mills. Student enrollment was 2,013, of which 40 students attended the Tolles Career and Technical Center. In 1978, the South Solon Elementary School was closed and sold. That same year the Madison-Plains High School, housing ninth through twelfth grades, opened for instruction.

Currently, the School District operates a single campus of four buildings, one elementary school housing grades kindergarten through third, one intermediate school housing grades fourth through sixth; one middle school with grades seven and eight; and one high school which houses grades nine through twelve.

The School District is a body political 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 School District is a local district as defined by Section 3311.03 of the Ohio Revised Code. The School District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the School District.

The School District provides regular, vocational and special instruction. The School District also provides support services for the pupils, instructional staff, general and school administration, fiscal services, facilities acquisition and construction services, operation and maintenance of plant, student transportation, food services, extracurricular activities and non-programmed services.

**Reporting Entity**

A reporting entity is comprised of the primary government, component units and other organizations that are included to insure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Madison Plains Local School District, this includes general operations, food service and student related activities of the School District.

**Madison Plains Local School District**  
**Madison County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. The School District has no component units.

The School District participates in two jointly governed organizations and two insurance purchasing pools. These organizations are the Miami Valley Educational Computer Association, Tolles Career and Technical Center, the Ohio School Boards Association Workers' Compensation Group Rating Program and the Southwestern Ohio Educational Purchasing Council Medical Insurance and Benefit Plan Trust. These organizations are presented in Notes 10, 17 and 18 to the basic financial statements.

## **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

### ***A. Basis of Presentation***

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

***Government-wide Financial Statements*** The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net position presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each governmental activity is self-financing or draws from the general revenues of the School District.

**Madison Plains Local School District**  
**Madison County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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***Fund Financial Statements*** During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

***B. Fund Accounting***

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The School District has no proprietary funds.

***Governmental Funds*** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following is the School District's major governmental fund:

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

The other governmental funds of the School District account for grants and other resources to which the School District is bound to observe constraints imposed upon the use of the resources.

***Fiduciary Funds*** Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. Custodial Funds are used to report fiduciary activities that are not required to be reported in a trust fund.

The School District's fiduciary fund is a custodial fund. Custodial funds are used to account for assets held by the School District as fiscal agent for the Ohio High School Athletic Association (OHSAA).

***C. Measurement Focus***

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

**Madison Plains Local School District**  
**Madison County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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

The custodial fund is reported using the economic resources measurement focus and is excluded from the governmental activities. All assets and liabilities associated with the operation of this fund are included on the statement of fiduciary net position. The statement of changes in fiduciary net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

***D. Basis of Accounting***

Basis of accounting determines when transactions are recorded in the financial records and reported on the basic financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows of resources, and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the School 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 School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On 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 and rentals.

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***Deferred Outflows/Inflows of Resources*** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent 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 School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 11 and 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, payment in lieu of taxes, pension, OPEB and unavailable revenue. Property taxes and payment in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2021 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and 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 School District, unavailable revenue may include delinquent property taxes, income taxes, grants and entitlements and miscellaneous revenue. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 11 and 12).

***Expenses/Expenditures*** On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the food service fund as intergovernmental revenue and an expenditure of food service operations. In addition, this amount is reported on the statement of activities as an expense with a like amount reported within “operating grants, contributions and interest” program revenue account.

Under the modified accrual basis, 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. Cash and Cash Equivalents***

To improve cash management, cash received by the School District is pooled. Monies for all fund are maintained in this pool. Individual fund integrity is maintained through School District records. Each funds interest in the pool is presented as “Equity in Pooled Cash and Cash Equivalents” on the financial statements.

During fiscal year 2021, the School District invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.



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For the fiscal year 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

The School District also invests in STAR Plus, a federally insured cash account powered by the Federally Insured Cash Account (FICA) program. STAR Plus enables political subdivisions to generate a competitive yield on cash deposits in a network of carefully-selected FDIC-insured banks via a single, convenient account. STAR Plus offers attractive yields with no market or credit risk, weekly liquidity and penalty free withdrawals. All deposits with STAR Plus have full FDIC insurance with no term commitment on deposits.

For presentation on the financial statements, investments of the cash management pool and investments with maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments. The School District has no investments.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2021 amounted to \$3, which includes \$0 assigned from other School District funds.

***F. 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.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of \$2,500. 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 are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10-20 Years
Buildings and Improvements	25-40 Years
Furniture and Fixtures	3-10 Years
Vehicles	3-10 Years
Infrastructure	10 Years
Textbooks	10-15 Years

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***G. Compensated Absences***

The School District reports compensated absences in accordance with the provisions of GASB No. 16, *Accounting for Compensated Absences*. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. The liability includes the employees who are eligible to receive termination benefits and those the School District had identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in the School District's termination policy.

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

In governmental funds, the liability for unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources.

***H. Pensions and Other Postemployment Benefits (OPEB)***

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

***I. Accrued Liabilities and Long-Term Obligations***

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB 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.

***J. Net Position***

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. 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 their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

***K. Fund Balance***

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

*Nonspendable* – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

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

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

*Assigned* – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education. The Board of Education has by resolution authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

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

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

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***L. Interfund Activity***

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

On fund financial statements, receivables and payables resulting from short-term interfund loans and interfund services provided and used are classified as "interfund receivables/payables." Interfund balances are eliminated in the governmental activities column of the statement of net position.

