

Madison Local School District (Lake County), Ohio

Tax Anticipation Notes, Series 2026

Please find herein a report prepared by the Ohio Municipal Advisory Council (OMAC) as well as the District's most recent audited financial statement. These items are informational and do not constitute a disclosure document. If you would like more information, please contact Michelle Hillstrom at Stifel or Steve Vasek at the District.



Ohio Municipal Advisory Council

Not an agency of the State of Ohio

9321 Ravenna Road, Suite K, Twinsburg, Ohio 44087-2461

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MADISON LOCAL SCHOOL DISTRICT, OHIO
(Lake County)

Federal Identification Number - 34-6001772

Report No. N82-26

Date – May 21, 2026

OMAC Fee: \$500.00

Rating: Not Rated

\$2,000,000 **Tax Anticipation Notes (special obligation),**
Series 2026 (Taxable)

Dated June 24, 2026

Due June 24, 2027

Coupon: _____ **Yield:** _____

Price: _____

Fiscal Officer Steve Vasek, Interim Treasurer
1956 Red Bird Road
Madison, Ohio 44057

Telephone No. 440-428-2166

Purchaser – Stifel, Nicolaus & Company, Inc.

Opinion - Dinsmore & Shohl LLP

Attorney – Brad Ruwe

Paying Agent – Argent Institutional Trust Company

Minimum Denominations - \$100,000.

Book Entry - Yes.

Bank Qualified - No.

Optional Redemption – The Series 2026 Notes shall be subject to optional redemption, in whole or in part, on any business day on or after December 24, 2026 at the option of the District, at a redemption price equal to 100% of the principal amount redeemed plus accrued interest to the date fixed for redemption, upon thirty (30) days’ prior written notice to the registered holder of the Series 2026 Notes.

Purpose – The Notes are being issued in anticipation of the collection of the Tax Revenues, pursuant to Section 133.10(C) of the Uniform Public Securities Law of the Ohio Revised Code, in a principal amount not to exceed \$2,000,000 to provide funds to be used only for the purposes for which the Tax Revenues are levied, collected, distributed and appropriated.

Security – That for the payment of said notes and the interest thereon, the amount of the Tax Revenues necessary to pay the principal of and interest on said notes as they mature shall hereby be deemed appropriated for such purposes, and this Board of Education further covenants that it will levy all property taxes to be collected in the calendar year following the current calendar year that are anticipated herein. Said notes are special obligations of the Board of Education payable solely from the moneys received from the Tax Revenues, which are hereby irrevocably pledged therefor.

The Board of Education will have sufficient revenues from all settlements of taxes for fiscal year 2026-2027 to make debt service payments on the anticipated Tax Anticipation Notes.

LOCATION About 11 miles east of Painesville on Lake Erie (with about 5 miles of shoreline).

Area 45 sq. miles.

Transportation N&S and Conrail RRs, IH 90, US 20 and SRs 84, 307 and 528.

Characteristics It is in a predominantly suburban-residential area with some agricultural sections.

SALARIES, BILLS & DEBT SERVICE

Believed current with no record of deficit financing or default in current expenses or debt service.

Information in this Report has been obtained by OMAC from official and other sources and is believed by OMAC to be accurate and reliable. However, OMAC has not independently confirmed or verified the information in this Report and OMAC does not guaranty the accuracy or completeness of such information. This Report does not constitute an offering of, or a recommendation with regard to the purchase of, any security.

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VOTED OPERATING LEVIES - 51.92 Mills.

S/D COMPOSITION	
<u>Geauga County</u>	
Thompson Twp.	0.33 %
<u>Lake County</u>	
Madison Vg.	17.69 %
Madison Twp.	81.99 %

PUPIL ENROLLMENT *

<u>School Year</u>	<u>October</u>	<u>Average Daily</u>
	<u>Headcount</u>	<u>Membership (ADM)</u>
2024-2025	2,609	2,430
2023-2024	2,678	2,492
2022-2023	2,815	2,599
2021-2022	2,908	2,581
2020-2021	2,861	2,585

* Source: Ohio Department of Education

POPULATION

2024 Estimated* -	18,457
2010 Census* -	18,944
2000 Estimated** -	18,501

Source: * U.S. Census Bureau ** Ohio Dept. of Development

Age Breakdown of Population

<u>Year</u>	<u>Under</u>	<u>18 To</u>	<u>65 &</u>	<u>Median</u>
	<u>18</u>	<u>64</u>	<u>Over</u>	<u>Age</u>
2024*				
National	22.0 %	60.8 %	17.2 %	38.9
State	22.0 %	59.7 %	18.3 %	39.7
Subdivision	19.9 %	58.5 %	21.6 %	45.1
2023*				
National	22.2 %	61.0 %	16.8 %	38.7
State	22.2 %	59.9 %	17.9 %	39.6
Subdivision	20.4 %	59.2 %	20.4 %	44.3
2022*				
National	22.1 %	61.4 %	16.5 %	38.5
State	22.0 %	60.4 %	17.6 %	39.6
Subdivision	20.8 %	59.1 %	20.1 %	44.2
2021*				
National	22.5 %	61.5 %	16.0 %	38.4
State	22.3 %	60.7 %	17.0 %	39.4
Subdivision	20.4 %	59.9 %	19.7 %	44.4
2020*				
National	22.4 %	61.6 %	16.0 %	38.2
State	22.2 %	60.8 %	17.0 %	39.5
Subdivision	20.3 %	60.3 %	19.4 %	43.2
2019*				
National	22.6 %	61.8 %	15.6 %	38.1
State	22.4 %	60.9 %	16.7 %	39.4
Subdivision	22.0 %	58.9 %	19.1 %	42.7
2018*				
National	22.8 %	62.0 %	15.2 %	37.9
State	22.5 %	61.2 %	16.3 %	39.3
Subdivision	23.9 %	58.3 %	17.8 %	41.5
2010				
National	24.0 %	63.0 %	13.0 %	37.2
State	23.7 %	62.2 %	14.1 %	38.8
Subdivision	23.8 %	61.2 %	15.0 %	41.4
2000				
National	25.7 %	61.9 %	12.4 %	35.3
State	25.4 %	61.3 %	13.3 %	36.2
Lake County	24.2 %	61.7 %	14.1 %	38.6

GENERAL FUND *

<u>Year Ending</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>
Beg. Bal 7/1	\$ 2,602,073	\$ 3,506,630	\$ 4,241,880
Receipts	29,462,660	28,344,070	30,382,970
Other Fin Srcs	417,996	0	35,112
Transfers In	79,732	0	0
State Funds##	15,524,588	15,292,700	14,710,978
Expenditures	30,614,771	28,774,987	31,097,604
Transfers Out	79,732	2,817	55,726
Other Fin Uses	0	470,823	0
End Bal. 6/30	1,867,958	2,602,073	3,506,632

Unrestricted (Included in Receipts Figure)

* Cash

Source: Ohio Department of Education

* U.S. Census Bureau, American Community Survey 5 yr. estimate

HOUSING AND INCOME

2019-2023 American Community Survey Five Year Estimate *

	<u>Subdivision</u>	<u>County</u>	<u>State</u>	<u>National</u>
Total Housing Units	8,075	106,331	5,292,391	143,775,355
Occupied Housing Units	7,488	101,144	4,863,191	129,227,496
Owner Occupied (as % of Occupied)	85.0%	75.8%	67.2%	65.2%
Median Value of Owner Occupied Homes Estimate	\$176,600	\$214,100	\$214,800	\$332,700
Total Units Built 1939 or Earlier	12.3%	9.6%	19.0%	11.7%
Total Units Built 2020 or Later	1.9%	1.2%	1.2%	2.2%
Median Family Income Estimate	\$94,745	\$104,555	\$92,749	\$99,999
Median Household Income	\$73,603	\$80,925	\$71,389	\$80,734
Per Capita Income Estimate	\$37,299	\$45,279	\$40,552	\$44,673
Poverty Level (% of all people) **	8.2%	8.3%	13.3%	12.5%

* U.S. Census Bureau

** Percentage of people whose income in the past 12 months has been below the poverty level.

OCCUPATIONAL GROUPS *

UNEMPLOYMENT RATE *

	<u>Lake County</u>	
	<u>Subdivision</u>	<u>State</u>
June, 2025		
Services	36.3 %	44.6 %
Manufacturing	21.0 %	12.4 %
Trade	15.9 %	14.1 %
Government	10.6 %	13.6 %
Finance	6.1 %	5.5 %
Transportation	1.0 %	5.7 %
Utilities	0.7 %	0.3 %
Construction	N/R	4.8 %
Agriculture	N/R	0.4 %
Mining	N/R	0.2 %
June, 2024		
Services	37.9 %	44.3 %
Manufacturing	21.8 %	12.5 %
Trade	16.1 %	14.3 %
Government	10.5 %	13.6 %
Finance	6.1 %	5.6 %
Construction	4.6 %	4.6 %
Transportation	1.6 %	5.7 %
Agriculture	0.9 %	0.4 %
Utilities	0.8 %	0.3 %
Mining	0.1 %	0.2 %

January, 2026
January, 2025

	<u>Lake County</u>		
	<u>Subdivision</u>	<u>State</u>	<u>National</u>
January, 2026	3.8 %	4.6 %	4.7 %
January, 2025	4.5 %	5.3 %	4.4 %

* Ohio Department of Job and Family Services

UNEMPLOYMENT CLAIMANTS *

	<u>Lake County</u>	
	<u>Initial Claims</u>	<u>Continued Claims</u>
March, 2026	460	6,556
March, 2025	478	7,070

* Ohio Department of Job and Family Services

"N/R" displayed for statistics not reported.

