



OHIO AUDITOR OF STATE  
**KEITH FABER**





**MARIEMONT CITY SCHOOL DISTRICT  
HAMILTON COUNTY  
JUNE 30, 2020**

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**MARIEMONT CITY SCHOOL DISTRICT  
HAMILTON COUNTY  
JUNE 30, 2020**

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Mariemont City School District  
Hamilton County  
2 Warrior Way  
Cincinnati, Ohio 45227

To the Board of Education

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mariemont City School District, Hamilton County, Ohio (the District), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

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

***Other Matters***

*Required Supplementary Information*

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 3, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio  
May 3, 2021

**Mariemont City School District, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**  
(Unaudited)

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The discussion and analysis of Mariemont City School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the District's performance.

### **Financial Highlights**

Key financial highlights for 2020 are as follows:

- Net position of governmental activities decreased \$6,789,698 which represents a 309% decrease from 2019. This is mainly due to property tax revenue advances available from the county auditor decreasing due to a postponed payment deadline because of the COVID-19 epidemic.
- General revenues accounted for \$23,064,675 in revenue or 93% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,726,748 or 7% of total revenues of \$24,791,423.
- The District had \$31,581,121 in expenses related to governmental activities; \$1,726,748 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$23,064,675 were also used to provide for these programs.

### **Overview of the Financial Statements**

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

The *Government-wide Financial Statements* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. *Fund financial statements* provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. The General Fund and the Building Fund are the major funds of the District.

### **Government-Wide Financial Statements**

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2020?" The Government-wide Financial Statements answer this question. These statements include *all assets and deferred outflows*, and *liabilities and deferred inflows* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**Mariemont City School District, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**  
(Unaudited)

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These two statements report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Government-wide Financial Statements, the overall financial position of the District is presented as Governmental Activities – All of the District's programs and services are reported as Governmental Activities including instruction, support services, operation of noninstructional services, extracurricular activities, and interest and fiscal charges.

**Fund Financial Statements**

The analysis of the District's major funds is presented in the Fund Financial Statements. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

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

**Fiduciary Funds** Fiduciary Funds are used to account for resources held for the benefits of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

**The District as a Whole**

As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District's net position for 2020 compared to 2019:

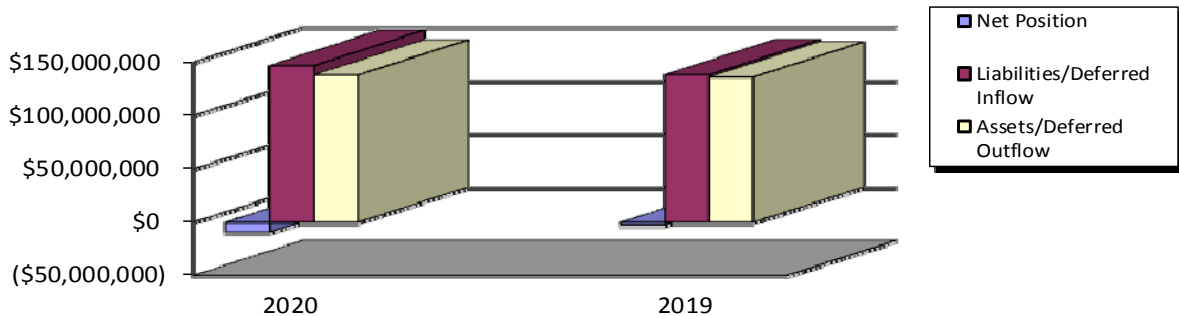
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**Mariemont City School District, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**  
(Unaudited)

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

|   | Governmental Activities |                      |
|---|-------------------------|----------------------|
|   | 2020                    | 2019                 |
| <b>Assets:</b>                              |                         |                      |
| Current and Other Assets                    | \$62,945,295            | \$83,013,713         |
| Net OPEB Asset                              | 1,588,842               | 1,516,695            |
| Capital Assets                              | 66,066,613              | 43,870,054           |
| <b>Total Assets</b>                         | <b>130,600,750</b>      | <b>128,400,462</b>   |
| <b>Deferred Outflows of Resources:</b>      |                         |                      |
| Deferred Charge on Refunding                | 1,313,384               | 15,005               |
| OPEB  | 579,628                 | 457,626              |
| Pension                                     | 5,519,372               | 7,229,142            |
| <b>Total Deferred Outflows of Resources</b> | <b>7,412,384</b>        | <b>7,701,773</b>     |
| <b>Liabilities:</b>                         |                         |                      |
| Other Liabilities                           | 6,667,081               | 4,273,663            |
| Long-Term Liabilities                       | 115,628,356             | 115,893,509          |
| <b>Total Liabilities</b>                    | <b>122,295,437</b>      | <b>120,167,172</b>   |
| <b>Deferred Inflows of Resources:</b>       |                         |                      |
| Property Taxes                              | 20,723,788              | 13,660,616           |
| OPEB  | 2,608,742               | 2,644,882            |
| Pension                                     | 1,371,540               | 1,826,240            |
| <b>Total Deferred Inflows of Resources</b>  | <b>24,704,070</b>       | <b>18,131,738</b>    |
| <b>Net Position:</b>                        |                         |                      |
| Net Investment in Capital Assets            | 823,363                 | (2,431,515)          |
| Restricted                                  | 2,611,256               | 4,185,009            |
| Unrestricted                                | (12,420,992)            | (3,950,169)          |
| <b>Total Net Position</b>                   | <b>(\$8,986,373)</b>    | <b>(\$2,196,675)</b> |



Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2020, the District's assets and deferred outflows of resources were less than liabilities and deferred

**Mariemont City School District, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**  
**(Unaudited)**

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inflows of resources by \$8,986,373.

At year-end, capital assets represented 51% of total assets. Capital assets include land, construction in progress, buildings and improvements, equipment, and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2020, were \$823,363. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net position, \$2,611,256 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Total assets increased from the prior year mainly due to the increase in the District's capital assets. Long-term liabilities decreased slightly due to the District continually making payments on their outstanding debt.

Table 2 shows the changes in net position for fiscal years 2020 and 2019.

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**Mariemont City School District, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**  
(Unaudited)

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

|   | Governmental Activities     |                             |
|---|-----------------------------|-----------------------------|
|   | 2020                        | 2019                        |
| Revenues:                               |                             |                             |
| Program Revenues                        |                             |                             |
| Charges for Services                    | \$654,526                   | \$799,929                   |
| Operating Grants, Contributions         | 1,072,222                   | 1,093,693                   |
| General Revenues:                       |                             |                             |
| Property Taxes                          | 17,221,222                  | 23,206,444                  |
| Grants and Entitlements                 | 4,830,882                   | 5,200,356                   |
| Investment Earnings                     | 948,101                     | 574,628                     |
| Other                                   | 64,470                      | 235,946                     |
| Total Revenues                          | <u>24,791,423</u>           | <u>31,110,996</u>           |
| Program Expenses:                       |                             |                             |
| Instruction                             | 17,116,103                  | 13,534,666                  |
| Support Services:                       |                             |                             |
| Pupil and Instructional Staff           | 3,291,488                   | 2,750,978                   |
| School Administrative, General          |                             |                             |
| Administration, Fiscal and Business     | 2,908,731                   | 1,985,237                   |
| Operations and Maintenance              | 2,616,585                   | 2,334,454                   |
| Pupil Transportation                    | 900,633                     | 942,920                     |
| Central                                 | 177,026                     | 167,794                     |
| Operation of Non-Instructional Services | 404,569                     | 492,088                     |
| Extracurricular Activities              | 907,094                     | 791,349                     |
| Interest and Fiscal Charges             | <u>3,258,892</u>            | <u>2,668,400</u>            |
| Total Program Expenses                  | <u>31,581,121</u>           | <u>25,667,886</u>           |
| Change in Net Position                  | (6,789,698)                 | 5,443,110                   |
| Net Position - Beginning of Year        | <u>(2,196,675)</u>          | <u>(7,639,785)</u>          |
| Net Position - End of Year              | <u><u>(\$8,986,373)</u></u> | <u><u>(\$2,196,675)</u></u> |

The District revenues are mainly from two sources. Property taxes levied for general, debt service and capital related purposes, and grants and entitlements comprised 89% of the District's revenues for governmental activities.

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

Thus Ohio districts dependent upon property taxes are hampered by a lack of revenue growth and must

**Mariemont City School District, Ohio**  
**Management’s Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**  
(Unaudited)

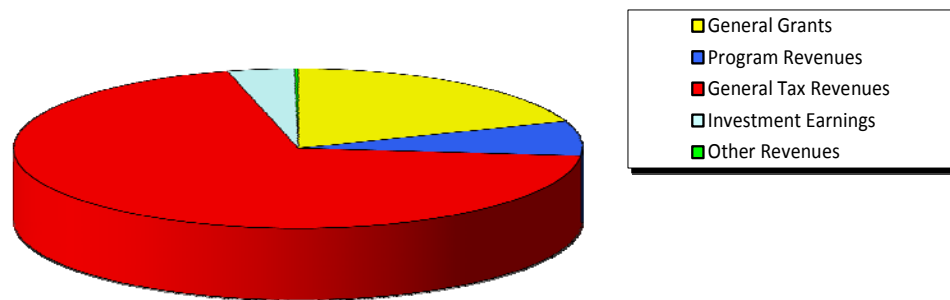
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regularly return to the voters to maintain a constant level of service. Property taxes made up 69% of revenue for governmental activities for the District in fiscal year 2020.