***M. 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.

***N. Estimates***

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

***O. Budgetary Data***

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

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

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

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***P. Implementation of new accounting principles and restatement of net position/fund balances***

***Implementation of New Accounting Principles***

For the fiscal year ended June 30, 2021, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, GASB Statement No. 90, *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61*, certain provisions of GASB Statement No. 93, *Replacement of Interbank Offered Rates* and GASB Statement No. 98, *The Annual Comprehensive Financial Report*.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the School District reviewed its funds for proper classification, and any fund reclassifications resulted in the restatement of the School District's financial statements (see below).

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the School District.

GASB Statement No. 93 addresses accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The implementation of certain provisions (all except for paragraphs 13 and 14, which are effective for fiscal years beginning after June 15, 2021), of GASB Statement No. 93 did not have an effect on the financial statements of the School District.

GASB Statement No. 98 establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The implementation of GASB Statement No. 98 did not have an effect on the financial statements of the School District.

***Restatement of Net Position/Fund Balances***

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

	Governmental Activities
Net Position, June 30, 2020	\$ (6,371,371)
GASB Statement No. 84	135,327
Restated Net Position, June 30, 2020	\$ (6,236,044)

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

	General Fund	Other Governmental Funds
Fund Balance, June 30, 2020	\$ 3,256,938	\$ 272,735
GASB Statement No. 84	(11,684)	147,011
Restated Fund Balance, June 30, 2020	\$ 3,245,254	\$ 419,746

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

	Fiduciary Funds	
	Private Purpose Trust	Agency
Net Position, June 30, 2020	\$ 2,952	\$ -
GASB Statement No. 84	(2,952)	-
Adjustments:		
Assets	-	(132,375)
Liabilities	-	132,375
Restated Net Position, June 30, 2020	\$ -	\$ -

**NOTE 3 – DEFICIT FUND BALANCES**

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

	<b>Amount</b>
<b>Nonmajor Governmental Funds:</b>	
Food Service	\$ 62,390
Esser	104,728
IDEA, Part B	8,183
Title I	9,070
Total	\$ 184,371

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

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**NOTE 4 – BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and described above is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual, is presented for the general fund on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as an assignment of fund balance (GAAP).
4. Some funds are included in the General Fund (GAAP basis), but have separate legally adopted budgets (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement on a fund type basis for the general fund, some funds are included in the general fund (GAAP), but have separate legally adopted budgets.

**Net Change in Fund Balance**

GAAP Basis	\$ 1,853,316
Net Adjustment for Revenue Accruals	356,152
Net Adjustment for Expenditure Accruals	(71,766)
Funds Budgeted Elsewhere	(26,891)
Adjustment for Encumbrances	<u>(160,996)</u>
Budget Basis	<u>\$ 1,949,815</u>

\*\*As part of Governmental Accounting Standards Board No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, 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 uniform school supplies, public school support, technology insurance and district rotary funds.

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**NOTE 5 – DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the School 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 School District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board 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.

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

Interim monies to 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;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 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;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);



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7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days and two hundred seventy days, respectively, from the purchase date in an amount not to exceed 40 percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate notes rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

***Cash on Hand*** - At June 30, 2021 the School District had \$2,650 in undeposited cash on hand, which is included as part of "Equity in Pooled Cash and Cash Equivalents."

***Deposits*** - At year-end, \$5,145,039 of the School District's bank balance of \$5,395,039 was exposed to custodial credit risk. Although the securities were held by the pledging financial institutions' trust department in the School District's name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

***Custodial Credit Risk*** Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by:

- Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

***Investments*** - As of June 30, 2021, the School District had the following investment and maturity:

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Investment Type	Measurement Amount	Maturity (in Months) 0 - 12	Percent of Total
STAR Ohio	\$ 2,126	\$ 2,126	100%

**Interest Rate Risk** - The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The School District’s policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the School District.

**Credit Risk** - STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2021, is 54 days and carries a rating of AAAM by S&P Global Ratings.

**Concentration of Credit Risk** - The School District investment policy is to be diversified to eliminate the risk of loss resulting from over concentration of assets in a specific maturity, a specific issue or a specific class of securities. Strategies to achieve this are determined and revised periodically. All investments and deposits are collateralized pursuant to the Ohio Revised Code.

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid 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 revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien December 31, 2020, were levied after April 1, 2020 and are collected in 2021 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Madison, Franklin, and Fayette Counties. The County Auditors periodically advance to the School 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 of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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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 of resources.

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 of resources.

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

	<b>2021 First-Half</b>		<b>2020 Second-Half</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/Residential and Other Real	\$ 283,781,240	87.73%	\$ 302,052,340	88.30%
Commercial/Industrial and Public Utility	11,330,560	3.50%	11,051,170	3.23%
Public Utility Personal Property	28,363,720	8.78%	28,972,220	8.47%
<b>Total</b>	<b>\$ 323,475,520</b>	<b>100.00%</b>	<b>\$ 342,075,730</b>	<b>100.00%</b>
Tax rate per \$1,000 of assessed valuation	\$ 48.45		\$ 48.45	

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2021, consisted of property taxes, income taxes, revenue in lieu of taxes, intergovernmental, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables, except property taxes, are expected to be collected within the subsequent year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

**NOTE 8 – INCOME TAXES**

The School District levies a voted tax of 1.25 percent for general operations on the income of residents and of estates. The tax was levied on January 1, 2019 and will continue for five years. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund.