* Ohio Department of Job and Family Services

LARGEST TAXPAYERS BY CURRENT TAXES*

(2025 Collection Year)

Taxpayer Name	Current Taxes
C & G INDUSTRIAL PARK LLC	\$27,474
DJK ACRES LLC AN OHIO LLC	\$26,380
SHAW JOYCE & KEVIN	\$21,120
MACKOVJAK MARK E	\$20,012
DENISON JOHN J & JEAN M	\$18,739
TRI COUNTY REAL ESTATE PROPERT	\$18,599
MADISON/VOGUE APTS INC	\$17,323
FRYE HOWARD C	\$16,375
EL INVESTMENT GROUP LLC	\$1,610
OSBORNE RICHARD M TRUSTEE	\$68

* County/Appraisal Company

PROPERTY TAX RATES *

<u>YEAR</u>	<u>TYPE</u>	<u>DEBT</u>	<u>TOTAL</u>	<u>OVERALL</u>	<u>YEAR</u>	<u>TYPE</u>	<u>DEBT</u>	<u>TOTAL</u>	<u>OVERALL</u>
2025-2026	Stated	2.92	59.69	110.82	2024-2025	Stated	2.14	58.91	110.04
	Res/Ag	2.92	24.66	54.98		Res/Ag	2.14	23.83	54.09
	Other	2.92	29.43	72.09		Other	2.14	28.87	71.70
2023-2024	Stated	2.80	59.95	111.15	2022-2023	Stated	2.80	59.96	111.14
	Res/Ag	2.80	28.16	66.74		Res/Ag	2.80	28.30	67.03
	Other	2.80	33.44	82.19		Other	2.80	33.30	81.69

* State Of Ohio

PROPERTY TAX COLLECTIONS *

<u>2024-2025</u>	<u>Current Charge</u>	<u>Total Collected</u>	<u>Pct. of Current Charge Collected</u>	<u>Total Unpaid</u>	<u>Unpaid of Current</u>
RE&PU	\$15,610,984	\$15,628,165	100%	\$472,274	\$310,705
2023-2024					
RE&PU	\$13,896,715	\$13,959,738	100%	\$457,977	\$225,877
2022-2023					
RE&PU	\$13,708,166	\$13,778,405	101%	\$488,515	\$271,691
2021-2022					
RE&PU	\$13,730,208	\$13,747,166	100%	\$528,137	\$248,415
2020-2021					
RE&PU	\$13,296,523	\$13,461,591	101%	\$513,511	\$224,846

* County/Appraisal Company

RE&PU - Real Estate and Public Utility

Previous Percent RE & PU Collected *

<u>Year</u>	<u>Percent</u>	<u>Year</u>	<u>Percent</u>	<u>Year</u>	<u>Percent</u>	<u>Year</u>	<u>Percent</u>
2019-2020	100 %	2013-2014	100 %	2007-2008	101 %	2001-2002	100 %
2018-2019	99 %	2012-2013	100 %	2006-2007	100 %	2000-2001	99 %
2017-2018	101 %	2011-2012	100 %	2005-2006	100 %	1999-2000	100 %
2016-2017	100 %	2010-2011	100 %	2004-2005	100 %	1998-1999	100 %
2015-2016	101 %	2009-2010	93 %	2003-2004	100 %		
2014-2015	100 %	2008-2009	100 %	2002-2003	100 %		

* County/Appraisal Company

ASSESSED VALUATION *

(Next Reappraisal 2030-2031)

	<u>2025-2026</u>	<u>2024-2025</u>	<u>2023-2024</u>	<u>2022-2023</u>	<u>2021-2022</u>
TOTAL	\$619,013,378	\$619,741,250	\$464,135,620	\$460,988,830	\$455,840,060
Real Estate	600,138,018	600,865,890	447,296,690	444,887,130	440,998,340
Public Utility	18,875,360	18,875,360	16,838,930	16,101,700	14,841,720

* State of Ohio

Includes public utility values from the Abstract of the Tax Duplicate

REAL ESTATE ANALYSIS * - 2025-2026

Residential	\$506,801,270	84.45 %	# Total Estimated Commercial, Industrial, & Public Utility =	\$86,302,390
Commercial	64,173,470	10.69	Percent of Total AV	13.9%
Industrial	3,253,560	0.54	Per Capita AV	Subdivision
Agricultural	25,675,940	4.28		\$33,538
Mineral	16,740	0.00		Ohio S/D's (##)
Railroad	217,038	0.04		\$42,301
TOTAL	\$600,138,018			

* State of Ohio

Includes public utility values from the Abstract of the Tax Duplicate

- Represents the average Assessed Value Per Capita for Ohio S/D's.

DEBT AS OF 6/26/2026 *

	<u>TOTAL</u>	<u>NET DEBT</u>
Revenue		
Bonds	\$411,000	
Other Exempt		
<u>Payable From Other Sources</u>		
Current Rev/Exp., Tan Notes	\$2,000,000	
General Obligation		
<u>Limited Tax</u>		
Notes	\$600,000	\$600,000
<u>Unlimited Tax</u>		
Bonds	\$9,546,853	\$9,546,853
Advance Refunding Bonds	\$9,690,000	\$9,690,000
TOTAL DEBT	\$22,247,853	
TOTAL NET DEBT		\$19,836,853

* OMAC

NET and NET OVERLAPPING DEBT AS OF 6/26/2026 **

(Excluding SS/SA Debt)

	<u>Amount</u>	<u>Per Cap</u>	<u>Pct. of AV</u>
Net	\$19,836,853	\$1,075	3.20%
Net Overlapping*	\$21,826,645	\$1,183	3.53%

* Includes:

<u>Subdivision</u>	<u>Pct.</u>	<u>Amount</u>
Madison L S/D	100.00%	\$19,836,853
Counties		\$45,285
Geauga County	0.04%	\$4,475
Lake County	6.54%	\$40,810
Jt. Voc. School District		\$99,900
Auburn Career Center JV S/D	8.88%	\$99,900
Miscellaneous		\$1,844,607
Lake County Community College Misc	6.54%	\$1,844,607

** OMAC

ADDITIONAL INFORMATION

<u>Debt Service Fund Balance</u>	
July 1, 2024	\$6,783,633

**COMPARATIVE NET AND NET OVERLAPPING DEBT
AS OF JANUARY 1ST ***

	-----NET DEBT-----			-----NET OVERLAPPING DEBT-----		
2026	\$	19,836,853	(\$ 1,075 /Cap., 3.20 % of AV)	\$	21,873,279	(\$ 1,185 /Cap., 3.53 % of AV)
2025	\$	19,921,853	(\$ 1,079 /Cap., 3.21 % of AV)	\$	23,280,663	(\$ 1,261 /Cap., 3.76 % of AV)
2024	\$	20,071,853	(\$ 1,087 /Cap., 4.32 % of AV)	\$	23,237,891	(\$ 1,259 /Cap., 5.01 % of AV)
2023	\$	20,216,853	(\$ 1,092 /Cap., 4.39 % of AV)	\$	23,753,463	(\$ 1,283 /Cap., 5.15 % of AV)
2022	\$	20,346,853	(\$ 1,098 /Cap., 4.46 % of AV)	\$	24,245,736	(\$ 1,308 /Cap., 5.32 % of AV)

* OMAC

DIRECT DEBT LIMITATIONS *

	<u>Total Outstanding</u>	<u>Limited Tax</u>	<u>Ltd. & Unltd Tax</u>
Revenue	\$411,000	N/A	N/A
Limited Tax	\$0	\$0	\$0
Energy Conservation Limited Tax	\$600,000	\$600,000	\$600,000
Unlimited Tax	\$19,236,853	N/A	\$19,236,853
Non-G.O. Debt	\$2,000,000	N/A	N/A
Debt Subject to Limitation		\$0	\$19,836,853
GO Debt Exempt From Limit.		\$0	\$0
Maximum Allowable		\$619,013	\$55,711,204
Balance of Limitation		\$619,013	\$35,874,351

	<u>Total</u>	<u>Limited Tax</u>
Energy Conservation Debt (only) 133.06 G		
Energy Conservation Debt Limited Tax 133.06 G	\$600,000	\$600,000
Energy Conservation Maximum Allowable		\$5,571,120
Balance of E.C. Limitation		\$4,971,120

* OMAC

INDIRECT TEN MILL LIMITATIONS *

Maximum Allowable		10.000
Lake County	0.824	
Madison L School District	0.074	
Auburn Career Center Jt. Voc. School District	0.047	
TOTAL		0.946
Balance Of Limitation		9.054

* OMAC

OMAC

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

SINGLE AUDIT REPORT

**FOR THE FISCAL YEAR
ENDED JUNE 30, 2024**

Zupka & Associates
Certified Public Accountants

OHIO AUDITOR OF STATE
KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

Board of Education
Madison Local School District
1956 Red Bird Road
Madison, OH 44057

We have reviewed the *Independent Auditor's Report* of Madison Local School District, Lake County, prepared by Zupka & Associates, for the audit period July 1, 2023 through June 30, 2024. 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. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

Finding for Recovery – Repaid Under Audit

On December 8, 2023, Patricia Swartzlander received a severance payment for her retirement from the District for 63.2 sick days and 26.495 vacation days totaling \$18,434.11. Due to a clerical error an additional 14.10 sick days were included in the payment calculation resulting in an over payment of \$2,897.83.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public monies illegally expended; has been hereby issued against Patricia Swartzlander in the amount of \$2,897.83 and in favor of the Madison Local School District, General Fund.

On January 15, 2025, Patricia Swartzlander repaid the District \$2,897.83 and this Finding Recovery is considered Repaid Under Audit.

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. Madison 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

May 23, 2025

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**MADISON LOCAL SCHOOL DISTRICT
LAKE COUNTY, OHIO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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INDEPENDENT AUDITOR'S REPORT

Madison Local School District
Lake County
1956 Red Bird Road
Madison, Ohio 44057

To the Members of the Board of Education:

Report on the Financial Statements

Opinions

We have audited the accompanying cash basis financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Madison Local School District, Lake County, Ohio (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Madison Local School District as of June 30, 2024, and the respective changes in cash basis financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the cash basis of accounting described in Note 2.

Basis for Opinions

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

Emphasis of Matter

Ohio Administrative Code 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United State of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements.

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

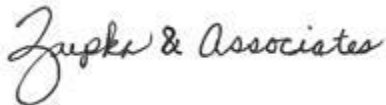
Other Information

We applied no procedures to management's discussion & analysis, as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basis financial statements or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Zupka & Associates
Certified Public Accountants

January 16, 2025

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Management Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2024

The discussion and analysis of the Madison Local School District's (the School District) financial performance provides an overall review of the School District's financial activities for the year ended June 30, 2024, within the limitation of the School District's cash basis accounting. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2024 are:

- Net position of total activities decreased by \$151,659.
- General receipts accounted for \$28,867,540 in revenue or 78.44 percent of all receipts. Program specific receipts in the form of charges for services and operating grants and contributions accounted for \$7,933,837 or 21.56 percent of total receipts of \$36,801,377.
- The School District had \$35,911,388 in disbursements related to governmental activities; \$6,675,744 of these disbursements was offset by program specific charges for services, operating grants and contributions.
- The General Fund had \$28,495,718 (includes other financing sources) in receipts and \$29,407,994 (includes other financing uses) in expenditures. The General Fund balance decreased to \$2,711,281 from \$3,623,557.

Using this Annual Financial Report

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the 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 School District, the General Fund and Bond Retirement Fund are the most significant funds.

Management Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2024

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this document contains information about 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 2024?” The Statement of Net Position and Statement of Activities answer this question, within the limitation of the School District’s cash basis accounting.

These two statements report the School District’s *net position* and changes in that 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, within the limitation of the School District’s cash basis accounting. 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 restricting revenue growth, facility conditions, required educational programs, and other factors.

In the Statement of Net Position and Statement of Activities, the School District reports governmental activities and business-type activities. Governmental activities are the activities where most of the School District’s programs and services are reported including, but not limited to, instruction, supporting services, operation and maintenance of plant, pupil transportation, and extracurricular activities. Business-type activities provide services on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The School District’s Food Service Fund, Uniform School Supplies Fund, Special Enterprise Fund, and Special Rotary Fund are reported as business-type activities.