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

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|                              | 2020                | Percentage    |
|------------------------------|---------------------|---------------|
| General Grants               | \$4,830,882         | 19.5%         |
| Program Revenues             | 1,726,748           | 7.0%          |
| General Tax Revenues         | 17,221,222          | 69.5%         |
| Investment Earnings          | 948,101             | 3.8%          |
| Other Revenues               | 64,470              | 0.2%          |
| <b>Total Revenue Sources</b> | <b>\$24,791,423</b> | <b>100.0%</b> |



Instruction comprises 54% of governmental program expenses. Support services expenses were 31% of governmental program expenses. All other expenses including interest and fiscal charges were 15%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

Program revenues decreased from the prior year due to a decrease in operating grants and contributions as well as charges for services revenues. General revenues decreased due to a decrease in property taxes revenue.

**Governmental Activities**

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. These services are mainly supported by tax revenue and unrestricted State entitlements.

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**Mariemont City School District, Ohio**  
**Management’s Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**  
(Unaudited)

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

|   | Total Cost of Services |                     | Net Cost of Services  |                       |
|---|------------------------|---------------------|-----------------------|-----------------------|
|   | 2020                   | 2019                | 2020                  | 2019                  |
| Instruction                             | \$17,116,103           | \$13,534,666        | (\$16,229,411)        | (\$12,643,715)        |
| Support Services:                       |                        |                     |                       |                       |
| Pupil and Instructional Staff           | 3,291,488              | 2,750,978           | (2,970,671)           | (2,518,839)           |
| School Administrative, General          |                        |                     |                       |                       |
| Administration, Fiscal and Business     | 2,908,731              | 1,985,237           | (2,908,731)           | (1,985,237)           |
| Operations and Maintenance              | 2,616,585              | 2,334,454           | (2,616,585)           | (2,331,354)           |
| Pupil Transportation                    | 900,633                | 942,920             | (889,989)             | (918,830)             |
| Central                                 | 177,026                | 167,794             | (177,026)             | (167,794)             |
| Operation of Non-Instructional Services | 404,569                | 492,088             | (118,498)             | (43,888)              |
| Extracurricular Activities              | 907,094                | 791,349             | (684,570)             | (496,207)             |
| Interest and Fiscal Charges             | 3,258,892              | 2,668,400           | (3,258,892)           | (2,668,400)           |
| Total Expenses                          | <u>\$31,581,121</u>    | <u>\$25,667,886</u> | <u>(\$29,854,373)</u> | <u>(\$23,774,264)</u> |

**The District’s Funds**

The District has two major governmental funds: the General Fund and the Building Fund. Assets of these funds comprised \$56,115,194 (89%) of the total \$62,945,295 governmental funds assets.

**General Fund:** Fund balance at June 30, 2020 was \$16,141,088 including \$15,122,593 of unassigned balance. The District had a decrease in fund balance of \$5,335,456. The decrease was mainly due to property tax revenue advances available from the county auditor decreasing due to a postponed payment deadline because of the COVID-19 epidemic.

**Building Fund:** Fund balance at June 30, 2020 was \$16,107,529 a decrease in fund balance of \$22,528,576 from 2019. The decrease was mainly due to an increase in capital outlay expenditures due to the ongoing construction project.

**General Fund Budgeting Highlights**

The District’s Budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the Budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, final budget basis revenue was \$24,251,927, compared to original budget estimates of \$24,251,927.

The District’s unobligated cash balance for the General Fund was \$15,934,263.

**Mariemont City School District, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**  
(Unaudited)

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**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2020, the District had \$66,066,613 invested in land, construction in progress, buildings and improvements, equipment, and vehicles. Table 4 shows fiscal year 2020 balances compared to fiscal year 2019:

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

|                            | Governmental Activities |                     |
|----------------------------|-------------------------|---------------------|
|                            | 2020                    | 2019                |
| Land                       | \$1,158,482             | \$1,110,469         |
| Construction in Progress   | 27,679,026              | 4,402,150           |
| Buildings and Improvements | 36,326,682              | 37,365,231          |
| Equipment and Vehicles     | 902,423                 | 992,204             |
| Total Net Capital Assets   | <u>\$66,066,613</u>     | <u>\$43,870,054</u> |

Total Net Capital Assets increased in 2020 as compared to 2019 due to the continuation of construction projects within the District.

See Note 7 to the Basic Financial Statements for further details on the District's capital assets.

**Debt**

At June 30, 2020, the District had \$86,053,848 in debt outstanding, \$2,334,206 due within one year. Table 5 summarizes total debt outstanding.

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

|   | 2020                | 2019                |
|---|---------------------|---------------------|
| General Obligation Bonds Payable:           |                     |                     |
| Refunding Bonds 2019                        | \$27,285,000        | \$0                 |
| Capital Appreciation Bonds 2019 - principal | 69,816              | 0                   |
| Capital Appreciation Bonds 2019 - interest  | 20,151              | 0                   |
| Lease Revenue Bonds 2019                    | 42,125,000          | 42,980,000          |
| Certificate of Participation                | 1,250,000           | 1,345,000           |
| Permanent Improvement Bonds 2010 BABs       | 55,000              | 27,700,000          |
| Permanent Improvement Bonds 2010 QSCB       | 8,210,000           | 8,935,000           |
| Refunding Bonds - 2015                      | 2,920,000           | 3,370,000           |
| Premium and Discount on Bonds               | 2,976,679           | 1,373,535           |
| Capital Leases                              | 1,142,202           | 1,054,626           |
| Total Outstanding Debt at Year End          | <u>\$86,053,848</u> | <u>\$86,758,161</u> |

See Notes 8 and 9 to the Basic Financial Statements for further details on the District's obligations.

**Mariemont City School District, Ohio**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**  
(Unaudited)

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**Economic Outlook**

The Ohio Department of Education explains the school funding model in Ohio as follows:

The funding of K-12 public schools in Ohio is a joint effort between the state and local school districts. Since the 1970s through FY 2009, with the exception of a few years, Ohio's funding formula was foundation based by means of which a per pupil amount determined by the General Assembly as the per-pupil resource for provision of a basic adequate education was multiplied by the number of pupils to determine the base funding of the school districts. From this product, the local share of the basic adequate amount or the charge off was subtracted to arrive at the state share of the base funding. Additional funding was also provided for services targeted to categories of pupils such as handicapped, vocational, gifted, and economically disadvantaged as well as some adjustments and funding guarantees.

The 2010-11 biennial budget (Am. Sub. HBI of the 128th General Assembly) established another new funding formula called the Evidence-Based Model (EBM). Am. Sub. HB 153 of the 129th General Assembly repealed the EBM and implemented a temporary funding formula, the Bridge Formula, for the 12-13 school year as a new funding formula was developed. The State revised the funding model in June, 2013 and adopted HB 59, the FY 14 and FY 15 biennium budget which again changed our funding formula, but not our funding. In June 2015, Ohio's Governor signed HB64, the state biennium budget bill for FY 16 and FY 17. This made further changes to the funding formula.

Given the uncertainty of the school funding formula and the economic conditions within the State, the level at which the State will fund schools in the future remains uncertain. State Funding was reduced by \$400,000 in FY20 and FY21 due to the coronavirus pandemic. The District remains concerned about the instability of the state economy and the political ramifications of changing the funding formula every two years. We plan carefully and prudently to provide resources to meet the needs of our students but the uncertainty of state funding challenges our planning.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for money it receives. If you have questions about this report or need additional financial information, contact the Treasurer at Mariemont City School District, 2 Warrior Way, Cincinnati, OH 45227.

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Mariemont City School District, Ohio  
Statement of Net Position  
June 30, 2020

|   | Governmental<br>Activities |
|---|----------------------------|
| Assets:                                     |                            |
| Equity in Pooled Cash and Investments       | \$36,163,509               |
| Restricted Cash and Investments             | 1,998,555                  |
| Receivables (Net):                          |                            |
| Taxes                                       | 24,448,785                 |
| Accounts                                    | 195,665                    |
| Interest                                    | 37,839                     |
| Intergovernmental                           | 79,330                     |
| Prepays                                     | 19,166                     |
| Inventory                                   | 2,446                      |
| Nondepreciable Capital Assets               | 28,837,508                 |
| Depreciable Capital Assets, Net             | 37,229,105                 |
| Net OPEB Asset                              | 1,588,842                  |
| <b>Total Assets</b>                         | <b>130,600,750</b>         |
| Deferred Outflows of Resources:             |                            |
| Deferred Charge on Refunding Pension        | 1,313,384                  |
| OPEB  | 5,519,372                  |
| <b>Total Deferred Outflows of Resources</b> | <b>7,412,384</b>           |
| Liabilities:                                |                            |
| Accounts Payable                            | 193,213                    |
| Accrued Wages and Benefits                  | 2,639,104                  |
| Contracts Payable                           | 1,780,825                  |
| Retainage Payable                           | 1,817,910                  |
| Accrued Interest Payable                    | 236,029                    |
| Long-Term Liabilities:                      |                            |
| Due Within One Year                         | 2,469,472                  |
| Due In More Than One Year:                  |                            |
| Net Pension Liability                       | 26,547,107                 |
| Net OPEB Liability                          | 2,282,549                  |
| Other Amounts                               | 84,329,228                 |
| <b>Total Liabilities</b>                    | <b>122,295,437</b>         |
| Deferred Inflows of Resources:              |                            |
| Property Taxes                              | 20,723,788                 |
| OPEB  | 2,608,742                  |
| Pension                                     | 1,371,540                  |
| <b>Total Deferred Inflows of Resources</b>  | <b>24,704,070</b>          |
| Net Position:                               |                            |
| Net Investment in Capital Assets            | 823,363                    |
| Restricted for:                             |                            |
| Debt Service                                | 1,498,374                  |
| Capital Projects                            | 749,630                    |
| District Managed Activities                 | 103,763                    |
| Federal Grants                              | 63,138                     |
| Other Purposes                              | 196,351                    |
| Unrestricted                                | (12,420,992)               |
| <b>Total Net Position</b>                   | <b>(\$8,986,373)</b>       |

See accompanying notes to the basic financial statements.