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**NOTE 9 – CAPITAL ASSETS**

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

	Balance 6/30/2020	Additions	Adjustment/ Deletions	Balance 6/30/2021
<b>Governmental Activities</b>				
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$ 202,377	\$ -	\$ -	\$ 202,377
<i>Capital Assets, Being Depreciated:</i>				
Land Improvements	2,156,205	17,343	-	2,173,548
Buildings and Improvements	9,088,460	17,960	-	9,106,420
Furniture and Fixtures	2,632,317	26,337	-	2,658,654
Vehicles	2,676,773	177,524	(148,424)	2,705,873
Infrastructure	81,651	14,481	-	96,132
Textbooks	738,045	-	-	738,045
<i>Total Capital Assets, Being Depreciated</i>	<u>17,373,451</u>	<u>253,645</u>	<u>(148,424)</u>	<u>17,478,672</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(1,717,981)	(47,686)	-	(1,765,667)
Buildings and Improvements	(5,102,306)	(191,097)	-	(5,293,403)
Furniture and Fixtures	(1,360,235)	(79,110)	-	(1,439,345)
Vehicles	(1,890,308)	(124,417)	148,424	(1,866,301)
Infrastructure	(39,391)	(9,509)	-	(48,900)
Textbooks	(669,340)	(18,948)	-	(688,288)
<i>Total Accumulated Depreciation</i>	<u>(10,779,561)</u>	<u>(470,767)</u>	<u>148,424</u>	<u>(11,101,904)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>6,593,890</u>	<u>(217,122)</u>	<u>-</u>	<u>6,376,768</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 6,796,267</u>	<u>\$ (217,122)</u>	<u>\$ -</u>	<u>\$ 6,579,145</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 283,952
Special	387
Support Services:	
Board of Education	175
Administration	4,201
Operations and Maintenance	32,315
Pupil Transportation	122,798
Central	7,030
Food Service Operations	3,258
Extracurricular Activities	16,651
<i>Total Depreciation Expense</i>	<u>\$ 470,767</u>

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**NOTE 10 – RISK MANAGEMENT**

***A. Property and Liability***

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The School District has addressed these various types of risk by purchasing a comprehensive insurance policy through commercial carriers. General liability insurance is maintained in the amount of \$1,000,000 for each occurrence and \$3,000,000 in the aggregate. In addition, the School District also maintains a \$4,000,000 umbrella liability policy.

The School District maintains fleet insurance in the amount of \$1,000,000 for any one accident or loss and replacement cost insurance on buildings and contents in the amount of \$27,832,544 (based on the most recent industrial appraisal). Insurance levels are monitored by the Treasurer and adjusted annually based on current capital assets values.

Settlements have not exceeded coverage in any of the last three fiscal years. There has not been a significant reduction in coverage from the prior year.

***B. Workers' Compensation***

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (Program), an insurance purchasing pool. The Program's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating Districts pay an enrollment fee to the Program to cover the costs of administering the program.

The Plan is intended to achieve the benefit of a reduced premium for The School District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan.

Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performances is compared to the overall savings percent of the Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The school districts apply for participation each year. The firm of Gates McDonald provides administrative, cost control and actuarial services to the Plan. Each year, the School District pays an enrollment fee to the Plan to cover the costs of administering the program.

***C. Employee Medical, Dental and Vision Benefits***

For fiscal year 2021, the School District participated in the Southwestern Ohio Educational Purchasing Council and Medical Insurance and Benefit Plan Trust, a public entity shared risk pool (Note 18). The School District pays monthly premiums to the Trust for employee medical, dental and vision insurance benefits. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

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**NOTE 11 - 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) represents the School District’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension 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 this estimate annually.

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities (assets) within 30 years. If the amortization period exceeds 30 years, each pension plan’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 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.

The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

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

Plan Description – School District non-teaching employees participate in SERS, a statewide, 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.

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SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

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

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

The School District's contractually required contribution to SERS was \$272,625 for fiscal year 2021. Of this amount, \$27,667 is reported as an intergovernmental payable.

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

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee 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 Web site at [www.strsoh.org](http://www.strsoh.org).

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

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased through August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit plan unfunded liability. A member is eligible to receive a monthly retirement benefit at age 50 and termination of employment. The member may elect to receive a lump-sum withdrawal.

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

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members 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. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.



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Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14 percent and the statutory member rate is 14 percent of covered payroll. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The 2021 contribution rates were equal to the statutory maximum rates.

The School District’s contractually required contribution to STRS was \$927,351 for fiscal year 2021. Of this amount, \$171,124 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the employer’s share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.05708270%	0.05397259%	
Prior Measurement Date	0.06275200%	0.05309002%	
Change in Proportionate Share	-0.00566930%	0.00088257%	
Proportionate Share of the Net			
Pension Liability	\$ 3,775,570	\$ 13,059,446	\$ 16,835,016
Pension Expense	\$ 214,509	\$ 1,311,361	\$ 1,525,870

Deferred outflows/inflows of resources represent the effect of changes in the net pension liability due to the difference between projected and actual investment earnings, differences between expected and actual actuarial experience, changes in assumptions and changes in the School District’s proportion of the collective net pension liability. The deferred outflows and deferred inflows are to be included in pension expense over current and future periods. The difference between projected and actual investment earnings is recognized in pension expense using a straight line method over a five year period beginning in the current year. Deferred outflows and deferred inflows resulting from changes in sources other than differences between projected and actual investment earnings are amortized over the average expected remaining service lives of all members (both active and inactive) using the straight line method. Employer contributions to the pension plan subsequent to the measurement date are also required to be reported as a deferred outflow of resources.