Reporting the School District’s Most Significant Funds

Fund Financial Statements

The analysis of the School District’s major funds begins on page 10. 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 funds are the General Fund and the Bond Retirement 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 the cash basis method of accounting. The governmental fund statements provide a detailed view of the School District’s general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent to finance educational programs.

Management Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2024

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 2024 compared to 2023:

Table 1 - Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
ASSETS						
Equity in Pooled Cash and Cash Equivalents	\$ 11,465,414	\$ 11,833,518	\$ 1,238,492	\$ 1,022,047	\$ 12,703,906	\$ 12,855,565
Total Assets	<u>11,465,414</u>	<u>11,833,518</u>	<u>1,238,492</u>	<u>1,022,047</u>	<u>12,703,906</u>	<u>12,855,565</u>
NET POSITION						
Restricted	8,754,133	8,209,961	-	-	8,754,133	8,209,961
Unrestricted	2,711,281	3,623,557	1,238,492	1,022,047	3,949,773	4,645,604
Total Net Position	<u>\$ 11,465,414</u>	<u>\$ 11,833,518</u>	<u>\$ 1,238,492</u>	<u>\$ 1,022,047</u>	<u>\$ 12,703,906</u>	<u>\$ 12,855,565</u>

Total assets decreased by \$151,659, which is solely related to decreased cash and cash equivalents. Restricted net position of the School District increased by \$544,172.

Table 2 shows the changes in net position for fiscal year 2024 and also presents a comparative analysis to fiscal year 2023 for governmental activities, business-type activities, and both governmental and business-type activities combined.

Management Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2024

Table 2 - Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
RECEIPTS						
Program Receipts:						
Charges for services	\$ 872,305	\$ 933,340	\$ 383,287	\$ 439,888	\$ 1,255,592	\$ 1,373,228
Operating grants and contributions	5,803,439	6,211,168	874,806	777,109	6,678,245	6,988,277
Total Program Receipts	6,675,744	7,144,508	1,258,093	1,216,997	7,933,837	8,361,505
General Receipts:						
Property taxes	14,003,895	13,657,810	-	-	14,003,895	13,657,810
Grants and entitlements	13,196,388	12,684,436	-	-	13,196,388	12,684,436
Contributions and Donations	5,386	20,000	-	-	5,386	20,000
Investment Interest	504,674	214,873	-	-	504,674	214,873
Debt Proceeds	770,309	881,387	-	-	770,309	881,387
Sale of Assets	167,800	-	-	-	167,800	-
All other revenues	219,088	341,911	-	-	219,088	341,911
Total General Receipts	28,867,540	27,800,417	-	-	28,867,540	27,800,417
Total Receipts	35,543,284	34,944,925	1,258,093	1,216,997	36,801,377	36,161,922
DISBURSEMENTS						
Program Disbursements:						
Instruction:						
Regular	14,020,533	14,150,029	-	-	14,020,533	14,150,029
Special	6,399,956	6,003,281	-	-	6,399,956	6,003,281
Vocational	350,133	336,717	-	-	350,133	336,717
Supporting Services:						
Pupil	1,854,028	1,875,958	-	-	1,854,028	1,875,958
Instructional Staff	135,672	146,534	-	-	135,672	146,534
Board of Education	127,245	139,747	-	-	127,245	139,747
Administration	2,693,729	2,534,182	-	-	2,693,729	2,534,182
Fiscal Services	953,881	613,428	-	-	953,881	613,428
Business	110,836	87,925	-	-	110,836	87,925
Operation and Maintenance of Plant	2,540,873	2,639,417	-	-	2,540,873	2,639,417
Pupil Transportation	3,069,129	2,547,420	-	-	3,069,129	2,547,420
Central	583,797	467,161	-	-	583,797	467,161
Operation of Non-Instructional Services	96,889	149,425	-	-	96,889	149,425
Extracurricular Activities	1,105,484	996,344	-	-	1,105,484	996,344
Capital Outlay	38,500	-	-	-	38,500	-
Debt Service:						
Principal Retirement	950,000	1,044,000	-	-	950,000	1,044,000
Interest and Fiscal Charges	877,157	855,736	-	-	877,157	855,736
Bond Issuance Cost	3,546	2,622	-	-	3,546	2,622
Food Services	-	-	906,978	934,725	906,978	934,725
Special Enterprise	-	-	134,670	92,636	134,670	92,636
Total Disbursements	35,911,388	34,589,926	1,041,648	1,027,361	36,953,036	35,617,287
Change in Net Position	(368,104)	354,999	216,445	189,636	(151,659)	544,635
Net Position - Beginning of Year	11,833,518	11,478,519	1,022,047	832,411	12,855,565	12,310,930
Net Position - End of Year	\$ 11,465,414	\$ 11,833,518	\$ 1,238,492	\$ 1,022,047	\$ 12,703,906	\$ 12,855,565

Management Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2024

Governmental Activities

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

Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 39.40 percent of receipts for governmental activities for the School District in fiscal year 2024.

Operating grants and contributions decreased \$407,729 due to the decrease in federal grants revenue. Investment income increased \$289,801 due to the increase of interest rates in 2024. All other revenue decreased \$122,829 due to the decrease of reimbursement. Sale of asset increased due to sale of property in 2024.

Instruction comprises 57.84 percent of governmental program disbursements and increased by \$280,595 as a result of an increase in special instruction expense.

The Statement of Activities shows the cost of program services and the charges for services and grants and contributions 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. A comparative analysis of 2024 to 2023 is presented.

Table 3 - Governmental Activities

	Total Cost of Services 2024	Total Cost of Services 2023	Net Cost of Services 2024	Net Cost of Services 2023
Instruction	\$ 20,770,622	\$ 20,490,027	\$ (16,655,774)	\$ (16,335,610)
Supporting Services:				
Pupils and Instructional Staff	1,989,700	2,022,492	(1,325,871)	(1,292,260)
Board of Education, Administration, Fiscal, and Business	3,885,691	3,375,282	(3,564,584)	(3,085,430)
Operation and Maintenance of Plant	2,540,873	2,639,417	(2,536,679)	(2,428,499)
Pupil Transportation	3,069,129	2,547,420	(2,065,177)	(1,599,989)
Central	583,797	467,161	(583,797)	(467,161)
Operation of Non-Instructional Services	96,889	149,425	(34,969)	41,319
Extracurricular Activities	1,105,484	996,344	(599,590)	(381,250)
Capital Outlay	38,500	-	(38,500)	-
Debt Services	1,830,703	1,902,358	(1,830,703)	(1,902,358)
Total cost of service	<u>\$ 35,911,388</u>	<u>\$ 34,589,926</u>	<u>\$ (29,235,644)</u>	<u>\$ (27,451,238)</u>

Management Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2024

Business Activates

The operating grants and contributions decreased by \$97,697 due to the decrease of grants in 2024. The food services expenses decreased by \$27,747 due to reimbursements from the State.

The School District's Funds

The School District's major funds are accounted for using the cash basis of accounting. All governmental funds had total receipts of \$36,116,699 (includes other financing sources) and disbursements of \$36,484,803 (includes other financing uses). The net change in fund balance for the year was most significant in the General Fund, a decrease of \$912,276 and the Bond Retirement Fund, an increase of \$757,732. This decrease was a result of expenditures exceeding revenues and the increase in the Bond Retirement Fund balance was a result of payments made into a sinking fund, as required.

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.

For the General Fund, the original budget basis receipts of \$35,640,689 (including other financing sources) is the same amount final budget basis receipts. Actual receipts and other financing sources of \$28,393,957 were \$7,246,732 lower than final budget basis receipts.

The original appropriations of \$32,963,663 (including other financing uses) were decreased in the final budget basis appropriations of \$28,868,871. Actual disbursements and other financing uses of \$29,422,633 were \$553,762 higher than final budget basis appropriations.

Debt Administration

Debt

At June 30, 2024, the School District had \$22,583,400 in bonds, notes, premiums, and financed purchase outstanding.

Table 4 summarizes outstanding debt. Also see Notes 12 and 13 to the basic financial statements for more detail.

Management Discussion and Analysis (Unaudited)

For the Fiscal Year Ended June 30, 2024

Table 4 - Outstanding Debt as of June 30th

	Governmental Activities	
	2024	2023
Building Bonds	\$ 19,220,000	\$ 19,255,000
Premiums on Bonds	1,237,267	1,336,674
Capital Appreciation Bonds (including bond accretion)	1,096,806	919,873
Bond Anticipation Notes (BANs)	765,000	875,000
Premium on BANs	1,327	6,387
Financed Purchase	263,000	303,000
Total outstanding debt	\$ 22,583,400	\$ 22,695,934

Economic Factors

The School District continued to maintain financial stability during Fiscal Year 2024. The School District underwent a performance audit and worked with the Ohio Department of Education’s Office of Budget and School Funding to review the financial condition.

The School District relies equally on state funding and local property taxes to remain financially stable. Over the years we have made significant reductions in order to maintain a balanced budget.

As we prepare for the future, the Board and Administration must work together to develop a financial plan that meets the academic needs of our students and the maintenance of our facilities with community support.

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 information, contact Sarah Palm Treasurer/CFO at Madison Local School District, 1956 RedBird Road, Madison, Ohio 44057 or email at sarah.palm@madisonschools.net.

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Statement of Net Position – Cash Basis

June 30, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 4,652,043	\$ 1,238,492	\$ 5,890,535
Restricted Assets:			
Cash and Cash Equivalents	470,683	-	470,683
Investments	6,342,688	-	6,342,688
Total Assets	11,465,414	1,238,492	12,703,906
 NET POSITION			
Restricted for:			
Special Revenue	1,463,474	-	1,463,474
Debt Service	6,783,633	-	6,783,633
Capital Projects	507,026	-	507,026
Unrestricted	2,711,281	1,238,492	3,949,773
Total Net Position	\$ 11,465,414	\$ 1,238,492	\$ 12,703,906

See accompanying notes to the basic financial statements.