Mariemont City School District, Ohio  
Statement of Activities  
For the Fiscal Year Ended June 30, 2020

|   | Expenses            | Program Revenues                  |                                       | Net (Expense) Revenue                                     |
|---|---------------------|-----------------------------------|---------------------------------------|---|
|   |                     | Charges for<br>Services and Sales | Operating Grants<br>and Contributions | and Changes in Net Position<br>Governmental<br>Activities |
| <b>Governmental Activities:</b>         |                     |                                   |                                       |   |
| <b>Instruction:</b>                     |                     |                                   |                                       |   |
| Regular                                 | \$14,006,323        | \$268,440                         | \$35,154                              | (\$13,702,729)  |
| Special                                 | 2,911,484           | 18,669                            | 562,969                               | (2,329,846)   |
| Adult                                   | 811                 | 0                                 | 0                                     | (811)   |
| Other                                   | 197,485             | 1,460                             | 0                                     | (196,025)   |
| <b>Support Services:</b>                |                     |                                   |                                       |   |
| Pupil                                   | 2,036,581           | 0                                 | 158,941                               | (1,877,640)   |
| Instructional Staff                     | 1,254,907           | 0                                 | 161,876                               | (1,093,031)   |
| General Administration                  | 12,227              | 0                                 | 0                                     | (12,227)  |
| School Administration                   | 2,172,155           | 0                                 | 0                                     | (2,172,155)   |
| Fiscal                                  | 710,599             | 0                                 | 0                                     | (710,599)   |
| Business                                | 13,750              | 0                                 | 0                                     | (13,750)  |
| Operations and Maintenance              | 2,616,585           | 0                                 | 0                                     | (2,616,585)   |
| Pupil Transportation                    | 900,633             | 0                                 | 10,644                                | (889,989)   |
| Central                                 | 177,026             | 0                                 | 0                                     | (177,026)   |
| Operation of Non-Instructional Services | 404,569             | 143,433                           | 142,638                               | (118,498)   |
| Extracurricular Activities              | 907,094             | 222,524                           | 0                                     | (684,570)   |
| Interest and Fiscal Charges             | 3,258,892           | 0                                 | 0                                     | (3,258,892)   |
| <b>Totals</b>                           | <b>\$31,581,121</b> | <b>\$654,526</b>                  | <b>\$1,072,222</b>                    | <b>(29,854,373)</b>                                       |

**General Revenues:**

Property Taxes Levied for:

|   |            |
|---|------------|
| General Purposes                        | 13,884,024 |
| Debt Service Purposes                   | 1,698,962  |
| Capital Projects Purposes               | 1,638,236  |
| Grants and Entitlements, Not Restricted | 4,830,882  |
| Investment Earnings                     | 948,101    |
| Other Revenues                          | 64,470     |

Total General Revenues 23,064,675

Change in Net Position (6,789,698)

Net Position - Beginning of Year (2,196,675)

Net Position - End of Year (\$8,986,373)

See accompanying notes to the basic financial statements.

Mariemont City School District, Ohio  
Balance Sheet  
Governmental Funds  
June 30, 2020

|  | General             | Building            | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|---------------------|--------------------------------|--------------------------------|
| <b>Assets:</b>   |                     |                     |                                |                                |
| Equity in Pooled Cash and Investments                        | \$16,226,392        | \$17,888,080        | \$2,049,037                    | \$36,163,509                   |
| Restricted Cash and Investments                              | 180,645             | 1,817,910           | 0                              | 1,998,555                      |
| <b>Receivables (Net):</b>                                    |                     |                     |                                |                                |
| Taxes  | 19,749,639          | 0                   | 4,699,146                      | 24,448,785                     |
| Accounts   | 195,523             | 0                   | 142                            | 195,665                        |
| Interest   | 14,953              | 22,886              | 0                              | 37,839                         |
| Intergovernmental  | 0                   | 0                   | 79,330                         | 79,330                         |
| Prepays  | 19,166              | 0                   | 0                              | 19,166                         |
| Inventory  | 0                   | 0                   | 2,446                          | 2,446                          |
| <b>Total Assets</b>  | <b>36,386,318</b>   | <b>19,728,876</b>   | <b>6,830,101</b>               | <b>62,945,295</b>              |
| <b>Liabilities:</b>  |                     |                     |                                |                                |
| Accounts Payable   | 158,878             | 0                   | 34,335                         | 193,213                        |
| Accrued Wages and Benefits                                   | 2,639,104           | 0                   | 0                              | 2,639,104                      |
| Compensated Absences   | 59,237              | 0                   | 0                              | 59,237                         |
| Contracts Payable  | 0                   | 1,780,825           | 0                              | 1,780,825                      |
| Retainage Payable  | 0                   | 1,817,910           | 0                              | 1,817,910                      |
| <b>Total Liabilities</b>                                     | <b>2,857,219</b>    | <b>3,598,735</b>    | <b>34,335</b>                  | <b>6,490,289</b>               |
| <b>Deferred Inflows of Resources:</b>                        |                     |                     |                                |                                |
| Property Taxes   | 17,379,639          | 0                   | 4,114,146                      | 21,493,785                     |
| Grants and Other Taxes                                       | 0                   | 0                   | 61,330                         | 61,330                         |
| Investment Earnings  | 8,372               | 22,612              | 0                              | 30,984                         |
| <b>Total Deferred Inflows of Resources</b>                   | <b>17,388,011</b>   | <b>22,612</b>       | <b>4,175,476</b>               | <b>21,586,099</b>              |
| <b>Fund Balances:</b>  |                     |                     |                                |                                |
| Nonspendable   | 19,166              | 0                   | 0                              | 19,166                         |
| Restricted   | 0                   | 16,107,529          | 2,626,491                      | 18,734,020                     |
| Assigned   | 999,329             | 0                   | 0                              | 999,329                        |
| Unassigned   | 15,122,593          | 0                   | (6,201)                        | 15,116,392                     |
| <b>Total Fund Balances</b>                                   | <b>16,141,088</b>   | <b>16,107,529</b>   | <b>2,620,290</b>               | <b>34,868,907</b>              |
| <b>Total Liabilities, Deferred Inflows and Fund Balances</b> | <b>\$36,386,318</b> | <b>\$19,728,876</b> | <b>\$6,830,101</b>             | <b>\$62,945,295</b>            |

See accompanying notes to the basic financial statements.

Mariemont City School District, Ohio  
 Reconciliation of Total Governmental Fund Balance to  
 Net Position of Governmental Activities  
 June 30, 2020

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|  |              |                             |
|--|--------------|-----------------------------|
| Total Governmental Fund Balance  |              | \$34,868,907                |
| Amounts reported for governmental activities in the statement of net position are different because:   |              |                             |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.  |              |                             |
| Capital assets used in the operation of Governmental Funds   |              | 66,066,613                  |
| Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.   |              |                             |
| Delinquent Property Taxes  | 769,997      |                             |
| Interest   | 30,984       |                             |
| Intergovernmental  | 61,330       |                             |
|  |              | <u>862,311</u>              |
| In the statement of net position interest payable is accrued when incurred; whereas, in the governmental funds interest is reported as a liability only when it will require the use of current financial resources. |              |                             |
|  |              | (236,029)                   |
| Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds.                              |              |                             |
| Compensated Absences   |              | (685,615)                   |
| Deferred charge on refunding associated with long-term liabilities that are not reported in the funds.   |              |                             |
|  |              | 1,313,384                   |
| Deferred outflows and inflows or resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.  |              |                             |
| Deferred outflows of resources related to pensions   | 5,519,372    |                             |
| Deferred inflows of resources related to pensions  | (1,371,540)  |                             |
| Deferred outflows of resources related to OPEB   | 579,628      |                             |
| Deferred inflows of resources related to OPEB  | (2,608,742)  |                             |
|  |              | <u>2,118,718</u>            |
| Long-term liabilities and net OPEB assets are not available to pay for current period expenditures and are not due and payable in the current period and, therefore, are not reported in the funds.                  |              |                             |
| Net OPEB Asset   | 1,588,842    |                             |
| Net Pension Liability  | (26,547,107) |                             |
| Net OPEB Liability   | (2,282,549)  |                             |
| Other Amounts  | (86,053,848) |                             |
|  |              | <u>(113,294,662)</u>        |
| Net Position of Governmental Activities  |              | <u><u>(\$8,986,373)</u></u> |

See accompanying notes to the basic financial statements.