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

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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 7,335	\$ 29,303	\$ 36,638
Net Difference between Projected and Actual Earnings on Pension Plan Investments	239,670	635,084	874,754
Changes of Assumptions	-	701,040	701,040
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	-	140,336	140,336
School District Contributions Subsequent to the Measurement Date	<u>272,625</u>	<u>927,351</u>	<u>1,199,976</u>
<b>Total Deferred Outflows of Resources</b>	<b><u>\$ 519,630</u></b>	<b><u>\$ 2,433,114</u></b>	<b><u>\$ 2,952,744</u></b>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and Actual Experience	\$ -	\$ 83,505	\$ 83,505
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	<u>208,800</u>	<u>504,475</u>	<u>713,275</u>
<b>Total Deferred Inflows of Resources</b>	<b><u>\$ 208,800</u></b>	<b><u>\$ 587,980</u></b>	<b><u>\$ 796,780</u></b>

\$1,199,976 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	\$ (132,087)	\$ 218,029	\$ 85,942
2023	(4,645)	90,550	85,905
2024	99,900	285,719	385,619
2025	<u>75,037</u>	<u>323,485</u>	<u>398,522</u>
	<b><u>\$ 38,205</u></b>	<b><u>\$ 917,783</u></b>	<b><u>\$ 955,988</u></b>

***Actuarial Assumptions - SERS***

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment 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.

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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. Future benefits for all current plan members were projected through 2130.

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2021, are presented below:

Actuarial Cost Method	Entry Age Normal (Level Percentage of Payroll, Closed)
Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent, net of investment expense, including inflation
COLA or Ad Hoc COLA	2.50 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120 percent of male rates and 110 percent of female rates used. The RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years is used for the period after disability retirement.

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

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

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

**Discount Rate** Total pension liability was calculated using the discount rate of 7.50 percent. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24-year amortization period of the unfunded actuarial accrued liability. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the School District's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's Proportionate Share of the Net Pension Liability	\$ 5,172,070	\$ 3,775,570	\$ 2,603,880

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021, actuarial valuation, are presented below:

Inflation	2.50 percent
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent
Cost-of-Living Adjustments	0.00 percent

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

The actuarial assumptions used in the June 30, 2020 valuation, were based on the results of the latest available actuarial experience study, which is for the period July 1, 2011, through June 30, 2016.

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

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

\*Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent 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 percent as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at statutory contribution rates of 14 percent each. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table represents the School District's proportionate share of the net pension liability as of June 30, 2021, calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption:

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	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 18,594,378	\$ 13,059,446	\$ 8,369,053

***Social Security System***

Effective July 1, 1991, all employees not otherwise covered by School Employees Retirement System or State Teachers Retirement System have an option to choose Social Security. The School District's liability is 6.2 percent of wages paid.

**NOTE 12 - DEFINED BENEFIT OPEB PLANS**

See Note 11 for a description of the net OPEB liability (asset).

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

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides 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](http://www.ohsers.org) under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent 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 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,

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this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer’s SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District’s surcharge obligation was \$36,925, which is reported as an 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 were discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. 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 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability (asset) was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability			
Current Measurement Date	0.05754800%	0.05397300%	
Prior Measurement Date	0.06373400%	0.05309000%	
Change in Proportionate Share	<u>-0.00618600%</u>	<u>0.00088300%</u>	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ 1,250,698	\$ (948,574)	
OPEB Expense	\$ (59,943)	\$ (83,998)	\$ (143,941)

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

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	SERS	STRS	Total
<b>Deferred Outflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 16,427	\$ 60,782	\$ 77,209
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	14,093	33,246	47,339
Changes of Assumptions	213,202	15,658	228,860
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	1,078	1,235	2,313
School District Contributions Subsequent to the Measurement Date	36,925	-	36,925
<b>Total Deferred Outflows of Resources</b>	<u>\$ 281,725</u>	<u>\$ 110,921</u>	<u>\$ 392,646</u>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 636,071	\$ 188,942	\$ 825,013
Changes of Assumptions	31,503	900,987	932,490
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	236,953	108,217	345,170
<b>Total Deferred Inflows of Resources</b>	<u>\$ 904,527</u>	<u>\$ 1,198,146</u>	<u>\$ 2,102,673</u>

\$36,925 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability 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:

Fiscal Year Ending June 30:	SERS	STRS	Total
2022	\$ (136,147)	\$ (272,539)	\$ (408,686)
2023	(135,130)	(250,035)	(385,165)
2024	(135,296)	(242,138)	(377,434)
2025	(121,563)	(224,714)	(346,277)
2026	(93,887)	(52,165)	(146,052)
Thereafter	<u>(37,704)</u>	<u>(45,634)</u>	<u>(83,338)</u>
	<u>\$ (659,727)</u>	<u>\$ (1,087,225)</u>	<u>\$ (1,746,952)</u>

***Actuarial Assumptions - SERS***

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



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

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

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

Inflation	3.00 percent
Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Measurement Date	2.45 percent
Prior Measurement Date	3.13 percent
Single Equivalent Interest Rate	
Measurement Date	2.63 percent, net of plan investment expense, including price inflation
Prior Measurement Date	3.22 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Pre-Medicare	7.00 percent - 4.75 percent
Medicare	5.25 percent - 4.75 percent

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer time frame. 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.

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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:

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

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2020 was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 2.00 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2034. However, since SERS' actuaries indicate the fiduciary net position is projected to be depleted at a future measurement date, the single equivalent interest rate is determined as the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion by the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e., municipal bond rate).