Madison Local School District, Lake County

Statement of Activities - Cash Basis

For the Fiscal Year Ended June 30, 2024

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position		
	Cash Disbursements	Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government:						
Governmental Activities						
Instruction:						
Regular	\$ 14,020,533	\$ 341,726	\$ 434,001	\$ (13,244,806)	-	\$ (13,244,806)
Special	6,399,956	41,881	3,267,334	(3,090,741)	-	(3,090,741)
Vocational	350,133	-	29,906	(320,227)	-	(320,227)
Support Services:						
Pupils	1,854,028	-	663,829	(1,190,199)	-	(1,190,199)
Instructional Staff	135,672	-	-	(135,672)	-	(135,672)
Board of Education	127,245	-	2,477	(124,768)	-	(124,768)
Administration	2,693,729	-	318,630	(2,375,099)	-	(2,375,099)
Fiscal Services	953,881	-	-	(953,881)	-	(953,881)
Business	110,836	-	-	(110,836)	-	(110,836)
Operation and Maintenance of Plant	2,540,873	-	4,194	(2,536,679)	-	(2,536,679)
Pupil Transportation	3,069,129	-	1,003,952	(2,065,177)	-	(2,065,177)
Central	583,797	-	-	(583,797)	-	(583,797)
Operation of Non-Instructional Services:						
Food Service Operations	8,175	-	-	(8,175)	-	(8,175)
Other Operations	88,714	4,500	57,420	(26,794)	-	(26,794)
Extracurricular Activities	1,105,484	484,198	21,696	(599,590)	-	(599,590)
Capital Outlay	38,500	-	-	(38,500)	-	(38,500)
Debt Service:						
Principal Retirement	950,000	-	-	(950,000)	-	(950,000)
Interest and Fiscal Charges	877,157	-	-	(877,157)	-	(877,157)
Bond Issuance Costs	3,546	-	-	(3,546)	-	(3,546)
Total Governmental Activities	<u>35,911,388</u>	<u>872,305</u>	<u>5,803,439</u>	<u>(29,235,644)</u>	<u>-</u>	<u>(29,235,644)</u>
Business-Type Activities						
Food Service	906,978	307,313	873,524	-	273,859	273,859
Special Enterprise	134,670	75,974	1,282	-	(57,414)	(57,414)
Total Business-Type Activities	<u>1,041,648</u>	<u>383,287</u>	<u>874,806</u>	<u>-</u>	<u>216,445</u>	<u>216,445</u>
Total	<u>36,953,036</u>	<u>1,255,592</u>	<u>6,678,245</u>	<u>(29,235,644)</u>	<u>216,445</u>	<u>(29,019,199)</u>
General Receipts						
Property Taxes levied for:						
General Purposes				11,269,015	-	11,269,015
Debt Service				1,310,408	-	1,310,408
Capital Projects				86,370	-	86,370
Special Purposes				1,338,102	-	1,338,102
Grants & Entitlements not Restricted						
to Specific Programs				13,196,388	-	13,196,388
Contributions and Donations not Restricted						
to Specific Programs				5,386	-	5,386
Interest				504,674	-	504,674
Sale of Assets				167,800	-	167,800
Miscellaneous				219,088	-	219,088
Debt Proceeds				770,309	-	770,309
Total General Receipts				<u>28,867,540</u>	<u>-</u>	<u>28,867,540</u>
Change in Net Position				(368,104)	216,445	(151,659)
Net Position - Beginning of Year				11,833,518	1,022,047	12,855,565
Net Position - End of Year				<u>\$ 11,465,414</u>	<u>\$ 1,238,492</u>	<u>\$ 12,703,906</u>

See accompanying notes to the basic financial statements.

Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
June 30, 2024

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Equity in Pooled Cash and Cash Equivalents	\$ 2,711,281	\$ (29,738)	\$ 1,970,500	\$ 4,652,043
Restricted Assets:				
Cash and Cash Equivalents	-	470,683	-	470,683
Investments	-	6,342,688	-	6,342,688
Total Assets	<u>\$ 2,711,281</u>	<u>\$ 6,783,633</u>	<u>\$ 1,970,500</u>	<u>\$ 11,465,414</u>
Fund Balances				
Restricted	\$ -	\$ 6,783,633	\$ 1,970,500	\$ 8,754,133
Committed	52,892	-	-	52,892
Assigned	1,025,924	-	-	1,025,924
Unassigned	1,632,465	-	-	1,632,465
Total Fund Balances	<u>\$ 2,711,281</u>	<u>\$ 6,783,633</u>	<u>\$ 1,970,500</u>	<u>\$ 11,465,414</u>

See accompanying notes to the basic financial statements.

Madison Local School District, Lake County

Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Fiscal Year Ended June 30, 2024

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
RECEIPTS				
Property Taxes	\$ 11,269,015	\$ 1,310,408	\$ 1,424,472	\$ 14,003,895
Intergovernmental	16,369,348	421,220	2,172,063	18,962,631
Earnings on Investments	188,047	303,004	13,623	504,674
Tuition	264,424	-	-	264,424
Extracurricular Activities	107,321	-	376,877	484,198
Rentals	4,500	-	-	4,500
Classroom Materials and Fees	119,183	-	-	119,183
Contributions and Donations	5,386	-	37,196	42,582
Miscellaneous	118,606	-	100,482	219,088
Total Receipts	28,445,830	2,034,632	4,124,713	34,605,175
DISBURSEMENTS				
Current:				
Instruction:				
Regular	13,253,651	-	766,882	14,020,533
Special	5,128,382	-	1,271,574	6,399,956
Vocational	350,133	-	-	350,133
Support Services:				
Pupils	1,827,085	-	26,943	1,854,028
Instructional Staff	135,672	-	-	135,672
Board of Education	120,045	-	7,200	127,245
Administration	2,350,334	-	343,395	2,693,729
Fiscal Services	673,227	216,506	64,148	953,881
Business	110,836	-	-	110,836
Operation and Maintenance of Plant	2,366,879	-	173,994	2,540,873
Pupil Transportation	1,369,179	-	1,699,950	3,069,129
Central	583,797	-	-	583,797
Operation of Non-Instructional Services:				
Food Service Operations	-	-	8,175	8,175
Other Operations	19,277	-	69,437	88,714
Extracurricular Activities	595,970	-	509,514	1,105,484
Capital Outlay	-	-	38,500	38,500
Debt Service:				
Principal Retirement	-	950,000	-	950,000
Interest and Fiscal Charges	-	877,157	-	877,157
Bond Issuance Costs	-	3,546	-	3,546
Total Disbursements	28,884,467	2,047,209	4,979,712	35,911,388
Excess of Receipts Over (Under) Disbursements	(438,637)	(12,577)	(854,999)	(1,306,213)

(Continued)

Madison Local School District, Lake County

Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds (Continued)
For the Fiscal Year Ended June 30, 2024

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
OTHER FINANCING SOURCES (USES)				
Sale of Assets	-	-	167,800	167,800
Premium on Debt Issued	-	5,309	-	5,309
Bond Anticipation Notes Issued	-	765,000	-	765,000
Advances In	49,888	-	520,710	570,598
Advances Out	(520,710)	-	(49,888)	(570,598)
Transfers In	-	-	2,817	2,817
Transfers Out	(2,817)	-	-	(2,817)
Total Other Financing Sources (Uses)	<u>(473,639)</u>	<u>770,309</u>	<u>641,439</u>	<u>938,109</u>
Net Change in Fund Balances	(912,276)	757,732	(213,560)	(368,104)
Fund Balances - Beginning of Year	3,623,557	6,025,901	2,184,060	11,833,518
Fund Balances - End of Year	<u>\$ 2,711,281</u>	<u>\$ 6,783,633</u>	<u>\$ 1,970,500</u>	<u>\$ 11,465,414</u>

See accompanying notes to the basic financial statements.

Madison Local School District, Lake County

Statement of Receipts, Disbursements and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual – General Fund For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property Taxes	\$ 14,150,166	\$ 14,150,166	\$ 11,269,015	\$ (2,881,151)
Intergovernmental	20,554,501	20,554,501	16,369,348	(4,185,153)
Earnings on Investments	236,125	236,125	188,047	(48,078)
Tuition	332,029	332,029	264,424	(67,605)
Extracurricular Activities	35,616	35,616	28,364	(7,252)
Rentals	5,651	5,651	4,500	(1,151)
Classroom Materials and Fees	149,655	149,655	119,183	(30,472)
Contributions and Donations	397	397	316	(81)
Miscellaneous	126,661	126,661	100,872	(25,789)
Total Receipts	35,590,801	35,590,801	28,344,069	(7,246,732)
Disbursements				
Current:				
Instruction:				
Regular	14,876,710	13,260,565	13,252,831	7,734
Special	5,834,824	5,189,220	5,197,919	(8,699)
Vocational	393,035	350,133	350,133	-
Support Services:				
Pupils	2,050,439	1,826,622	1,826,622	-
Instructional Staff	152,296	135,672	135,672	-
Board of Education	165,239	147,202	147,202	-
Administration	2,544,685	2,266,190	2,266,918	(728)
Fiscal Services	758,248	675,481	675,481	-
Business	124,416	110,835	110,835	-
Operation and Maintenance of Plant	2,663,126	2,372,430	2,372,430	-
Pupil Transportation	1,541,262	1,373,024	1,373,024	-
Central	655,330	555,255	583,797	(28,542)
Operation of Non-Instructional Services				
Other	11,531	10,272	10,272	-
Extracurricular Activities:				
Academic Oriented Activities	86,369	76,941	76,941	-
Sport Oriented Activities	525,493	468,132	468,132	-
Co-Curricular Activities	57,133	50,897	50,897	-
Total Disbursements	32,440,136	28,868,871	28,899,106	(30,235)
Excess of Receipts Over (Under) Disbursements	3,150,665	6,721,930	(555,037)	(7,276,967)
Other Financing Sources (Uses)				
Advances In	49,888	49,888	49,888	-
Advances Out	(520,710)	-	(520,710)	(520,710)
Transfers Out	(2,817)	-	(2,817)	(2,817)
Total Other Financing Sources (Uses)	(473,639)	49,888	(473,639)	(523,527)
Net Change in Fund Balance	2,677,026	6,771,818	(1,028,676)	(7,800,494)
Fund Balance - Beginning of Year	2,851,657	2,851,657	2,851,657	-
Prior Year Encumbrances Appropriated	654,975	654,975	654,975	-
Fund Balance - End of Year	\$ 6,183,658	\$ 10,278,450	\$ 2,477,956	\$ (7,800,494)

See accompanying notes to the basic financial statements.

**Statement of Fund Net Position – Cash Basis
 Proprietary Funds
 June 30, 2024**

	Food Service Fund	Non-Major Enterprise Funds	Total Enterprise Funds
ASSETS			
Equity in Pooled Cash and Cash Equivalents	\$ 1,196,209	\$ 42,283	\$ 1,238,492
NET POSITION			
Unrestricted	\$ 1,196,209	\$ 42,283	\$ 1,238,492

See accompany notes to the basic financial statements.