Mariemont City School District, Ohio  
Statement of Revenues, Expenditures  
and Changes in Fund Balance  
Governmental Funds  
For the Fiscal Year Ended June 30, 2020

|   | General             | Building            | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------------|---------------------|--------------------------------|--------------------------------|
| <b>Revenues:</b>                                    |                     |                     |                                |                                |
| Property and Other Taxes                            | \$13,848,813        | \$0                 | \$3,334,976                    | \$17,183,789                   |
| Tuition and Fees                                    | 288,819             | 0                   | 0                              | 288,819                        |
| Investment Earnings                                 | 246,891             | 748,300             | 10,604                         | 1,005,795                      |
| Intergovernmental                                   | 4,809,184           | 0                   | 1,063,946                      | 5,873,130                      |
| Extracurricular Activities                          | 35,430              | 0                   | 179,041                        | 214,471                        |
| Charges for Services                                | 0                   | 0                   | 138,978                        | 138,978                        |
| Other Revenues                                      | 28,266              | 0                   | 48,462                         | 76,728                         |
| <b>Total Revenues</b>                               | <b>19,257,403</b>   | <b>748,300</b>      | <b>4,776,007</b>               | <b>24,781,710</b>              |
| <b>Expenditures:</b>                                |                     |                     |                                |                                |
| <b>Current:</b>                                     |                     |                     |                                |                                |
| <b>Instruction:</b>                                 |                     |                     |                                |                                |
| Regular   | 11,721,269          | 0                   | 1,162                          | 11,722,431                     |
| Special   | 2,452,985           | 0                   | 304,894                        | 2,757,879                      |
| Adult   | 811                 | 0                   | 0                              | 811                            |
| Other   | 197,485             | 0                   | 0                              | 197,485                        |
| <b>Support Services:</b>                            |                     |                     |                                |                                |
| Pupil   | 1,753,092           | 0                   | 160,446                        | 1,913,538                      |
| Instructional Staff                                 | 1,135,820           | 0                   | 68,751                         | 1,204,571                      |
| General Administration                              | 11,941              | 0                   | 0                              | 11,941                         |
| School Administration                               | 1,917,427           | 0                   | 10,957                         | 1,928,384                      |
| Fiscal  | 615,311             | 0                   | 48,579                         | 663,890                        |
| Business  | 13,750              | 0                   | 0                              | 13,750                         |
| Operations and Maintenance                          | 2,530,113           | 0                   | 0                              | 2,530,113                      |
| Pupil Transportation                                | 897,219             | 0                   | 0                              | 897,219                        |
| Central   | 166,770             | 0                   | 0                              | 166,770                        |
| Operation of Non-Instructional Services             | 0                   | 0                   | 392,743                        | 392,743                        |
| Extracurricular Activities                          | 663,103             | 0                   | 182,711                        | 845,814                        |
| Capital Outlay                                      | 421,943             | 23,276,876          | 48,013                         | 23,746,832                     |
| <b>Debt Service:</b>                                |                     |                     |                                |                                |
| Principal Retirement                                | 354,147             | 0                   | 2,320,000                      | 2,674,147                      |
| Interest and Fiscal Charges                         | 74,396              | 0                   | 3,146,454                      | 3,220,850                      |
| <b>Total Expenditures</b>                           | <b>24,927,582</b>   | <b>23,276,876</b>   | <b>6,684,710</b>               | <b>54,889,168</b>              |
| <b>Excess of Revenues Over (Under) Expenditures</b> | <b>(5,670,179)</b>  | <b>(22,528,576)</b> | <b>(1,908,703)</b>             | <b>(30,107,458)</b>            |
| <b>Other Financing Sources (Uses):</b>              |                     |                     |                                |                                |
| Proceeds of Capital Leases                          | 346,723             | 0                   | 0                              | 346,723                        |
| Refunding Bonds Issued                              | 0                   | 0                   | 27,569,816                     | 27,569,816                     |
| Payment to Refunded Bond Escrow Agent               | 0                   | 0                   | (29,445,640)                   | (29,445,640)                   |
| Premium on Long-Term Debt Issuance                  | 0                   | 0                   | 2,421,800                      | 2,421,800                      |
| Discount on Long-Term Debt Issuance                 | 0                   | 0                   | (219,768)                      | (219,768)                      |
| Transfers In  | 0                   | 0                   | 12,000                         | 12,000                         |
| Transfers (Out)                                     | (12,000)            | 0                   | 0                              | (12,000)                       |
| <b>Total Other Financing Sources (Uses)</b>         | <b>334,723</b>      | <b>0</b>            | <b>338,208</b>                 | <b>672,931</b>                 |
| <b>Net Change in Fund Balance</b>                   | <b>(5,335,456)</b>  | <b>(22,528,576)</b> | <b>(1,570,495)</b>             | <b>(29,434,527)</b>            |
| <b>Fund Balance - Beginning of Year</b>             | <b>21,476,544</b>   | <b>38,636,105</b>   | <b>4,190,785</b>               | <b>64,303,434</b>              |
| <b>Fund Balance - End of Year</b>                   | <b>\$16,141,088</b> | <b>\$16,107,529</b> | <b>\$2,620,290</b>             | <b>\$34,868,907</b>            |

See accompanying notes to the basic financial statements.

Mariemont City School District, Ohio  
 Reconciliation of the Statement of Revenues, Expenditures, and Changes  
 in Fund Balance of Governmental Funds to the Statement of Activities  
 For the Fiscal Year Ended June 30, 2020

Net Change in Fund Balance - Total Governmental Funds (\$29,434,527)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital asset additions as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of the difference between capital asset additions and depreciation in the current period.

|  |                    |            |
|--|--------------------|------------|
| Capital assets used in governmental activities | 23,324,889         |            |
| Depreciation Expense                           | <u>(1,128,330)</u> | 22,196,559 |

Governmental funds report district pension and OPEB contributions as expenditures. However in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions are reported as pension and OPEB expense.

|  |                |             |
|--|----------------|-------------|
| District pension contributions                                   | 2,105,600      |             |
| Cost of benefits earned net of employee contributions - Pensions | (3,954,174)    |             |
| District OPEB contributions                                      | 46,902         |             |
| Cost of benefits earned net of employee contributions - OPEB     | <u>433,386</u> | (1,368,286) |

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

|                           |               |       |
|---------------------------|---------------|-------|
| Delinquent Property Taxes | 37,433        |       |
| Interest                  | (57,694)      |       |
| Intergovernmental         | <u>29,974</u> | 9,713 |

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

|                                  |                   |           |
|----------------------------------|-------------------|-----------|
| Premium/Discount on Bonds Issued | (2,202,032)       |           |
| Deferred Amount on Refunding     | 1,346,970         |           |
| Refunding Bonds                  | (27,569,816)      |           |
| Bonds Refunded                   | <u>27,570,000</u> | (854,878) |

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 2,674,147

In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due. (39,518)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

|  |                 |         |
|--|-----------------|---------|
| Compensated Absences                         | (156,331)       |         |
| Amortization of Bond Premium                 | 599,702         |         |
| Amortization of Deferred Charge on Refunding | (48,591)        |         |
| Amortization of Bond Discount                | (814)           |         |
| Bond Accretion                               | <u>(20,151)</u> | 373,815 |

Proceeds from debt issues are an other financing source in the funds, but a debt issue increases long-term liabilities in the statement of net position. (346,723)

Change in Net Position of Governmental Activities (\$6,789,698)

See accompanying notes to the basic financial statements.

Mariemont City School District, Ohio  
Statement of Fiduciary Net Position  
Fiduciary Fund  
June 30, 2020

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|                                       | Private Purpose<br>Trust | Agency            |
|---------------------------------------|--------------------------|-------------------|
|                                       | <u>          </u>        | <u>          </u> |
| Assets:                               |                          |                   |
| Equity in Pooled Cash and Investments | \$89,044                 | \$53,585          |
| Total Assets                          | <u>89,044</u>            | <u>53,585</u>     |
| Liabilities:                          |                          |                   |
| Accounts Payable                      | 0                        | 920               |
| Other Liabilities                     | <u>0</u>                 | <u>52,665</u>     |
| Total Liabilities                     | <u>0</u>                 | <u>\$53,585</u>   |
| Net Position:                         |                          |                   |
| Held in Trust                         | <u>89,044</u>            |                   |
| Total Net Position                    | <u>\$89,044</u>          |                   |

See accompanying notes to the basic financial statements.

Mariemont City School District, Ohio  
Statement of Changes in Fiduciary Net Position  
Fiduciary Fund  
For the Fiscal Year Ended June 30, 2020

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|                                  | Private Purpose<br>Trust |
|----------------------------------|--------------------------|
| Additions:                       |                          |
| Investment Earnings              | <u>\$1,325</u>           |
| Total Additions                  | <u>1,325</u>             |
| Deductions:                      |                          |
| Scholarships                     | <u>0</u>                 |
| Total Deductions                 | <u>0</u>                 |
| Change in Net Position           | 1,325                    |
| Net Position - Beginning of Year | <u>87,719</u>            |
| Net Position - End of Year       | <u>\$89,044</u>          |

See accompanying notes to the basic financial statements.



**Mariemont City School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

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**Note 1 – Description of the District**

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The District was chartered by the Ohio State Legislature. In 1853 state laws were enacted to create local Boards of Education. Today, the District operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code.