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.63 percent) and higher (3.63 percent) than the current discount rate (2.63 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.75 percent) and higher (8.00 percent decreasing to 5.75 percent) than the current rate.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	School District's Proportionate Share of the Net OPEB Liability	\$ 1,530,834	\$ 1,250,698
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
	School District's Proportionate Share of the Net OPEB Liability	\$ 984,836	\$ 1,250,698

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***Actuarial Assumptions – STRS***

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

Inflation	2.50 percent	
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	
Payroll Increases	3.00 percent	
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.45 percent	
Health Care Cost Trend Rates		
Medical	<u>Initial</u>	<u>Ultimate</u>
Pre-Medicare	5.00 percent	4.00 percent
Medicare	-6.69 percent	4.00 percent
Prescription Drug		
Pre-Medicare	6.50 percent	4.00 percent
Medicare	11.87 percent	4.00 percent

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

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

The actuarial assumptions used in the June 30, 2020 valuation were adopted by the board from the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

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

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

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\*Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent 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 liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those 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 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2020.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate** The following table represents the net OPEB asset as of June 30, 2021, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as of June 30, 2020, calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (825,322)	\$ (948,574)	\$ (1,053,150)
	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (1,046,659)	\$ (948,574)	\$ (829,093)

**Benefit Term Changes since the Prior Measurement Date** There were no changes to the claims costs process. Claim curves were updated to reflect the projected fiscal year 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to .1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

**NOTE 13 – OTHER EMPLOYEE BENEFITS**

***Compensated Absences***

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn 10 to 23 days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

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Teachers, Administrators, and Classified employees earn sick leave at a rate of one and one-quarter days per month which may be accumulated up to a maximum of 271 days for classified employees and 280 for certified employees. Upon retirement, payment is made for one-fourth of accrued with a maximum of 62 days for classified employees and 70 days for certified employees.

**NOTE 14 - LONG - TERM OBLIGATIONS**

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

	Balance 6/30/2020	Additions	Reductions	Adjustments	Balance 6/30/2021	Amount Due in One Year
<b>Other Liabilities:</b>						
Net Pension Liability	\$ 15,495,101	\$ 1,339,915	\$ -	\$ -	\$ 16,835,016	\$ -
Net OPEB Liability	1,602,786	-	(352,088)	-	1,250,698	-
Compensated Absences	880,024	-	(161,035)	-	718,989	64,557
Early Retirement Incentive	18,044	-	(18,044)	-	-	-
Capital Lease Payable	15,711	48,283	(16,455)	(4,004)	43,535	9,657
<i>Total Governmental Activities</i>						
<i>Long-Term Liabilities</i>	<u>\$ 18,011,666</u>	<u>\$ 1,388,198</u>	<u>\$ (547,622)</u>	<u>\$ (4,004)</u>	<u>\$ 18,848,238</u>	<u>\$ 74,214</u>

Compensated absences and early retirement incentive payable will be paid from the fund from which the employees' salaries are paid which is primarily the general fund. There is no repayment schedule for the net pension liability and net OPEB liability; however employer pension and OPEB contributions are primarily made from the general fund. For additional information related to the net pension liability and net OPEB liability see Notes 11 and 12. Capital lease payments will be made out of the general fund.

**NOTE 15 – CAPITAL LEASE**

During fiscal year 2016, the School District traded in the existing copier lease on a new lease for copiers. The lease met the criteria of a capital lease as it transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service in the basic financial statements for the government funds.

These assets have been capitalized in the governmental capital assets in the amount of \$100,337 the present value of the minimum lease payments at the inception of each lease. A corresponding liability was recorded in the statement of net position and is reduced for each required principal payment. The amortization schedule is based upon the repayment of the entire authorized amount of the lease. As of June 30, 2021, the assets were fully depreciated and the lease was paid in full.

During fiscal year 2021, the School District traded in the existing copier lease on a new lease for copiers. The lease met the criteria of a capital lease as it transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service in the basic financial statements for the government funds.

Capital lease payments are reported as debt service expenditures on the fund financial statements for governmental funds.

The following is a schedule of the future long term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2021:

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		<u>Copiers</u>
Year ending June 30,	2022	\$ 9,657
	2023	9,657
	2024	9,657
	2025	9,657
	2026	<u>4,907</u>
Present value of minimum lease payments		<u>\$ 43,535</u>

**NOTE 16 – INTERFUND ACTIVITY**

***A. Interfund Balances***

Interfund balances at June 30, 2021 consisted of the following:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
<u>Fund:</u>		
General	<u>\$ 269,191</u>	<u>\$ -</u>
Other Governmental		
Food Service	-	63,000
ESSER	-	59,284
CRF	-	73,308
IDEA-B	-	73,316
Title I	-	283
Total Other Governmental	<u>-</u>	<u>269,191</u>
Total	<u>\$ 269,191</u>	<u>\$ 269,191</u>

Interfund receivables and payables resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2021, all interfund payables outstanding are anticipated to be repaid in fiscal year 2022.

***B. Interfund Transfers***

Interfund transfers for the year ended June 30, 2021, consisted of the following.

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<u>Fund:</u>	Transfers In	Transfers Out
General	\$ -	\$ 56,027
Other Governmental		
Food Service	36,000	-
Athletics	20,000	-
High School That Works	27	-
Total Other Governmental	56,027	-
Total	<u>\$ 56,027</u>	<u>\$ 56,027</u>

The purpose of these transfers was to provide additional resources for current operations.

**NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS**

**Miami Valley Educational Computer Association** – The School District is a participant in the Miami Valley Educational Computer Association (MVECA) which is a computer consortium. MVECA is an association of public school districts within the boundaries of Clark, Clinton, Fayette, Greene, Highland, Madison, Montgomery and Ross Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of MVECA consists of six representatives from the member districts elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent. The School District paid MVECA \$429,128 for services provided during the fiscal year. Financial information can be obtained from Angie Crandall, Executive Director, at MVECA at 330 Enon Road, Yellow Springs, Ohio 45387.

**Tolles Career and Technical Center** - The Tolles Career and Technical Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board of Education consisting of one representative from each of the seven participating school districts’ elected boards, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Treasurer of the Tolles Career and Technical Center, 7877 U.S. Route 42, NE, Plain City, Ohio 43064.