Madison Local School District, Lake County

**Statement of Receipts, Disbursements and Changes in Fund Net Position – Cash Basis
Proprietary Funds
For the Fiscal Year Ended June 30, 2024**

	Food Service Fund	Non-Major Enterprise Funds	Total Enterprise Funds
OPERATING RECEIPTS			
Tuition	\$ -	\$ 75,974	\$ 75,974
Food Services	307,313	-	307,313
Total Operating Receipts	307,313	75,974	383,287
OPERATING DISBURSEMENTS			
Salaries and Wages	287,035	30,614	317,649
Retirement and Insurance	125,891	5,745	131,636
Purchased Services	99,239	-	99,239
Materials and Supplies	480,408	8,268	488,676
Other	4,448	-	4,448
Total Operating Disbursements	997,021	44,627	1,041,648
Operating Income (Loss)	(689,708)	31,347	(658,361)
NON-OPERATING RECEIPTS			
Intergovernmental	873,524	1,282	874,806
Total Non-operating Receipts	873,524	1,282	874,806
Change in Net Position	183,816	32,629	216,445
Net Position - Beginning of Year	1,012,393	9,654	1,022,047
Net Position - End of Year	\$ 1,196,209	\$ 42,283	\$ 1,238,492

See accompany notes to the basic financial statements.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 1: **REPORTING ENTITY**

Madison Local School District (the “School District”) is organized under Article VI, Section 2 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by State statute and Federal guidelines.

The School District was established in 1968 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 41 square miles. It is located mostly in Lake County, partially in Geauga County, and includes all of the territory of the Village of Madison and Madison Township, and a portion of Thompson Township. It is staffed by 117 non-certified employees, 177 certified full-time teaching personnel, and 16 administrators who provide services to 2,492 students and other community members. The School District currently operates four instructional buildings, one administrative/preschool building, a maintenance garage, and a bus garage.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure the financial statements are not misleading.

A. Primary Government

The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For the School District, this includes the agencies and departments that provide the following services: general operations, food service and student related activities of the School District.

B. Component Units

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. The School District is also financially accountable for any 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. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the School District, are accessible to the School District and are significant in amount to the School District. The School District has no component units.

The School District is associated with three jointly governed organizations, a claims servicing pool, a related organization and an insurance purchasing pool. These organizations are the Lake Geauga Computer Association, the Auburn Career Center, the Ohio Schools Council Association, the Lake County Council of Governments Health Care Benefits Self-Insurance Program, the Madison Public Library and the Ohio School Boards’ Association Workers’ Compensation Group Rating Program which are presented in Notes 16, 17, 18 and 19 to the basic financial statements.

The School District’s management believes these financial statements present all activities for which the School District is financially accountable.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2 C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

A. Basis of Presentation

The School District's basic financial statements consist of government-wide financial 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 statements distinguish between those activities of the School District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net position presents the cash balance of the governmental and business-type activities of the School District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the School District's general receipts.

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 and proprietary 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.

Proprietary fund financial statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the fund's principal services. Operating disbursements include costs of sales and services and administrative costs. The fund financial statements report all other receipts and disbursements as nonoperating.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

B. **Fund Accounting**

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the School District are divided into three categories, governmental, proprietary, and fiduciary.

Governmental Funds The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following are the School District's major funds:

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

Bond Retirement Fund - The Bond Retirement Fund is used to account for the accumulation of resources for the payment of general obligation bond principal and interest and certain long-term obligations from governmental resources where the School District is obligated in some manner for payment.

The other governmental funds of the School District account for grants and other resources whose use is restricted, committed, or assigned to a particular purpose.

Proprietary Funds The School District classifies funds financed primarily from user charges for goods or services as proprietary. The School District only has four enterprise funds.

Enterprise Funds - The Enterprise Funds may be used to account for any activity for which a fee is charged to external users for goods and services. The School District's Enterprise Funds account for food service operations, uniform school supplies, latchkey, and preschool. The Food Service Fund is a major fund.

Food Services Fund: - The Food Services Fund is used to record financial transactions related to food service operation.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into 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 have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District does not have any fiduciary funds.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

The School District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the School District are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) and deferred inflows/outflows are not recorded in these financial statements.

D. Budgetary Process

All funds, except fiduciary funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the 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 Treasurer has been given the authority to allocate Board appropriations to the function and object level within all funds without resolution by the Board of Education.

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

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

E. Cash and Investments

To improve cash management, cash received by the School District is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the School District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments. Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

E. **Cash and Investments** (Continued)

During fiscal year 2024, the School District invested in STAR Ohio, negotiable CD's and securities. 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 a NAV per share that approximates fair value.

For the fiscal year 2024, there were no limitation 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 \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2024 was \$188,047.

F. **Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Amounts set aside for the payment of a general obligation term bond are classified as restricted assets since their use is limited by applicable bond indentures.

G. **Inventory and Prepaid Items**

The School District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. **Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. **Interfund Receivables/Payables**

The School District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. **Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the School District's cash basis of accounting.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

K. Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability and net OPEB asset, 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.

M. Long-Term Obligations

The School District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither another financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

N. Leases

The School District is the lessor for copiers and postage used in operations. Lease receivable/payables are not reflected under the School District's cash basis of accounting. Lease revenue/disbursements are recognized when they are received/paid.

O. SUBSCRIPTION BASED INFORMATION TECHNOLOGY ARRANGEMENTS

Subscription Based Information Technology Arrangements (SBITAs) The District has Subscription Based Information Technology Arrangements (SBITAs) under noncancelable arrangements. SBITA payables are not reflected under the District's cash basis of accounting. SBITA disbursements are recognized when they are received/paid.

P. Net Position

Net Position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The restricted component of net position is reported when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The government-wide statement of net position reports \$8,754,133 of the restricted component of net position, none of which is restricted by enabling legislation. The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted components of net position are available.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Q. Fund Balance

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

Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are not spendable in 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’s Board of Education. Those committed amounts cannot be used for any other purpose unless the School District’s 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 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 would represent intended uses established by the School District’s Board of Education.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In the 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 disbursements 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 disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

R. Interfund Transactions

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/cash disbursements in proprietary funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

NOTE 3: **CHANGE IN ACCOUNTING PRINCIPLES**

During the fiscal year, the School District implemented the following Governmental Accounting Standards Board (GASB) Statements and Guides:

GASB Statement No. 100, Accounting Change and Error Corrections – an Amendment of GASB Statement No. 62. GASB 100 will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision useful, understandable, and comprehensive information for users about accounting changes and error corrections. The implementation of the GASB pronouncement did not have any impact on beginning net position or fund balance.

NOTE 4: **BUDGETARY BASIS OF ACCOUNTING**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a part of restricted, committed, or assigned fund balance (cash basis) and three funds were budgeted as special revenue funds, but reported as a part of the General Fund on cash basis statements in accordance with GASB Statement No. 54.

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

Net Change in Fund Balance	
	General
Cash Basis	\$ (912,276)
Encumbrances	(124,117)
Funds Budgeted as Special Revenue Funds but Reported as part of the General Fund for the Cash Basis Reports	7,717
Budget Basis	\$ (1,028,676)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 5: DEPOSITS AND INVESTMENTS

Monies held by the School District are classified by State statute into three categories.

Active deposits are public deposits determined to be necessary to meet current demands upon the School District treasury. Active 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.

Interim monies held by the School District can 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 payment of principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

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. Investments may only be made through specified dealers and institutions.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 5: **DEPOSITS AND INVESTMENTS** (Continued)

Deposits

Custodial Credit Risk: Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. Protection of the School District's cash and deposits is provided by the Federal Deposit Insurance Corporation (FDIC), as well as qualified securities pledged by the institution holding the assets.

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 fair 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 requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. The School District's financial institution had enrolled in OPCS as of June 30, 2024.

At fiscal year end, \$250,000 of the School District's bank balance of \$2,301,307 was covered by Federal Depository Insurance and \$2,051,307 was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name. The amount that was uninsured and collateralized with securities held was greater than the bank balance due to the excess collateral allocated by OPCS at year end significantly exceeded the required amount. The School District's financial institutions were approved for a reduced collateral rate of 60 percent through the Ohio Pooled Collateral System, resulting in the uninsured and uncollateralized balance.

Investments

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The table below identifies the School District's recurring fair value measurement as of June 30, 2024. As previously discussed, STAR Ohio is reported at its net asset value. All other investments of the School District are valued using quoted market prices (Level 1 and Level 2 inputs). As of June 30, 2024, the School District had the following investments:

Investment Type	Measurement Value	Credit Rating (*)	Investment Maturities (in Years)		
			<1	1-2	3-5
STAR Ohio	\$ 3,938,247	AAAm	\$ 3,938,247	\$ -	\$ -
Negotiable CDs	3,257,308	N/A	739,915	2,492,386	25,007
Federal Home Loan Bank	2,050,651	Aaa	49,994	2,000,657	-
Federal Farm Credit Banks	499,860	Aaa	-	499,860	-
Other	693,505	Aa2-Aaa	-	693,505	-
Total Investments	10,439,571		\$ 4,728,156	\$ 5,686,408	\$ 25,007
Carrying Amount of Deposits	2,260,485				
Petty Cash	3,850				
Total	\$ 12,703,906				

* Credit Rating was obtained from Standard & Poor's for all investments.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 5: **DEPOSITS AND INVESTMENTS** (Continued)

Interest Rate Risk As a means of limiting its exposure to fair value losses caused by rising interest rates, the School.

District's investment policy requires that operating funds be invested primarily in short-term investments maturing within five years from the date of purchase and that the School District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk See the table on the previous page for credit ratings for all investments. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that would further limit its investment choices.

Custodial Credit Risk For an investment, custodial credit risk is the risk that in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All investments other than STAR Ohio are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the School District's name. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee. The School District's investments in negotiable certificates of deposit was fully insured by Federal depository insurance.

Concentration of Credit Risk The School District places no limit on the amount it may invest in any one issuer. The School District's investment in Negotiable Certificates of Deposits represents 32.2 percent, STAR Ohio represents 37.72 percent of the School District's total investments, Federal Home Loan Bank represents 18.64, Federal Farm Credit Banks represents 4.79 and other 6.65.

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 tangible personal property (used in business) located in the School District. Real property tax receipts received in calendar year 2023 represents collections of calendar year 2023 taxes. Real property taxes received in calendar year 2024 were levied after April 1, 2023, on the assessed value listed as of January 1, 2023, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in calendar year 2024 represents collections of calendar year 2023 taxes. Public utility real and tangible personal property taxes received in calendar year 2024 became a lien on December 31, 2022, were levied after April 1, 2023 and are collected with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 6: **PROPERTY TAXES** (Continued)

The School District receives property taxes from Lake and Geauga 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, 2023, are available to finance fiscal year 2023 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The amount available as an advance at June 30, 2024 was \$807,286 in the General Fund, \$12,626 in the Classroom Facilities Maintenance Special Revenue Fund, \$86,619 in the Debt Service Fund and \$13,708 in the Permanent Improvement Capital Projects Fund. The amount available as an advance at June 30, 2023 was \$697,524 in the General Fund, \$11,571 in the Classroom Facilities Maintenance Special Revenue Fund, \$79,479 in the Debt Service Fund and \$43,146 in the Permanent Improvement Capital Projects Fund..