The District operates under a locally elected five member Board form of government and provides educational services as mandated by state and/or federal agencies. This Board controls the District's instructional and support facilities staffed by 71 non-certificated personnel and 138 certificated full time teaching and administrative personnel to provide services to students and other community members. The District is the 15th largest in Hamilton County (among 22 Districts) in terms of enrollment. It currently operates 2 elementary schools, 1 junior high school (grades 7-8), and 1 high school (grades 9-12).

**Reporting Entity**

The reporting entity is comprised of the primary government, which consists of all funds, departments, boards, and agencies that are not legally separate from the District. This includes general operations, food service, preschool and student related activities of the District.

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

The District is associated with three jointly governed organizations. These organizations are:

Jointly Governed Organizations:

Hamilton Clermont Cooperative Information Technology Center  
Great Oaks Career Campuses  
Greater Cincinnati Insurance Consortium

These organizations are presented in Note 13.

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

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

**Mariemont City School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

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**Basis of Presentation**

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 District that are governmental and those that are considered business-type activities. The District has no business-type activities.

The government-wide statements are prepared using the economic resources measurement focus, which differs from the manner in which the governmental fund financial statements are prepared. Therefore, the governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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

**Fund Accounting**

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories governmental and fiduciary.

**Mariemont City School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

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Governmental Funds

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

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

Building Fund - The building fund is used to account for receipts and expenditures related to the construction of school facilities.

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

Fiduciary Funds

Fiduciary Funds report on net position and changes in net position. The District's fiduciary funds consist of a private-purpose trust fund and agency funds. The District's private-purpose trust fund accounts for scholarship programs for students from the Fairfax attendance area. These assets are not available for the District's use. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District accounts for student activities in its agency funds.

**Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

Revenues – Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end. Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

**Mariemont City School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

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Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, grants, and other taxes.

Deferred Outflows/Inflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditures/expenses) until then. For the District, deferred outflows of resources includes a deferred charge on refunding, pension, and other post employment benefits. These amounts are reported on government-wide statement of net position. The deferred outflows of resources related to a deferred charge on refunding, pension, and OPEB plans are explained in Notes 10 and 11.

The District reports a deferred inflow of resources which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the District, deferred inflows of resources include property taxes, OPEB, pension, grants, and investment earnings. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance year 2021 operations. These amounts have been recorded as deferred inflows on both the government-wide statement of net position and the governmental fund financial statements. Grants and investment earnings are recorded as deferred inflows only on the governmental fund financial statements. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. For more pension and OPEB related information, see Notes 10 and 11.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

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

Cash and Investments

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

**Mariemont City School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

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Except for non-participating investment contracts, investments are reported at fair value which is based on quoted market prices. (If a quoted market price is not available, the methods and significant assumptions used to estimate the fair value of investments must be disclosed.) Non-participating investment contracts such as repurchase agreements and non-negotiable certificates of deposit are reported at cost.

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

There were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice is appreciated for deposits and withdrawals of \$25 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. During fiscal year 2020, \$246,891 was credited to the general fund, \$748,300 was credited to the building fund, and \$10,604 was credited to other governmental funds.

Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve as required by State statute.

|   | <u>Capital<br/>Acquisition</u> | <u>Budget<br/>Stabilization</u> |
|---|--------------------------------|---------------------------------|
| Set Aside Cash Balance as of June 30, 2019    | \$0                            | \$180,645                       |
| Current Year Set-Aside Requirements           | 298,555                        | 0                               |
| Qualified Disbursements                       | (75,220)                       | 0                               |
| Current year Offsets                          | (223,335)                      | 0                               |
| Set Aside Reserve Balance as of June 30, 2020 | <u>\$0</u>                     | <u>\$180,645</u>                |
| Set-Aside Cash as of June 30, 2020            | <u>\$0</u>                     | <u>\$180,645</u>                |

Effective July 1, 2011, the textbook reserve requirement was eliminated; therefore, no balance or other information is presented.

Inventory

Inventory is stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. Inventory consists of donated food, purchased food, and school supplies held for resale and are expensed when used.

**Mariemont City School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

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Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2020 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and expenditure/expense is reported in the year in which services are consumed.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements but are not reported in the governmental fund financial statements. All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of three thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

When capital assets are purchased, they are capitalized and depreciated in the government-wide statements. Capital assets are reported as expenditures of the current period in the governmental fund financial statements.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

| <u>Description</u>         | <u>Estimated Lives</u> |
|----------------------------|------------------------|
| Buildings and Improvements | 20-50 years            |
| Furniture and Equipment    | 5-15 years             |
| Vehicles                   | 8-10 years             |

Compensated Absences

GASB Statement No. 16 specifies that compensated absences should be accrued as they are earned by employees if both of the following conditions are met:

1. The employee's rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employee for the benefits through paid time off or cash payment.

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

| <u>Vacation</u> | <u>Certified</u> | <u>Administrators</u> | <u>Non-Certificated</u>  |
|-----------------|------------------|-----------------------|--|
| How Earned      | Not Eligible     | 25 days               | 10-20 days for each service year, depending on length of service |

**Mariemont City School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

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|                         |   |   |   |
|-------------------------|---|---|---|
| Maximum Accumulation    | Not Applicable  | 25 days   | 20 days   |
| Vested                  | Not Applicable  | 25 days   | 20 days   |
| Termination Entitlement | Not Applicable  | Paid upon termination                                 | Paid upon termination                                 |
| <u>Sick Leave</u>       |   |   |   |
| How Earned              | 1 1/4 days per month of employment (15 days per year) | 1 1/4 days per month of employment (15 days per year) | 1 1/4 days per month of employment (15 days per year) |
| Maximum Accumulation    | 230 days  | Contract days   | 230 days  |
| Vested                  | As Earned   | As Earned   | As Earned   |
| Termination Entitlement | Per contract  | Per contract  | Per contract  |

Sick leave benefits are accrued as a liability using the vesting method. The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, a liability is recorded only for the portion of unpaid compensated absences that has matured, for example, as a result of employee resignations and retirements.

Accrued Liabilities And Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the fiscal year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

Pensions/Other Postemployment Benefits (OPEB)

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

**Mariemont City School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

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Net Position

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

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

Estimates

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

Unamortized Bond Issuance Costs/Bond Premium And Discount

On government-wide financial statements, bond issuance costs are recognized in the current period.

Bond premiums are deferred and amortized over the term of the bonds. Bond premiums are presented as an addition to the face amount of the bonds.

On the governmental financial statements, issuance costs and bond premiums are recognized in the current period.

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

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

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



**Mariemont City School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

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Assigned – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the School District 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 other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

**Note 3 – Fund Balance/Net Position Deficit**

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

| <u>Fund</u>  | <u>Deficit</u> |
|--------------|----------------|
| Food Service | \$6,201        |

The deficit in fund balances can be due to accruals in GAAP. The General Fund is liable for any deficit in these funds and will provide operating transfers when cash is required not when accruals occur.

**Note 4 - Equity in Pooled Cash and Investments**

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The District maintains a cash and investment pool used by all funds. Each fund type portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments".

State Statute requires the classification of monies held by the District into three categories:

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

Inactive Monies – Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current two 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 deposits accounts including, but not limited to, passbook accounts.

**Mariemont City School District**  
**Notes to the Basic Financial Statements**  
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Interim Monies – Interim deposits are deposits of interim monies. Interim monies are those monies that 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 pass book accounts.

Interim monies held by the District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States.
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days.
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met.
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.
7. The State Treasurer's investment pool (STAR Ohio).
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

**Mariemont City School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

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Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and amended by GASB Statement No. 40 "Deposit and Investment Risk Disclosures"

**Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2020, \$6,754,301 of the District's bank balance of \$7,004,301 was exposed to custodial credit risk because it was uninsured and collateralized.

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

Eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105% of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102% of the deposits being secured or a rate set by the Treasurer of State.

**Investments**

As of June 30, 2020, the District had the following investments:

|                                     | Fair Value          | Fair Value<br>Hierarchy | Weighted Average<br>Maturity (Years) |
|-------------------------------------|---------------------|-------------------------|--------------------------------------|
| Money Market Funds                  | \$14,875,344        | N/A                     | 0.00                                 |
| Star Ohio                           | 9,180,191           | N/A                     | 0.11                                 |
| Federal Home Loan Bank              | 2,010,400           | Level 2                 | 0.20                                 |
| Negotiable CDs                      | 2,975,158           | Level 2                 | 0.96                                 |
| Federal Farm Credit Bank            | 2,525,925           | Level 2                 | 0.46                                 |
| Total Investments                   | <u>\$31,567,018</u> |                         |                                      |
| Portfolio Weighted Average Maturity |                     |                         | 0.17                                 |

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the District's recurring fair value measurements as of June 30, 2020. As discussed further in Note 2, STAR Ohio is reported at its share price (Net Asset value per share). All other investments of the District are valued using quoted market prices.

**Mariemont City School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

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Interest Rate Risk - In accordance with the investment policy, the District manages its exposure to declines in fair value by limiting the maximum maturity of investments in its portfolio to five years.

Credit Risk – It is the District’s policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have a credit quality rating of the top 2 ratings by nationally recognized statistical rating organizations. The District’s investments in STAR Ohio were rated AAAM by Standard & Poor’s. Federal Home Loan Bank and Federal Farm Credit Bank were rated AA+ by Standard and Poor’s ratings and Aaa by Moody’s Investors Service. Money Market Funds and Negotiable CDs were not rated.