**NOTE 18 – PUBLIC ENTITY SHARED RISK POOL**

**Southwestern Ohio Educational Purchasing Council Medical Insurance and Benefit Plan Trust** - The Southwestern Ohio Educational Purchasing Council Medical Insurance and Benefit Plan Trust is a public entity shared risk pool. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides medical and dental insurance benefits to the employees of the participants. The Trust is governed by the Southwestern Ohio Educational Purchasing Council and its participating members. Each participant decides which plans offered by the Trust will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Trust and payment of the monthly premiums. Financial information can be obtained from the Southwestern Ohio Educational Purchasing Cooperative, 303 Corporate Center Drive, Suite 208, Vandalia, Ohio 45377.

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**NOTE 19 - CONTINGENCIES AND SIGNIFICANT COMMITMENTS**

**A. Grants**

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2021, if applicable, cannot be determined at this time.

**B. Litigation**

The School District is not party to any claims or lawsuits that would, in the School District’s opinion, have a material effect of the basic financial statements.

**C. Encumbrances**

Outstanding encumbrances for governmental funds include \$156,870 for the general fund and \$259,084 in nonmajor governmental funds.

**D. School Foundation**

School district foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, ODE adjustments for fiscal year 2021 are finalized. As a result, the net impact of the FTE adjustments on the fiscal year 2021 financial statements was a liability of the School District.

**NOTE 20 – STATUTORY RESERVES**

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

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

	Capital Acquisition
Set-Aside Restricted Balance as of June 30, 2020	\$ 0
Current Year Set-Aside Requirement	214,361
Current Year Qualifying Expenditures	(322,113)
Totals	\$ (107,752)
Balance Carried Forward to Fiscal Year 2022	\$ 0
Set-Aside Restricted Balance as of June 30, 2021	\$ 0



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The School District had qualifying expenditures during the fiscal year that reduced the capital acquisition set-aside below zero. This amount may not be carried forward to reduce the set-aside requirement for future years.

**NOTE 21 – FUND BALANCE**

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

	General	Other Governmental	Total
Restricted for:			
Capital Outlay	\$ -	\$ 399,191	\$ 399,191
Extracurricular Activities	-	178,305	178,305
Other Purposes	-	103,435	103,435
Total Restricted	-	680,931	680,931
Assigned for:			
Instruction	54,195	-	54,195
Support Services	90,755	-	90,755
Extracurricular	161	-	161
Other Purposes	131,000	-	131,000
Total Assigned	276,111	-	276,111
Unassigned	4,822,459	(184,371)	4,638,088
<i>Total Fund Balance</i>	<i>\$ 5,098,570</i>	<i>\$ 496,560</i>	<i>\$ 5,595,130</i>

**NOTE 22 – COVID-19**

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

**Madison Plains Local School District**  
**Madison County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2021*

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**NOTE 23 – SUBSEQUENT EVENT**

For fiscal year 2022, school district foundation funding received from the State of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the educating school. For fiscal year 2021, the School District reported \$1,478,874 in revenues and expenditures/expenses related to these programs. Also during fiscal year 2021, the school district reported \$484,801 in tuition and fees from the resident school districts which will be direct funded to the School 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 school district. The School District’s state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

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**Madison Plains Local School District**  
**Madison County, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*Last Eight Fiscal Years (1)*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><i>School Employees Retirement System (SERS)</i></b>				
School District's Proportion of the Net Pension Liability	0.05708270%	0.06275200%	0.06269500%	0.06710410%
School District's Proportionate Share of the Net Pension Liability	\$ 3,775,570	\$ 3,754,562	\$ 3,590,659	\$ 4,009,322
School District's Covered Payroll	\$ 1,984,736	\$ 2,087,015	\$ 2,175,600	\$ 2,157,564
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	190.23%	179.90%	165.04%	185.83%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%	69.50%
<b><i>State Teachers Retirement System (STRS)</i></b>				
School District's Proportion of the Net Pension Liability	0.05397259%	0.05309002%	0.05587484%	0.05692946%
School District's Proportionate Share of the Net Pension Liability	\$ 13,059,446	\$ 11,740,539	\$ 12,285,623	\$ 13,523,715
School District's Covered Payroll	\$ 6,540,486	\$ 6,196,221	\$ 6,335,257	\$ 6,303,364
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	199.67%	189.48%	193.92%	214.55%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	77.40%	77.31%	75.30%

(1) Information prior to 2014 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.07038760%	0.06922080%	0.06458300%	0.06458300%
\$ 5,151,723	\$ 3,949,806	\$ 3,268,509	\$ 3,840,544
\$ 2,336,079	\$ 2,397,891	\$ 2,223,203	\$ 2,188,945
220.53%	164.72%	147.02%	175.45%
62.98%	69.16%	71.70%	65.52%
0.05857171%	0.06056975%	0.06146467%	0.06146467%
\$ 19,605,717	\$ 16,739,707	\$ 14,950,335	\$ 17,808,741
\$ 6,467,186	\$ 6,564,457	\$ 6,122,454	\$ 6,025,754
303.16%	255.01%	244.19%	295.54%
66.80%	72.10%	74.70%	69.30%

See accompanying notes to the required supplementary information.