The assessed values upon which fiscal year 2024 taxes were collected are:

	2023 First Half		2024 First Half	
	Collections		Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 446,594,280	96.58 %	\$ 445,590,450	96.42 %
Public Utility Personal	15,802,240	3.42	16,536,540	3.58
Total	<u>\$ 462,396,520</u>	<u>100.00 %</u>	<u>\$ 462,126,990</u>	<u>100.00 %</u>
Tax Rate per \$1,000 of Assessed Valuation	<u>\$ 59.96</u>		<u>\$ 59.95</u>	

NOTE 7: **INTERFUND TRANSACTIONS**

During fiscal year 2024, the General Fund transferred \$2,817 to Safe School Help Line Special Revenue Funds, to properly account for total special education expenditures.

Advances of \$570,598 were made to cover current operating expenses and grant expenses related to timing differences and repay prior period advances. All advances comply with the Ohio Revised Code.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 8: RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2024, the School District contracted with Strassman Insurance Service for various types of insurance. Coverage is as follows:

Package Policy	Limits
Schools of Ohio Risk Sharing Authority	
Blanket Property Coverage	\$ 350,000,000
Equipment Breakdown - subject to policy limits (\$5,000 Deductible)	\$ 350,000,000
Miscellaneous Property - Musical Instruments, Athletic Equipment or Uniforms	\$ 1,000,000
Computer Coverage	\$ 1,000,000
General Liability Coverage	\$ 15,000,000
Sexual Misconduct	\$ 15,000,000
Employee Benefits Liability Claims Made	\$ 15,000,000
Employers Stop Gap Liability	\$ 15,000,000
Public Employee Dishonesty Blanket Bond	\$ 1,000,000
Forgery and Alteration	\$ 1,000,000
Money and Securities (on premises)	\$ 1,000,000
Theft, Disappearance & Destruction (off premises)	\$ 1,000,000
Automobile Policy	
Schools of Ohio Risk Sharing Authority	
Auto Liability	\$ 15,000,000
Medical Payments	\$ 10,000
Uninsured Motorists Liability	\$ 1,000,000
Umbrella Policy	
Schools of Ohio Risk Sharing Authority	
Umbrella Policy Limit	\$ 15,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there have been no significant reductions in insurance coverage from the prior year.

All employees of the School District are covered by a blanket bond, while certain individuals in policy making roles are covered by separate, higher limit bond coverage.

The School District has elected to provide medical coverage through premium payments to the Lake County Council of Governments Health Care Benefits Program. See Note 17 for additional information.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 8: **RISK MANAGEMENT** (Continued)

B. **Employee Medical Coverage**

C. **Workers' Compensation**

For fiscal year 2024, the School District participated in the Ohio School Boards' Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp. Management provides administrative, cost control and actuarial services to the GRP.

NOTE 9: **DEFINED BENEFIT PENSION PLANS**

A. **Net Pension Liability**

Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions 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 liability 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 liability 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 are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 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 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 liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 9: **DEFINED BENEFIT PENSION PLANS** (Continued)

A. **Net Pension Liability** (Continued)

The net pension liability was measured as of July 1, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportion of the Net Pension Liability Prior Measurement Date	0.0991888%	0.10896371%	
Proportion of the Net Pension Liability Current Measurement Date	0.1009926%	0.11210764%	
Change in Proportionate Share	0.0018038%	0.00314393%	
Proportionate Share of the Net Pension Liability	\$ 5,580,361	\$ 24,142,311	\$ 29,722,672

Actuarial Assumptions - SERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2137.

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.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 9: **DEFINED BENEFIT PENSION PLANS** (Continued)

A. **Net Pension Liability** (Continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2023, are presented below:

Wage Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
COLA or Ad Hoc COLA	2.0 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.00 percent net of investment expenses
Actuarial Cost Method	Entry Age Normal

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disable members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

The most recent experience study was completed June 30, 2020.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	100.00 %	

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 9: **DEFINED BENEFIT PENSION PLANS** (Continued)

A. **Net Pension Liability** (Continued)

Discount Rate The total pension liability was calculated using the discount rate of 7.00 percent. 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 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined rate of fiscal year 2023 was 14 percent. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2023 was 6.90 percent.

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 net pension liability calculated using the discount rate of 7.00 percent, as well as what each plan’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$ 8,236,328	\$ 5,580,361	\$ 33,432,151

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2023, actuarial valuation.

Inflation	2.50 percent
Projected salary increases	Varies by service from 2.5% to 8.5%
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3 percent
Cost-of-Living Adjustments	0.0 percent

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 9: **DEFINED BENEFIT PENSION PLANS** (Continued)

A. **Net Pension Liability** (Continued)

Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the July 1, 2023 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021.

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

Asset Class	Target Allocation *	Long-Term Expected Real Rate of Return **
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	100.00 %	

* Final target weights reflected at October 1, 2022.

** 10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30-year period, STRS Ohio’s 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 7.00 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. 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, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2023.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 9: **DEFINED BENEFIT PENSION PLANS** (Continued)

A. **Net Pension Liability** (Continued)

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$ 37,125,530	\$ 24,142,311	\$ 13,162,059

B. **School Employees Retirement System**

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

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0.0%.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 9: **DEFINED BENEFIT PENSION PLANS** (Continued)

B. School Employees Retirement System (Continued)

A three-year COLA suspension was in effect for all benefit recipients for calendar years 2018, 2019, and 2020. The Retirement Board approved a 2.5% COLA for calendar year 2023 and 2024.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2024 the allocation to pension, death benefits, and Medicare B was the entire 14.0 percent.

The School District's contractually required contribution to SERS was \$577,399 for fiscal year 2024.

C. State Teachers Retirement System of Ohio

Plan Description –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.

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 will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age. Eligibility changes for DB plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all their member contributions and 11.09 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 2.91 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 9: **DEFINED BENEFIT PENSION PLANS** (Continued)

C. State Teachers Retirement System of Ohio (Continued)

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12.0 of the 14.0 percent member rates goes to the DC Plan and the remaining 2.0 percent goes 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 services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 or later.

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 in the GASB 68 schedules of employer allocation and pension amounts by employer.

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2024, plan members were required to contribute 14 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2024 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$2,205,336 for fiscal year 2024.

D. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2024 no members of the Board of Education have elected Social Security. The contribution rate is 6.2 percent of wages.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 10: **DEFINED BENEFIT OPEB PLANS**

A. Net OPEB Liability/Asset

OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. 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 OPEB liability and net OPEB asset represent the School District’s proportionate share of each OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan’s fiduciary net position. The net OPEB liability and net OPEB asset calculations are dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost-of-living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability and net OPEB asset. Resulting adjustments to the net OPEB liability and net OPEB asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

B. School Employees Retirement System (SERS)

Plan Description - 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 Annual Comprehensive Financial Report which can be obtained on SERS’ website at www.ohsers.org under Employers/Audit Resources.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 10: **DEFINED BENEFIT OPEB PLANS** (Continued)

B. School Employees Retirement System (SERS) (Continued)

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, there was no contribution made to health care. A 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 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

The surcharge, is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$46,500 for fiscal year 2024.

C. 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 partial premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. 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, 2024, STRS did not allocate any employer contributions to post-employment health care.

The net OPEB liability and net OPEB asset were measured as of June 30, 2023, and the total OPEB liability and asset used to calculate the net OPEB liability and net OPEB asset were determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability and net OPEB asset were based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 10: **DEFINED BENEFIT OPEB PLANS** (Continued)

D. Net OPEB Liability/Asset

Following is information related to the proportionate share:

	SERS	STRS	Total
Proportion of the Net OPEB Liability/asset Prior Measurement Date	0.1014447%	0.10896371%	
Proportion of the Net OPEB Liability/asset Current Measurement Date	0.1037698%	0.11210764%	
Change in Proportionate Share	0.0023251%	0.00314393%	
Proportionate Share of the Net OPEB Liability	\$ 1,709,551	\$ -	\$ 1,709,551
Proportionate Share of the Net OPEB Asset	\$ -	\$ (2,180,337)	\$ (2,180,337)

Actuarial Assumptions - SERS

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

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

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

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 10: **DEFINED BENEFIT OPEB PLANS** (Continued)

D. Net OPEB Liability/Asset (Continued)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2023, are presented below:

Wage Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investments expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.86 percent
Prior Measurement Date	3.69 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	4.27 percent
Prior Measurement Date	4.08 percent
Medical Trend Assumption	
Measurement Date	6.75 to 4.40 percent
Prior Measurement Date	7.00 to 4.40 percent

Base Mortality: Healthy Retirees - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Disabled Retirees - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Contingent Survivors - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Actives - PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2015 through 2020, and was adopted by the Board in 2021. . Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 10: **DEFINED BENEFIT OPEB PLANS** (Continued)

D. Net OPEB Liability/Asset (Continued)

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2020 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 %	0.79 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2023 was 4.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2023 was 4.08 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 1.50 percent of projected covered employee 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 be depleted in 2048 by SERS’ actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination for the SEIR for both the June 30, 2022 and the June 30, 2023 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index rate is 3.86 % at June 30, 2023 and 3.69 % at June 30, 2022.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.27%) and higher (5.27%) than the current discount rate (4.27%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate (6.75% decreasing to 4.40%).

	<u>1% Decrease (3.27%)</u>	<u>Current Discount Rate (4.27%)</u>	<u>1% Increase (5.27%)</u>
School District's proportionate share of the net OPEB liability	\$ 2,185,295	\$ 1,709,551	\$ 1,334,407

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 10: **DEFINED BENEFIT OPEB PLANS** (Continued)

D. Net OPEB Liability/Asset (Continued)

	1% Decrease (5.75 % decreasing to 3.40%)	Current Trend Rate (6.75 % decreasing to 4.40%)	1% Increase (7.75 % decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$ 1,255,948	\$ 1,709,551	\$ 2,310,636

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023, actuarial valuation is presented below:

Projected salary increases	Varies by service from 2.5 percent to 8.5 percent	
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	
Payroll Increases	3 percent	
Cost-of-Living Adjustments	0 percent	
Discount Rate of Return	7.00 percent	
Health Care Cost Trends	Initial	Ultimate
Medical		
Pre-Medicare	7.50 percent	4.14 percent
Medicare	-10.94 percent	4.14 percent
Prescription Drug		
Pre-Medicare	-11.95 percent	4.14 percent
Medicare	1.33 percent	4.14 percent

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

For healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023 valuation is based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021.

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:

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 10: **DEFINED BENEFIT OPEB PLANS** (Continued)

D. Net OPEB Liability/Asset (Continued)

<u>Asset Class</u>	<u>Target Allocation *</u>	<u>Long-Term Expected Rate of Return **</u>
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	<u>100.00 %</u>	

* Final Target weights reflected at October 1, 2022

** 10 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

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2023. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was used to measure the total OPEB liability as of June 30, 2023.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2023, calculated using the current period discount rate assumption of 7.00 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 (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
	School District's proportionate share of the net OPEB asset	\$ 1,845,371	\$ 2,180,337

	1% Decrease	Current Trend Rate	1% Increase
	School District's proportionate share of the net OPEB asset	\$ 2,485,597	\$ 2,180,337

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 11: CONTINGENCIES

A. Grants

The School District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, based on prior experience, management believes the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2024, would be immaterial.