Concentration of Credit Risk – Concentration of credit risk is defined as the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The District is required to disclose the amount of investments with any one issuer that represent five percent or more of total investments. Of the District’s total investments, 29% is in STAR Ohio, 6% is in Federal Home Loan Bank, 8% is in Federal Farm Credit Bank, 10% is in Negotiable CDs and 47% is in Money Market Funds.

Custodial credit risk is the risk that in the event of a failure of a counter party, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District’s investment securities are registered in the name of the District.

**Note 5 - Property Taxes**

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Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at eighty-eight percent of true value (with certain exceptions) and on real property at thirty-five percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property tax is assessed on equipment and inventory held by businesses. Tangible property is assessed at twenty-five percent of true value (as defined). In 2015, each business was eligible to receive a \$10,000 exemption in assessed value, which was reimbursed by the State.

Real property taxes are payable annually or semi-annually. In 2020, if paid annually, payment was due by January 20th. If paid semi-annually, the first payment (at least 1/2 amount billed) was due January 20th with the remainder due June 20th.

The County Auditor remits portions of the taxes collected to all taxing Districts with periodic settlements of Real and Public Utility property taxes in February and August and Tangible Personal property taxes in June and October. The District records billed but uncollected property taxes as receivables at their estimated net realizable value.

**Mariemont City School District**  
**Notes to the Basic Financial Statements**  
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Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes that are measurable at June 30, 2020. Property tax advances available at year end and delinquent property taxes collected within 60 days are included as a receivable and tax revenue as of June 30, 2020. All other tax receivables are recorded with an offset credit to deferred revenue, because although measurable, they are intended to finance the next fiscal year's operations. Property taxes include amounts levied against real, public utility and tangible personal (business) property.

The assessed value, by property classification, upon which taxes collected in 2020 were based are as follows:

|                            | Amount               |
|----------------------------|----------------------|
| Tangible Personal Property | \$9,542,840          |
| Real Property              | 381,124,520          |
| Total                      | <u>\$390,667,360</u> |

**Note 6 – Receivables**

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Receivables at June 30, 2020 consisted of taxes, accounts, interest, and intergovernmental. All receivables are considered collectible in full due to the ability to foreclose of the nonpayment of taxes, the stable condition of State Programs, and the current year guarantee of Federal Funds.

**Note 7 - Capital Assets**

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Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

|  | Beginning<br>Balance | Additions           | Deletions  | Ending<br>Balance   |
|--|----------------------|---------------------|------------|---------------------|
| <b>Governmental Activities</b>                       |                      |                     |            |                     |
| <b><i>Capital Assets, not being depreciated:</i></b> |                      |                     |            |                     |
| Land   | \$1,110,469          | \$48,013            | \$0        | \$1,158,482         |
| Construction in Progress                             | 4,402,150            | 23,276,876          | 0          | 27,679,026          |
| <b><i>Capital Assets, being depreciated:</i></b>     |                      |                     |            |                     |
| Buildings and Improvements                           | 50,753,579           | 0                   | 0          | 50,753,579          |
| Equipment  | 1,655,806            | 0                   | 0          | 1,655,806           |
| Vehicles   | 90,164               | 0                   | 0          | 90,164              |
| Totals at Historical Cost                            | <u>58,012,168</u>    | <u>23,324,889</u>   | <u>0</u>   | <u>81,337,057</u>   |
| Less Accumulated Depreciation:                       |                      |                     |            |                     |
| Buildings and Improvements                           | 13,388,348           | 1,038,549           | 0          | 14,426,897          |
| Equipment  | 707,665              | 82,448              | 0          | 790,113             |
| Vehicles   | 46,101               | 7,333               | 0          | 53,434              |
| Total Accumulated Depreciation                       | <u>14,142,114</u>    | <u>1,128,330</u>    | <u>0</u>   | <u>15,270,444</u>   |
| Governmental Activities Capital Assets, Net          | <u>\$43,870,054</u>  | <u>\$22,196,559</u> | <u>\$0</u> | <u>\$66,066,613</u> |

**Mariemont City School District**  
**Notes to the Basic Financial Statements**  
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Depreciation expense was charged to governmental functions as follows:

|   |                    |
|---|--------------------|
| Instruction:                            |                    |
| Regular                                 | \$1,104,026        |
| Special                                 | 204                |
| Support Services:                       |                    |
| Operations and Maintenance              | 1,709              |
| Pupil Transportation                    | 3,414              |
| Operation of Non-Instructional Services | 11,826             |
| Extracurricular Activities              | 7,151              |
| Total Depreciation Expense              | <u>\$1,128,330</u> |

**Note 8 – Capitalized Leases - Lessee**

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In prior years, the District has entered into capitalized leases for the acquisition of phone, office, musical and energy conservation equipment and building improvements. The terms of each equipment lease agreement provide options to purchase the equipment. The cost of equipment under capital lease at June 30, 2020 is \$985,668. The cost of building improvements under capital lease at June 30, 2020 is \$1,078,600. The cost of the computer capital lease at June 30, 2020 is \$807,207. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one that transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. Capital lease payments have been reclassified and are reflected as debt service in the basic financial statements for the governmental funds.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2020.

| Fiscal Year<br>Ending June 30           | Amount             |
|---|--------------------|
| 2021                                    | \$381,732          |
| 2022                                    | 382,137            |
| 2023                                    | 218,300            |
| 2024                                    | 163,309            |
| 2025                                    | 70,520             |
| Total Minimum Lease Payments            | 1,215,998          |
| Less: Amounts representing interest     | 73,796             |
| Present Value of Minimum Lease Payments | <u>\$1,142,202</u> |

**Note 9 - Long-Term Liabilities**

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In 2012, the District issued \$1,995,000 of certificates of participation. The purpose of the certificates was to provide general, ongoing permanent improvements consisting of building renovations, improvements and repair. The bond issue is a general obligation of the school district for which the full faith and credit of the school district is pledged for repayment.

**Mariemont City School District**  
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In 2011, the District issued \$39,800,000 of general obligation bonds. The purpose of the bonds was to provide general, ongoing permanent improvements consisting of building renovations, improvements and repair. The bond issue is a general obligation of the school district for which the full faith and credit of the school district is pledged for repayment.

In 2005, the District issued \$5,124,989 in general obligation refunding bonds to provide resources that were placed in an irrevocable trust for the purpose of providing resources for all future debt service payments of \$4,382,067 of general obligations bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position.

In 2019, the District issued \$42,980,000 in Port of Greater Cincinnati Development Authority Tax lease Revenue Bonds. The proceeds will be used to renovate and build a new educational wing at the high school. The lease will be paid in full in 2056.

**Refunding**

On July 16, 2019 the District issued \$27,569,816 in bonds with an interest rate between 2.00% and 5.00%, which was used to partially refund \$27,570,000 of the outstanding 2010 bonds with an interest rate between 5.90% and 6.55%. The net proceeds of \$27,569,816 (after payment of underwriting fees, insurance and other issuance costs) were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide all future debt service payments on the bond issues. As a result, \$27,570,000 of the 2010 bonds are considered to be defeased and the related liability for those bonds have been removed from the Statement of Net Position.

The District refunded 2010 bonds to reduce its total debt service payments by \$4,542,943 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$3,122,791.

The following changes occurred in long-term liabilities during the year ended June 30, 2020:

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|   | Beginning<br>Balance | Additions    | Deductions     | Ending<br>Balance | Due In<br>One Year |
|---|----------------------|--------------|----------------|-------------------|--------------------|
| <b>Governmental Activities:</b>           |                      |              |                |                   |                    |
| General Obligation Bonds:                 |                      |              |                |                   |                    |
| Certificate of Participation - 2012       | \$1,345,000          | \$0          | (\$95,000)     | \$1,250,000       | \$100,000          |
| Permanent Improvement Bonds - 2010 - BABs | 27,700,000           | 0            | (27,645,000)   | 55,000            | 55,000             |
| Permanent Improvement Bonds - 2010 - QSCB | 8,935,000            | 0            | (725,000)      | 8,210,000         | 775,000            |
| Refunding Bonds - 2015                    | 3,370,000            | 0            | (450,000)      | 2,920,000         | 460,000            |
| Premium on Bonds - Series 2010            | 567,830              | 0            | (548,250)      | 19,580            | 0                  |
| Premium on Refunding Bonds - Series 2015  | 195,185              | 0            | (27,883)       | 167,302           | 0                  |
| Discount on Issuance - COP 2012           | (8,989)              | 0            | 814            | (8,175)           | 0                  |
| Lease Revenue Bonds - Series 2019         | 42,980,000           | 0            | (855,000)      | 42,125,000        | 520,000            |
| Premium on Bonds - Series 2019            | 1,194,960            | 0            | (21,546)       | 1,173,414         | 0                  |
| Discount on Issuance - Series 2019        | (575,451)            | 0            | 0              | (575,451)         | 0                  |
| Refunding Bonds - Principal- 2019         | 0                    | 27,500,000   | (215,000)      | 27,285,000        | 70,000             |
| Refunding Bonds - Premium - 2019          | 0                    | 2,421,800    | (2,023)        | 2,419,777         | 0                  |
| Discount on Issuance - 2019               | 0                    | (219,768)    | 0              | (219,768)         | 0                  |
| Capital Appreciation - Principal - 2019   | 0                    | 69,816       | 0              | 69,816            | 0                  |
| Capital Appreciation - Interest - 2019    | 0                    | 20,151       | 0              | 20,151            | 0                  |
| Subtotal Bonds                            | 85,703,535           | 29,791,999   | (30,583,888)   | 84,911,646        | 1,980,000          |
| Capital Leases                            | 1,054,626            | 346,723      | (259,147)      | 1,142,202         | 354,206            |
| Compensated Absences                      | 649,197              | 247,148      | (151,493)      | 744,852           | 135,266            |
| Subtotal Bonds & Other Amounts            | 87,407,358           | 30,385,870   | (30,994,528)   | 86,798,700        | 2,469,472          |
| Net Pension Liability:                    |                      |              |                |                   |                    |
| STRS                                      | 20,753,479           | 461,021      | 0              | 21,214,500        | 0                  |
| SERS                                      | 5,200,124            | 132,483      | 0              | 5,332,607         | 0                  |
| Subtotal Net Pension Liability            | 25,953,603           | 593,504      | 0              | 26,547,107        | 0                  |
| Net OPEB Liability:                       |                      |              |                |                   |                    |
| STRS                                      | 0                    | 0            | 0              | 0 (a)             | 0                  |
| SERS                                      | 2,532,548            | 0            | (249,999)      | 2,282,549         | 0                  |
| Subtotal Net OPEB Liability               | 2,532,548            | 0            | (249,999)      | 2,282,549         | 0                  |
| Total Governmental Activities             | \$115,893,509        | \$30,979,374 | (\$31,244,527) | \$115,628,356     | \$2,469,472        |