**Madison Plains Local School District**  
**Madison County, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Contributions - Pension*  
*Last Ten Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><i>School Employees Retirement System (SERS)</i></b>				
Contractually Required Contribution	\$ 272,625	\$ 277,863	\$ 281,747	\$ 293,706
Contributions in Relation to the Contractually Required Contribution	<u>(272,625)</u>	<u>(277,863)</u>	<u>(281,747)</u>	<u>(293,706)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 1,947,321	\$ 1,984,736	\$ 2,087,015	\$ 2,175,600
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.50%	13.50%
<b><i>State Teachers Retirement System (STRS)</i></b>				
Contractually Required Contribution	\$ 927,351	\$ 915,668	\$ 867,471	\$ 886,936
Contributions in Relation to the Contractually Required Contribution	<u>(927,351)</u>	<u>(915,668)</u>	<u>(867,471)</u>	<u>(886,936)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 6,623,936	\$ 6,540,486	\$ 6,196,221	\$ 6,335,257
Pension 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>
\$ 302,059	\$ 327,051	\$ 316,042	\$ 308,136	\$ 302,950	\$ 228,871
<u>(302,059)</u>	<u>(327,051)</u>	<u>(316,042)</u>	<u>(308,136)</u>	<u>(302,950)</u>	<u>(228,871)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,157,564	\$ 2,336,079	\$ 2,397,891	\$ 2,223,203	\$ 2,188,945	\$ 1,701,643
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%
\$ 882,471	\$ 905,406	\$ 919,024	\$ 795,919	\$ 783,348	\$ 813,510
<u>(882,471)</u>	<u>(905,406)</u>	<u>(919,024)</u>	<u>(795,919)</u>	<u>(783,348)</u>	<u>(813,510)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 6,303,364	\$ 6,467,186	\$ 6,564,457	\$ 6,122,454	\$ 6,025,754	\$ 6,257,769
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

See accompanying notes to the required supplementary information.

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**Madison Plains Local School District**  
**Madison County, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net OPEB Liability/(Asset)*  
*Last Five Fiscal Years (1)*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b><i>School Employees Retirement System (SERS)</i></b>					
School District's Proportion of the Net OPEB Liability	0.05754800%	0.06373400%	0.06342990%	0.06812740%	0.07075799%
School District's Proportionate Share of the Net OPEB Liability	\$ 1,250,698	\$ 1,602,786	\$ 1,759,717	\$ 1,828,360	\$ 2,016,864
School District's Covered Payroll	\$ 1,984,736	\$ 2,087,015	\$ 2,175,600	\$ 2,157,564	\$ 2,336,079
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	63.02%	76.80%	80.88%	84.74%	86.34%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%	12.46%	11.49%
<b><i>State Teachers Retirement System (STRS)</i></b>					
School District's Proportion of the Net OPEB Liability/(Asset)	0.05397300%	0.05309000%	0.05587484%	0.05692946%	0.05857171%
School District's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (948,574)	\$ (879,298)	\$ (897,852)	\$ 2,221,177	\$ 3,132,430
School District's Covered Payroll	\$ 6,540,486	\$ 6,196,221	\$ 6,335,257	\$ 6,303,364	\$ 6,467,186
School District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	-14.50%	-14.19%	-14.17%	35.24%	48.44%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asse	182.10%	174.70%	176.00%	47.10%	37.30%

(1) Information prior to 2017 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information.

**Madison Plains Local School District**  
**Madison County, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Contributions - OPEB*  
*Last Ten Fiscal Years*

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b><i>School Employees Retirement System (SERS)</i></b>				
Contractually Required Contribution (1)	\$ 36,925	\$ 35,315	\$ 44,721	\$ 44,165
Contributions in Relation to the Contractually Required Contribution	<u>(36,925)</u>	<u>(35,315)</u>	<u>(44,721)</u>	<u>(44,165)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 1,947,321	\$ 1,984,736	\$ 2,087,015	\$ 2,175,600
OPEB Contributions as a Percentage of Covered Payroll (1)	1.90%	1.72%	2.14%	2.03%
<b><i>State Teachers Retirement System (STRS)</i></b>				
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>
School District's Covered Payroll	\$ 6,623,936	\$ 6,540,486	\$ 6,196,221	\$ 6,335,257
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

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>
\$ 37,280	\$ 33,349	\$ 50,027	\$ 31,812	\$ 31,775	\$ 9,394
<u>(37,280)</u>	<u>(33,349)</u>	<u>(50,027)</u>	<u>\$ (31,812)</u>	<u>\$ (31,775)</u>	<u>\$ (9,394)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,157,564	\$ 2,336,079	\$ 2,397,891	\$ 2,223,203	\$ 2,188,945	\$ 1,701,643
1.73%	1.43%	2.09%	1.43%	1.45%	0.55%
\$ -	\$ -	\$ -	\$ 61,225	\$ 60,258	\$ 62,578
<u>-</u>	<u>-</u>	<u>-</u>	<u>(61,225)</u>	<u>(60,258)</u>	<u>(62,578)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 6,303,364	\$ 6,467,186	\$ 6,564,457	\$ 6,122,454	\$ 6,025,754	\$ 6,257,769
0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

See accompanying notes to the required supplementary information.

**Madison-Plains Local School District**  
**Madison County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2021*

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**NOTE 1 - NET PENSION LIABILITY**

***Changes in Assumptions - SERS***

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc COLA. Prior to 2018, an assumption of 3.0 percent was used.

For fiscal year 2017, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00 percent to 3.50 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- 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.
- Mortality among service retired members, and beneficiaries was updated to RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

***Changes in Assumptions – STRS***

For fiscal year 2018, the Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

***Changes in Benefit Terms - SERS***

With the authority granted to the Board under SB 8, the Board enacted a three-year COLA delay for future benefit recipients commencing on or after April 1, 2018.

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

***Changes in Benefit Terms - STRS***

For fiscal year 2018, the cost-of-living adjustment (COLA) was reduced to zero.