B. State Foundation Funding

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 has not finalized the impact of enrollment adjustments to the June 30, 2024 foundation funding for the District; therefore, the financial statement impact is not determinable at this time.

NOTE 12: NOTE OBLIGATIONS

A summary of note transactions for the year ended June 30, 2024 follows:

<u>Notes</u>	<u>Issued</u>	<u>Interest</u>	<u>Balance at 7/1/2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/2024</u>
Bond Anticipation Notes	9/27/2022	3.750%	\$ 875,000	\$ -	\$ 875,000	\$ -
Premium on Bond Anticipation Notes			6,387	-	6,387	-
Bond Anticipation Notes	9/27/2023	4.875%	-	765,000	-	765,000
Premium on Bond Anticipation Notes			-	5,309	3,982	1,327
Total Notes			<u>\$ 881,387</u>	<u>\$ 770,309</u>	<u>\$ 885,369</u>	<u>\$ 766,327</u>

On September 27, 2023, the School District rolled over \$765,000 in bond anticipation notes at an interest rate of 4.875 percent with a maturity date of September 28, 2024. The notes are backed by the full faith and credit of the Madison Local School District. The notes were issued at a premium of \$5,309.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 13: LONG-TERM DEBT OBLIGATIONS

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

	<u>Issued</u>	<u>Interest</u>	<u>Balance at 7/1/2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/2024</u>	<u>Due Within One Year</u>
Governmental Activities							
<u>Building Bonds</u>							
Premium on Facilities	8/25/2010		\$ 13,626	\$ -	\$ 1,515	\$ 12,111	\$ -
Capital Appreciation Bonds	8/25/2010	19.83%	86,853	-	-	86,853	-
Accretion on Capital Appreciation Bonds	8/25/2010		833,020	176,933	-	1,009,953	-
Premium on Capital Appreciation Bonds	8/25/2010		496,040	-	55,116	440,924	-
Facilities	8/25/2010	5.00%	9,460,000	-	-	9,460,000	-
Refunding Bonds, series 2019	11/7/2019	2.00 to 4.00 %	9,795,000	-	35,000	9,760,000	35,000
Premium on refunding bonds			827,008	-	42,776	784,232	-
Total Building Bonds			<u>21,511,547</u>	<u>176,933</u>	<u>134,407</u>	<u>21,554,073</u>	<u>35,000</u>
<u>Direct Borrowing</u>							
Finance Purchase , Series 2019	5/30/2019	2.74%	303,000	-	40,000	263,000	41,000
Total Governmental Bonds			<u>\$ 21,814,547</u>	<u>\$ 176,933</u>	<u>\$ 174,407</u>	<u>\$ 21,817,073</u>	<u>\$ 76,000</u>

On August 25, 2010, the School District issued \$25,081,852 in voted general obligation bonds which comprised of serial bonds in the amounts of \$1,645,000 and \$3,205,000, capital appreciation (deep discount) bonds in the amounts of \$86,853 and \$19,999, and term bonds in the amounts of \$9,460,000 and \$10,665,000.

\$3,205,000 of the serial bonds and \$19,999 of the capital appreciation bonds issued on August 25, 2010, were issued to provide for all future debt payments on the refunded portion of the 1993 facilities bonds. These bonds matured in April 2015.

\$1,645,000 of the serial bonds and \$86,853 of the capital appreciation bonds issued on August 25, 2010, were issued for the purpose of paying the local share of school construction under the State of Ohio Classroom Facilities Assistance Program. These bonds will mature in April 2016. The capital appreciation bonds will mature in April 2032. The maturity amount of the bonds is \$3,210,000. For fiscal year 2024, \$176,933 was accreted for a total bond value of \$1,009,953.

\$10,665,000 of the bonds issued on August 25, 2010, consisted of Build America Bonds (BABs) – Direct Payment. These bonds were created through the American Recovery and Reinvestment Act (ARRA) and offer federal subsidies through a refundable tax credit paid to state or local governmental issuers by the Treasury Department and the Internal Revenue Service in an amount equal to 35 percent of the total coupon interest payable to investors in these taxable bonds. The issuer of such bond shall be allowed a credit with respect to each interest payment under such bond which shall be a payable by the Secretary of the Treasury. These bonds were refunded during fiscal year 2020.

\$9,460,000 of the bonds issued on August 25, 2010, consisted of Qualified School Construction Bonds (QSCBs). In addition to the aforementioned BABs, the QSCBs were authorized by the federal government through ARRA. These bonds were issued as tax credit bonds under which the bond holders receive federal tax credits in lieu of interest as a means to significantly reduce the issuer’s interest cost. As a condition of selling the bonds, the School District is required to maintain a sinking fund with Huntington Bank. The balance of the sinking fund as of June 30, 2024 was \$6,813,371.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 13: **LONG-TERM DEBT OBLIGATIONS** (Continued)

On November 7, 2019, the School District issued \$9,920,000 in refunding bonds with an interest rate of 2.00-4.00% and a final maturity date of October 1, 2041. Proceeds were deposited in an irrevocable trust with an escrow agent to provide for all future debt payments on the refunded 2010 bond.

On May 30, 2019, the School District issued a Finance Purchase Obligation, Series 2019 in the amount of \$411,000 for the purchase of energy efficiency equipment and improvements. The obligation will mature in December 2029 and has an interest rate of 2.74 percent. The School District has pledged the energy efficiency equipment as collateral for the lease from direct borrowings. The outstanding lease from direct borrowings contain the following provisions in the event of default and with or without terminating the lease; (1) an amount equal to all amounts currently due and all remaining payments to be immediately due and payable; (2) promptly return the equipment to the lessor; (3) sell, lease or otherwise dispose of any equipment and lessor to retain entire proceeds; (4) demand payment of all out of pocket expenses incurred by lessor as a result of the event of default; (5) exercise any other right, remedy or privilege to enforce terms of, recover damages for the breach of, or to rescind, a lease as to any or all of the equipment.

Principal and interest requirements to retire long-term obligations outstanding at June 30, 2024 are as follows:

For the Year Ending June 30,	Principal	Interest	Total
2025	\$ 76,000	\$ 1,466,794	\$ 1,542,794
2026	77,000	1,464,957	1,541,957
2027	9,538,000	1,463,093	11,001,093
2028	105,909	1,706,292	1,812,201
2029	103,268	1,709,000	1,812,268
2030-2034	1,589,676	6,455,583	8,045,259
2035-2039	4,705,000	3,081,744	7,786,744
2040-2042	3,375,000	646,817	4,021,817
Total	<u>\$ 19,569,853</u>	<u>\$ 17,994,280</u>	<u>\$ 37,564,133</u>

NOTE 14: **SET-ASIDE REQUIREMENTS**

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

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

	Capital Improvements
Set-aside Reserve Balance as of June 30, 2023	\$ -
Current Year Set-aside Requirement	572,697
Current Year Qualifying Expenditures	(1,259,665)
Current Year Offsets	(107,083)
Totals	<u>\$ (794,051)</u>
Balance Carried Forward to Fiscal Year 2024	\$ -
Set-aside Reserve Balance as of June 30, 2024	<u>\$ -</u>

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 15: FUND BALANCES

Fund balance is 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 the governmental funds. The constraints placed on fund balance for the General Fund, Bond Retirement, and all other governmental funds are presented below:

<u>Fund Balances</u>	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total</u>
<i>Restricted for</i>				
Capital Improvements	\$ -	\$ -	\$ 507,026	\$ 507,026
Debt Services	-	6,783,633	-	6,783,633
Preschool Programs	-	-	7,054	7,054
Special Education	-	-	36,921	36,921
Special Levy	-	-	188,427	188,427
Technology Improvements	-	-	15,190	15,190
District Managed Student Activities	-	-	63,582	63,582
Student Managed Activities	-	-	61,577	61,577
Disadvantaged Children	-	-	56,588	56,588
Teacher Development	-	-	855	855
Facility Maintenance	-	-	684,112	684,112
Scholarship Programs	-	-	294,674	294,674
Other Grants	-	-	54,494	54,494
<i>Total Restricted</i>	<u>-</u>	<u>6,783,633</u>	<u>1,970,500</u>	<u>8,754,133</u>
<i>Committed to</i>				
Underground Storage Tanks	11,000	-	-	11,000
Other Purposes	41,892	-	-	41,892
<i>Total Committed</i>	<u>52,892</u>	<u>-</u>	<u>-</u>	<u>52,892</u>
<i>Assigned to</i>				
Subsequent year appropriations	901,159	-	-	901,159
Public School	648	-	-	648
Instruction	71,682	-	-	71,682
Support Services	52,435	-	-	52,435
<i>Total Assigned</i>	<u>1,025,924</u>	<u>-</u>	<u>-</u>	<u>1,025,924</u>
<i>Unassigned</i>	<u>1,632,465</u>	<u>-</u>	<u>-</u>	<u>1,632,465</u>
Total Fund Balances	<u><u>\$ 2,711,281</u></u>	<u><u>\$ 6,783,633</u></u>	<u><u>\$ 1,970,500</u></u>	<u><u>\$ 11,465,414</u></u>

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 16: JOINTLY GOVERNED ORGANIZATIONS

Lake Geauga Computer Association -The Lake Geauga Computer Association (LGCA) is a jointly governed organization that was formed for the purpose of providing computer services for accounting, grading, scheduling, EMIS and other applications to its 19 member school districts. Each of the School Districts supports LGCA based upon a per pupil charge. The executive committee (governing board) consists of the superintendents and treasurers of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. LGCA's continued existence is not dependent upon the School District's continued participation. Financial information can be obtained by writing the Lake Geauga Computer Association, 8140 Auburn Road, Painesville, Ohio 44077.

Auburn Career Center - The Auburn Career Center is a joint vocational school operated by eleven school districts. Each participating school district appoints one board member to the Auburn Career Center's Board of Education. The students of each participating school district may attend classes offered at the vocational facility. Each participant control over the operation of the Auburn Career Center is limited to representation on the board. The Auburn Career Center receives 1.5 mills of School District property taxes which is paid to the Auburn Career Center directly by Geauga County. Continued existence of the Auburn Career Center is not dependent on the School District's continued participation. Financial information can be obtained from the Auburn Career Center, 8140 Auburn Road, Painesville, Ohio 44077.

Ohio Schools Council Association - The Ohio Schools Council Association (Council) is a jointly governed organization among 200 school districts. The jointly governed organization was created by school districts for the purpose of saving money through volume purchases. Each school district supports the Council by paying an annual participation fee. Each school district member superintendent serves as a representative of the Assembly. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board is the policy making authority of the Council. The Board meets monthly September through June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2024, the School District paid \$2,215 to the Council. Financial information can be obtained by contacting William J. Zelei, the Executive Director of the Ohio Schools Council at 6393 Oak Tree Blvd., Suite 377, Independence, Ohio 44131.