(a) OPEB for STRS has a Net OPEB asset in the amount of \$1,588,842 as of June 30, 2020.

Bonds will be paid from the Bond Retirement fund and the Permanent Improvement fund and capital leases and certificates of participation will be paid from the General Fund.

There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the fund benefitting from their service.

The following is a summary of the District's future annual debt service requirements to maturity for general obligation certificates/bonds:

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| Fiscal Year<br>Ending June 30 | General Obligation Bonds and Lease Revenue Bond |                     |                      | CAB Bonds       |                    |                    |
|-------------------------------|---|---------------------|----------------------|-----------------|--------------------|--------------------|
|                               | Principal                                       | Interest            | Total                | Principal       | Interest           | Total              |
| 2021                          | \$1,980,000                                     | \$3,937,460         | \$5,917,460          | \$0             | \$0                | \$0                |
| 2022                          | 2,215,000                                       | 2,684,793           | 4,899,793            | 0               | 0                  | 0                  |
| 2023                          | 2,285,000                                       | 2,639,995           | 4,924,995            | 0               | 0                  | 0                  |
| 2024                          | 2,355,000                                       | 2,589,050           | 4,944,050            | 0               | 0                  | 0                  |
| 2025                          | 2,705,000                                       | 2,531,959           | 5,236,959            | 0               | 0                  | 0                  |
| 2026-2030                     | 10,175,000                                      | 10,842,591          | 21,017,591           | 69,816          | 1,688,984          | 1,758,800          |
| 2031-2035                     | 11,195,000                                      | 9,773,548           | 20,968,548           | 0               | 0                  | 0                  |
| 2036-2040                     | 11,790,000                                      | 7,725,808           | 19,515,808           | 0               | 0                  | 0                  |
| 2041-2045                     | 13,040,000                                      | 5,746,936           | 18,786,936           | 0               | 0                  | 0                  |
| 2046-2050                     | 12,550,000                                      | 3,365,670           | 15,915,670           | 0               | 0                  | 0                  |
| 2051-2055                     | 9,430,000                                       | 1,398,300           | 10,828,300           | 0               | 0                  | 0                  |
| 2056                          | 2,125,000                                       | 42,500              | 2,167,500            | 0               | 0                  | 0                  |
| Total                         | <u>\$81,845,000</u>                             | <u>\$53,278,610</u> | <u>\$135,123,610</u> | <u>\$69,816</u> | <u>\$1,688,984</u> | <u>\$1,758,800</u> |

**Note 10 - Defined Benefit Pension Plans**

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

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

Pensions and OPEB are a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. Pensions and 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 obligation to sacrifice resources for pensions and OPEB are a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

GASB Statements No. 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly

**Mariemont City School District**  
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affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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

The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

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

**Plan Description**

District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, 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](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

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

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**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, 2019, the allocation to pension, death benefits, and Medicare B was 13.5 percent. The remaining .5 percent was allocated to the Health Care Fund.

The contractually required contribution to SERS was \$433,088 for fiscal year 2020. Of this amount \$31,938 is reported as accrued wages and benefits.

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

**Plan Description**

District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple employer public employee system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at [www.strsoh.org](http://www.strsoh.org).

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 27 years of service, or 30 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 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

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payment is payable to a member on or after age 60 with five years of service. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity after termination of employment at age 50 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 as one defined benefit plan for GASB 68 reporting purposes.

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

**Funding Policy**

Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. For the fiscal year ended June 30, 2019, the employer rate was 14 percent and the plan members were also required to contribute 14 percent of covered salary. For fiscal year 2019, the contributions rates were equal to the statutory maximum rates and the full employer contribution was allocated to pension.

The contractually required contribution to STRS was \$1,672,512 for fiscal year 2020. Of this amount \$290,508 is reported as accrued wages and benefits.

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

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

|  | <u>SERS</u>         | <u>STRS</u>        | <u>Total</u> |
|--|---------------------|--------------------|--------------|
| Proportionate Share of the Net Pension Liability | \$5,332,607         | \$21,214,500       | \$26,547,107 |
| Proportion of the Net Pension Liability:         |                     |                    |              |
| Current Measurement Date                         | 0.08912670%         | 0.09593071%        |              |
| Prior Measurement Date                           | <u>0.09079720%</u>  | <u>0.09438653%</u> |              |
| Change in Proportionate Share                    | <u>-0.00167050%</u> | <u>0.00154418%</u> |              |
| Pension Expense                                  | \$801,273           | \$3,152,901        | \$3,954,174  |

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At June 30, 2019, reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | SERS             | STRS               | Total              |
|--|------------------|--------------------|--------------------|
| <u>Deferred Outflows of Resources</u>  |                  |                    |                    |
| Differences between expected and actual experience                               | \$135,223        | \$172,722          | \$307,945          |
| Changes of assumptions   | 0                | 2,492,053          | 2,492,053          |
| Changes in employer proportionate share of net pension liability                 | 54,661           | 559,113            | 613,774            |
| Contributions subsequent to the measurement date                                 | 433,088          | 1,672,512          | 2,105,600          |
| Total Deferred Outflows of Resources   | <u>\$622,972</u> | <u>\$4,896,400</u> | <u>\$5,519,372</u> |
| <u>Deferred Inflows of Resources</u>   |                  |                    |                    |
| Differences between expected and actual experience                               | \$0              | \$91,833           | \$91,833           |
| Net difference between projected and actual earnings on pension plan investments | 68,450           | 1,036,850          | 1,105,300          |
| Changes in employer proportionate share of net pension liability                 | 117,907          | 56,500             | 174,407            |
| Total Deferred Inflows of Resources  | <u>\$186,357</u> | <u>\$1,185,183</u> | <u>\$1,371,540</u> |

\$2,105,600 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

| Fiscal Year     |                |                    |                    |
|-----------------|----------------|--------------------|--------------------|
| Ending June 30: | SERS           | STRS               | Total              |
| 2020            | \$105,252      | \$1,528,009        | \$1,633,261        |
| 2021            | (135,990)      | 347,970            | 211,980            |
| 2022            | (4,555)        | (21,884)           | (26,439)           |
| 2023            | 38,820         | 184,610            | 223,430            |
| Total           | <u>\$3,527</u> | <u>\$2,038,705</u> | <u>\$2,042,232</u> |

**Actuarial Assumptions - SERS**

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30 2018, are presented below:

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

Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement. The most recent experience study was completed for the five year period ended June 30, 2015.

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

| Asset Class            | Target Allocation | Long-Term Expected Real Rate of Return |
|------------------------|-------------------|--|
| Cash                   | 1.00%             | 0.50%                                  |
| US Stocks              | 22.50%            | 4.75%                                  |
| Non-US Stocks          | 22.50%            | 7.00%                                  |
| Fixed Income           | 19.00%            | 1.50%                                  |
| Private Equity         | 10.00%            | 8.00%                                  |
| Real Assets            | 15.00%            | 5.00%                                  |
| Multi-Asset Strategies | 10.00%            | 3.00%                                  |
| Total                  | 100.00%           |  |

**Discount Rate**

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

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

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

|  | 1%<br>Decrease<br>6.50% | Current<br>Discount Rate<br>7.50% | 1%<br>Increase<br>8.50% |
|--|-------------------------|-----------------------------------|-------------------------|
| Proportionate share of the net pension liability | \$7,472,888             | \$5,332,607                       | \$3,537,713             |

**Assumption and Benefit Changes Since the Prior Measurement Date**

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

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1 2018, actuarial valuation, are presented below:

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

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

Actuarial assumptions used in the July 1, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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:

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**For the Fiscal Year Ended June 30, 2020**

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

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

**Discount Rate**

The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2018. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates 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, 2018. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2018.

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

The following table represents the net pension liability as of June 30, 2018, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.45 percent or one percentage point higher 8.45 percent than the current discount rate:

|  | 1% Decrease<br>6.45% | Current Discount Rate<br>7.45% | 1% Increase<br>8.45% |
|--|----------------------|--------------------------------|----------------------|
| Proportionate share of the net pension liability | \$31,002,628         | \$21,214,500                   | \$12,928,348         |

**Assumption and Benefit Changes since the Prior Measurement Date**

There were no changes in assumptions or benefit terms since the prior measurement date.