**Madison-Plains Local School District**  
**Madison County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2021*

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**NOTE 2 - NET OPEB LIABILITY (ASSET)**

***Changes in Assumptions – SERS***

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

**Municipal Bond Index Rate:**

Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

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

Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

**Pre-Medicare**

Fiscal year 2021	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2020	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2019	7.25 percent initially, decreasing to 4.75 percent
Fiscal year 2018	7.50 percent initially, decreasing to 4.00 percent

**Medicare**

Fiscal year 2021	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2020	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2019	5.375 percent initially, decreasing to 4.75 percent
Fiscal year 2018	5.50 percent initially, decreasing to 5.00 percent

***Changes in Assumptions – STRS***

For fiscal year 2021, valuation year per capita health care costs were updated. Health care cost trend rates ranged from -5.20 percent to 9.60 percent initially for fiscal year 2020 and changed for fiscal year 2021 to a range of -6.69 percent to 11.87 percent, initially.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent. Valuation year per capita health care costs were updated. Health care cost trend rates ranged from 6.00 percent to 11 percent initially and a 4.50 percent ultimate rate for fiscal year 2018 and changed for fiscal year 2019 to a range of -5.20 percent to 9.60 percent, initially and a 4.00 ultimate rate.

For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees

**Madison-Plains Local School District**  
**Madison County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2021*

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and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

***Changes in Benefit Terms - SERS***

There have been no changes to the benefit provisions.

***Changes in Benefit Terms – STRS***

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

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

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

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. This was subsequently extended, see above paragraph.

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

<b>Federal Grantor/ Pass Through Grantor / Program Title</b>	<b>Grant Year</b>	<b>Federal AL Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through The Ohio Department of Education:</i>			
Child Nutrition Cluster:			
National School Breakfast Program	2020	10.553	\$ 131,923
COVID-19 National School Breakfast Program	2020	10.553	<u>14,464</u>
Total National School Breakfast Program			<u>146,387</u>
National School Lunch Program	2020	10.555	261,793
National School Lunch Program Noncash	2020	10.555	40,942
COVID-19 National School Lunch Program	2020	10.555	<u>33,064</u>
Total National School Lunch Program			<u>335,799</u>
Total Child Nutrition Cluster			<u>482,186</u>
<b>Total U.S. Department of Agriculture</b>			<u>482,186</u>
<b>U.S. DEPARTMENT OF TREASURY</b>			
<i>Passed Through The Ohio Department of Education:</i>			
COVID-19 Coronavirus Relief Fund	2021	21.019	232,720
<i>Passed Through Ohio Office of Budget and Management:</i>			
COVID-19 Coronavirus Relief Fund	2021	21.019	<u>145,420</u>
Total COVID-19 Coronavirus Relief Fund			<u>378,140</u>
<b>Total U.S. Department of Treasury</b>			<u>378,140</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through The Ohio Department of Education:</i>			
Title I Grants to Local Educational Agencies	2020	84.010	40,679
Title I Grants to Local Educational Agencies	2021	84.010	<u>213,101</u>
Total Title I Grants to Local Educational Agencies			<u>253,780</u>
Special Education Cluster (IDEA):			
Special Education Grants to States	2020	84.027	42,317
Special Education Grants to States	2021	84.027	<u>228,680</u>
Total Special Education Cluster (IDEA)			<u>270,997</u>
Title IV-A Student Support and Academic Enrichment Program	2020	84.424	4,761
Title IV-A Student Support and Academic Enrichment Program	2021	84.424	<u>17,258</u>
Total Title IV-A Student Support and Academic Enrichment Program			<u>22,019</u>
COVID-19 Elementary and Secondary School Emergency Relief Fund	2021	84.425	<u>200,881</u>
<b>Total – U.S. Department of Education</b>			<u>747,677</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 1,608,003</u>

**Madison-Plains Local School District**  
**Madison County, Ohio**  
Notes to the Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2021

**Note A – Significant Accounting Policies**

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

**Note B – Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**Note C – Indirect Cost Rate**

The School District has elected to not use the 10-percent de minimis indirect cost rate as allowed the Uniform Guidance.

**Note D – Child Nutrition Cluster**

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

**Note E – Food Donation**

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



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

February 25, 2022

Madison-Plains Local School District  
Madison County  
55 Linson Road  
London, Ohio 43144

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **Madison-Plains Local School District**, Madison County, (the School District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated February 25, 2022, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*.

*Internal Control Over Financial Reporting*

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

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

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

Tax - Accounting - Audit - Review - Compilation - Agreed Upon Procedure - Consultation - Bookkeeping - Payroll - Litigation Support - Financial Investigations  
Members: American Institute of Certified Public Accountants

• Ohio Society of CPAs • West Virginia Society of CPAs • Association of Certified Fraud Examiners • Association of Certified Anti-Money Laundering Specialists •

***Compliance and Other Matters***

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

***Purpose of this Report***

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 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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



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

February 25, 2022

Madison-Plains Local School District  
Madison County  
55 Linson Road  
London, Ohio 43144

To the Board of Education:

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

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

***Management's Responsibility***

The School District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

***Auditor's Responsibility***

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

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

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

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

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

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the 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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



**Perry and Associates**  
Certified Public Accountants, A.C.  
Marietta, Ohio

**MADISON-PLAINS LOCAL SCHOOL DISTRICT  
MADISON COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
2 CFR § 200.515  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

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

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unmodified
<i>(d)(1)(ii)</i>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Child Nutrition Cluster, CFDA #10.553 & #10.555
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	Yes

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

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# OHIO AUDITOR OF STATE KEITH FABER



**MADISON-PLAINS LOCAL SCHOOL DISTRICT**

**MADISON COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 5/5/2022**

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

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