The School District participates in the Council's natural gas program. The Council provides participating school districts the ability to purchase natural gas at reduced rates, if the School Districts will commit to participating for a twelve year period. There are over 165 school districts in the program. The participants make monthly payments based on estimated usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). School Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in September until the credits are exhausted and school districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 17: CLAIMS SERVICING POOL

The School District participates in the Lake County Council of Governments Health Care Benefits (HCBP) Self Insurance Program, a claims servicing pool comprised of three Lake County School Districts and one Cuyahoga County School District. Each school district has a representative on the assembly (usually the superintendent or designee). Each member pays an administrative fee to the pool. The plan's business and affairs are conducted by a five member Board of Directors elected by the HCBP's assembly. The assembly elects officers for one year terms to serve on the Board of Directors. Financial information can be obtained from Jennifer Capo at 1 Success Boulevard, Perry, Ohio 44081.

NOTE 18: RELATED ORGANIZATION

Madison Public Library - The Madison Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Madison Local School District's Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and issues tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Madison Public Library, Shawna Goostree, Clerk/Treasurer, at 6111 Middle Ridge Road, Madison, Ohio 44057.

NOTE 19: INSURANCE PURCHASING POOL

The School District participates in the Ohio Schools Boards' Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 20: LAKE COUNTY SCHOOL FINANCING DISTRICT

The Lake County Educational Service Center has, by a resolution adopted February 6, 1990, pursuant to Section 3311.50 of the Revised Code, created a county school financing district known as the Lake County School Financing District (the "Financing District") for the purpose of levying taxes for the provision of the following specified educational programs and services by the School Districts that are part of the Financing District: the provision of necessary personnel, materials, supplies and transportation for instruction in language arts, social studies, mathematics, fine and practical arts, health and physical education, science and business education.

The Lake County Educational Service Center acts as the taxing authority of the Financing District pursuant to Section 3311.50 of the Ohio Revised Code. The Financing District receives settlements of taxes levied and distributes within ten days to each of the Member school districts; each of such Member school district's proportionate shares of that tax settlement. Each Member school district's proportionate share is a fraction, the numerator being Member school district's property tax valuation and the denominator being the aggregate property tax valuation of all Member school districts as of that date. The School District reports this revenue in the accounts of Taxes.

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2024

NOTE 21: COMPLIANCE

Ohio Administrative Code Section 117-2-03 (B) requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit certain assets, liabilities, deferred outflows/inflows of resources, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District.

Contrary to Ohio Revised Code Section 5705.41 (B), the following had expenditures in excess of appropriations.

<u>Fund</u>	<u>Final Appropriation</u>	<u>Actual Expenditures</u>	<u>Variance</u>
General Fund	\$ 28,868,871	\$ 29,422,633	\$(553,762)

NOTE 22: TAX ABATEMENTS

As of June 30, 2023, the School District had foregone tax revenue in the form of property taxes as a result of tax abatements entered into by another government (The Village of Madison). The Village provides tax abatements through Community Reinvestment Area Programs. Pursuant to Ohio Revised Code Section 5709, the Village established Community Reinvestment Area Program Districts targeting specific portion of the Village for development and redevelopment. The Village provides administrative approval of tax abatement for qualifying investments. The amount of the abatement is deducted from the recipient's tax bill. For fiscal year 2024, the School District's value of the property taxes forgone amounted to \$91,954. The School District also has foregone tax revenue in the form of property taxes as a result of tax increment financing agreements entered into by another government (Madison Township). The Township provides for service payments into a tax increment equivalent fund in lieu of property taxes. Pursuant to Ohio Revised Code Section 5709, the Township declared certain parcels or real property located in the Township to be a public purpose, thereby exempting those improvements from real property taxation for a period of time. For fiscal year 2024, the School District's value of the property taxes forgone amounted to \$245,174.

NOTE 23: SUBSEQUENT EVENTS

On September 17, 2024, the School District authorized the issuance of not to exceed \$650,000 in Energy Conservation Improvement Bond Anticipation Notes, Series 2024.

**MADISON LOCAL SCHOOL DISTRICT
LAKE COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Assistance Listing Number	Expenditures	Non-Cash Expenditures
<u>U.S. Department of Agriculture</u>			
<i>Passed through Ohio Department of Education</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	\$ 186,691	\$ 0
National School Lunch Program	10.555	601,410	77,527
COVID-19 - National School Lunch Program	10.555	68,944	0
Total Child Nutrition Cluster		<u>857,045</u>	<u>77,527</u>
Total U.S. Department of Agriculture		<u>857,045</u>	<u>77,527</u>
<u>U.S. Department of Education</u>			
<i>Passed through Ohio Department of Education</i>			
Title I - Grants to Local Educational Agencies	84.010	439,081	0
Title I - Grants to Local Educational Agencies - School Quality Improvement	84.010	19,952	0
Title I - Grants to Local Educational Agencies - Non-Competitive Supplemental School Improvement Funds	84.010	62,182	0
<i>Total ALN #84.425</i>		<u>521,215</u>	<u>0</u>
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	660,514	0
COVID-19 - Special Education - Grants to States	84.027X	47,400	0
Special Education - Preschool Grants	84.173	22,344	0
Total Special Education Cluster (IDEA)		<u>730,258</u>	<u>0</u>
English Language Acquisition State Grants	84.365	28,549	0
Supporting Effective Instruction State Grants	84.367	85,604	0
Student Support and Academic Enrichment Program	84.424	9,083	0
Education Stabilization Fund -			
COVID-19 - ARP ESSER	84.425U	861,562	0
COVID-19 - ARP Homeless	84.425W	16,873	0
<i>Total ALN #84.425</i>		<u>878,435</u>	<u>0</u>
Total U.S. Department of Education		<u>2,253,144</u>	<u>0</u>
<u>U.S. Department of the Treasury</u>			
<i>Passed Through Ohio Facilities Construction Commission</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	2,644	0
Total U.S. Department of the Treasury		<u>2,644</u>	<u>0</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 3,112,833</u>	<u>\$ 77,527</u>

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

**MADISON LOCAL SCHOOL DISTRICT
LAKE COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Madison Local School District under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented 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 Madison Local School District, it is not intended to and does not present the cash financial position or changes in cash financial position of Madison Local School District.

NOTE 2: 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: INDIRECT COST RATE

Madison Local School District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 4: CHILD NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE 5: FOOD DONATION PROGRAM

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.

**INDEPENDENT AUDITOR'S REPORT
ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Madison Local School District
Lake County
1956 Red Bird Road
Madison, Ohio 44057

To the Members of the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Madison Local School District, Lake County, Ohio (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 16, 2025, wherein we noted that the District uses a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

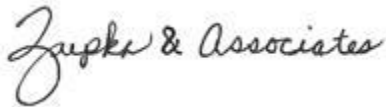
As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as **Finding 2024-001**.

Madison Local School District’s Response to the Finding

Government Auditing Standards requires the auditor of perform limited procedures on the District’s responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The District’s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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



Zupka & Associates
Certified Public Accountants

January 16, 2025

**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

Madison Local School District
Lake County
1956 Red Bird Road
Madison, Ohio 44057

To the Members of the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Madison Local School District, Lake County, Ohio's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Madison Local School District, Ohio complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

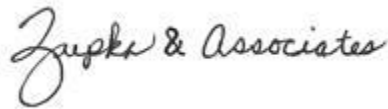
Report on Internal Control Over Compliance

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

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

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

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



Zupka & Associates
Certified Public Accountants

January 16, 2025

**MADISON LOCAL SCHOOL DISTRICT
LAKE COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
UNIFORM GUIDANCE
JUNE 30, 2024**

1. SUMMARY OF AUDITOR'S RESULTS

2024(i)	Type of Financial Statement Opinion	Unmodified
2024(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2024(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2024(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
2024(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2024(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2024(v)	Type of Major Programs' Compliance Opinions	Unmodified
2024(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2024(vii)	Major Programs (list): Title I - Grants to Local Educational Agencies - ALN #84.010 Title I - Grants to Local Educational Agencies - School Quality Improvement - ALN #84.010 Title I - Grants to Local Educational Agencies - Non-competitive Supplemental School Improvement - ALN #84.010 Education Stabilization Fund - COVID-19 - ARP ESSER - ALN #84.425U COVID-19 - ARP Homeless - ALN #84.425W	
2024(viii)	Dollar Threshold: A/B Program	Type A: \$750,000 Type B: All Others less than \$750,000
2024(ix)	Low Risk Auditee?	No

**MADISON LOCAL SCHOOL DISTRICT
LAKE COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
UNIFORM GUIDANCE
JUNE 30, 2024
(CONTINUED)**

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

Finding 2024-001 – Noncompliance Finding – Annual Financial Report

Condition/Criteria

Ohio Revised Code Section 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Revised Code Section 117.38.

Ohio Administrative Code Section 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, the District prepares its financial statements and notes following the cash basis of accounting. This is a comprehensive basis other than generally accepted accounting principles.

Effect

The accompanying financial statements and footnotes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while material cannot be determined at this time. Pursuant to the Ohio Revised Code Section 117.38, the District may be fined and subject to various other administrative remedies for its failure to file the required financial report within the required time limits.

Recommendation

We recommend the District take the necessary steps to ensure the annual report is prepared in accordance with generally accepted accounting principles.

District Response

GAAP statements have not been filed since the cost of preparing GAAP statements outweighs the benefit. It is not anticipated that GAAP statements will be filed in the future.

3. **FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.



MADISON LOCAL SCHOOL DISTRICT

1956 Red Bird Rd., Madison, Ohio 44057 Telephone 440.428.2166 FAX 440.428.9379
Sarah Palm, Treasurer/CFO www.madisonschools.net

MADISON LOCAL SCHOOL DISTRICT CORRECTIVE ACTION PLAN JUNE 30, 2024

<u>Finding Number</u>	<u>Planned Corrective Action</u>	<u>Anticipated Completion Date</u>	<u>Responsible Contact Person</u>
2024-001	The District has elected to not file its financial statements on the GAAP basis, due to the cost outweighing the benefits to the District.	N/A	Sarah Palm, Treasurer

**MADISON LOCAL SCHOOL DISTRICT
LAKE COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The audit report for the fiscal year ending June 30, 2023, included an instance of noncompliance.

Finding Number	Finding Summary	Status	Additional Information
2023-001	Failure to prepare financial statements in accordance with accounting principles generally accepted in the United States of America	Finding not corrected.	Reissued as Finding 2024-001

OHIO AUDITOR OF STATE KEITH FABER



MADISON LOCAL SCHOOL DISTRICT

LAKE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 6/5/2025

65 East State 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