**Note 11 - Defined Benefit OPEB Plans**

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See Note 10 for a description of the net OPEB liability (asset).

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

**Health Care Plan Description**

The employer contributes to the SERS Health Care Fund, administered by SERS for non-certificated



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

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

**Funding Policy**

State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2020, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2020, this amount was \$19,600. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2020, the employer's surcharge obligation was \$46,902.

The surcharge, added to any allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The contractually required contribution to SERS was \$46,902 for fiscal year 2020. Of this amount \$31,938 is reported as accrued wages and benefits.

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

**Plan Description**

The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements will be discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

**Funding Policy**

Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active

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employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For fiscal year ended June 30, 2020, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability (asset) was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The employer's proportion of the net OPEB liability (asset) was based on the employer's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

|   | <u>SERS</u>        | <u>STRS</u>        | <u>Total</u> |
|---|--------------------|--------------------|--------------|
| Proportionate Share of the Net OPEB Liability | \$2,282,549        | \$0                | \$2,282,549  |
| Proportionate Share of the Net OPEB (Asset)   | 0                  | (1,588,842)        | (1,588,842)  |
| Proportion of the Net OPEB Liability/Asset:   |                    |                    |              |
| Current Measurement Date                      | 0.09076500%        | 0.09593071%        |              |
| Prior Measurement Date                        | <u>0.09128700%</u> | <u>0.09438653%</u> |              |
| Change in Proportionate Share                 | -0.00052200%       | 0.00154418%        |              |
| OPEB Expense                                  | \$46,557           | (\$479,943)        | (\$433,386)  |

At June 30 2020, reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | <u>SERS</u>      | <u>STRS</u>        | <u>Total</u>       |
|---|------------------|--------------------|--------------------|
| <b><u>Deferred Outflows of Resources</u></b>                                  |                  |                    |                    |
| Differences between expected and actual experience                            | \$33,506         | \$144,041          | \$177,547          |
| Changes of assumptions  | 166,714          | 33,397             | 200,111            |
| Net difference between projected and actual earnings on OPEB plan investments | 5,479            | 0                  | 5,479              |
| Changes in employer proportionate share of net OPEB liability                 | 87,142           | 62,447             | 149,589            |
| Contributions subsequent to the measurement date                              | <u>46,902</u>    | <u>0</u>           | <u>46,902</u>      |
| Total Deferred Outflows of Resources  | <u>\$339,743</u> | <u>\$239,885</u>   | <u>\$579,628</u>   |
| <b><u>Deferred Inflows of Resources</u></b>                                   |                  |                    |                    |
| Differences between expected and actual experience                            | \$501,460        | \$80,835           | \$582,295          |
| Changes of assumptions  | 127,907          | 1,741,982          | 1,869,889          |
| Net difference between projected and actual earnings on OPEB plan investments | 0                | 99,790             | 99,790             |
| Changes in employer proportionate share of net OPEB liability                 | <u>42,058</u>    | <u>14,710</u>      | <u>56,768</u>      |
| Total Deferred Inflows of Resources   | <u>\$671,425</u> | <u>\$1,937,317</u> | <u>\$2,608,742</u> |

\$46,902 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability (adjustment to net OPEB asset) in the year ending June 30, 2021. Other amounts reported as deferred

**Mariemont City School District**  
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outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Fiscal Year     |                    |                      |                      |
|-----------------|--------------------|----------------------|----------------------|
| Ending June 30: | SERS               | STRS                 | Total                |
| 2021            | (\$142,614)        | (\$372,774)          | (\$515,388)          |
| 2022            | (50,069)           | (372,774)            | (422,843)            |
| 2023            | (48,460)           | (332,780)            | (381,240)            |
| 2024            | (48,723)           | (318,749)            | (367,472)            |
| 2025            | (58,244)           | (306,405)            | (364,649)            |
| Thereafter      | (30,474)           | 6,050                | (24,424)             |
| Total           | <u>(\$378,584)</u> | <u>(\$1,697,432)</u> | <u>(\$2,076,016)</u> |

**Actuarial Assumptions - SERS**

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2019, are presented below:

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**Mariemont City School District**  
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|  |   |
|--|---|
| Inflation  | 3.00%   |
| Future Salary Increases, including inflation   | 3.50% to 18.20%   |
| Investment Rate of Return  | 7.50% net of investment<br>expense, including inflation |
| Municipal Bond Index Rate:   |   |
| Measurement Date   | 3.13%   |
| Prior Measurement Date   | 3.62%   |
| Single Equivalent Interest Rate, net of plan<br>investment expense, including price inflation: |   |
| Measurement Date   | 3.22%   |
| Prior Measurement Date   | 3.70%   |
| Medical Trend Assumption:  |   |
| Medicare   | 5.25% to 4.75%  |
| Pre-Medicare   | 7.00% to 4.75%  |

Mortality rates among active members were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years. The most recent experience study was completed for the five year period ended June 30, 2015.

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

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

| <u>Asset Class</u>     | <u>Target<br/>Allocation</u> | <u>Long-Term<br/>Expected Real<br/>Rate of Return</u> |
|------------------------|------------------------------|---|
| Cash                   | 1.00%                        | 0.50%   |
| US Equity              | 22.50%                       | 4.75%   |
| International Equity   | 22.50%                       | 7.00%   |
| Fixed Income           | 19.00%                       | 1.50%   |
| Private Equity         | 10.00%                       | 8.00%   |
| Real Assets            | 15.00%                       | 5.00%   |
| Multi-Asset Strategies | <u>10.00%</u>                | 3.00%   |
| Total                  | <u>100.00%</u>               |   |

**Mariemont City School District**  
**Notes to the Basic Financial Statements**  
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**Discount Rate**

The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.22 percent. The discount rate used to measure total OPEB liability prior to June 30, 2019, was 3.70 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 3.13 percent, as of June 30, 2019 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

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

The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.22%) and higher (4.22%) than the current discount rate (3.22%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

|   | 1%<br>Decrease<br>(2.22%)                     | Current<br>Discount Rate<br>(3.22%)                  | 1%<br>Increase<br>(4.22%)                     |
|---|---|--|---|
| Proportionate share of the net OPEB liability | \$2,770,581                                   | \$2,282,549  | \$1,894,506                                   |
|   | 1% Decrease<br>(6.00% decreasing<br>to 3.75%) | Current Trend Rate<br>(7.00% decreasing<br>to 4.75%) | 1% Increase<br>(8.00% decreasing<br>to 5.75%) |
| Proportionate share of the net OPEB liability | \$1,828,784                                   | \$2,282,549  | \$2,884,585                                   |

**Assumption and Benefit Changes since the Prior Measurement Date**

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

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

**Mariemont City School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

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**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2019, actuarial valuation are presented below:

|                            |  |
|----------------------------|--|
| Inflation                  | 2.50%  |
| Projected salary increases | 12.50% at age 20 to 2.50% at age 65                    |
| Investment Rate of Return  | 7.45%, net of investment expenses, including inflation |
| Payroll Increases          | 3.00%  |
| Discount Rate of Return    | 7.45%  |
| Health Care Cost Trends:   |  |
| Medical                    |  |
| Pre-Medicare               | 5.87% initial, 4% ultimate                             |
| Medicare                   | 4.93% initial, 4% ultimate                             |
| Prescription Drug          |  |
| Pre-Medicare               | 7.73% initial, 4% ultimate                             |
| Medicare                   | 9.62% initial, 4% ultimate                             |

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

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

Actuarial assumptions used in the June 30, 2019, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

\* Target weights will be phased in over a 24-month period concluding on July 1, 2019.

\*\*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' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Mariemont City School District**  
**Notes to the Basic Financial Statements**  
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**Discount Rate**

The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2019 and June 30, 2018. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2019. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was used to measure the total OPEB liability as of June 30, 2019 and June 30, 2018.

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

The following table represents the net OPEB asset as of June 30, 2019, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

|   | 1%<br>Decrease<br>(6.45%) | Current<br>Discount Rate<br>(7.45%) | 1%<br>Increase<br>(8.45%) |
|---|---------------------------|-------------------------------------|---------------------------|
| Proportionate share of the net OPEB (asset) | (\$1,355,761)             | (\$1,588,842)                       | (\$1,784,810)             |
|   | 1%<br>Decrease            | Current<br>Trend Rate               | 1%<br>Increase            |
| Proportionate share of the net OPEB (asset) | (\$1,801,675)             | (\$1,588,842)                       | (\$1,328,175)             |

**Assumption and Benefit Changes since the Prior Measurement Date**

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

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

**Note 12 - Contingent Liabilities**

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**School Foundation**

District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2020 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2020 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the District.

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**Grants**

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2020.

**Litigation**

Currently, no litigation is pending against the District.

**Note 13 - Jointly Governed Organizations**

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**HAMILTON CLERMONT COOPERATIVE INFORMATION TECHNOLOGY CENTER**

The Hamilton Clermont Cooperative Information Technology Center (HCC) is a governmental jointly governed organization among two county consortium of school districts. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the governments of these schools supports HCC based upon a per pupil charge dependent upon the software package utilized. HCC is governed by a Board of Directors consisting of the superintendents and treasurers of member school districts. The degree of control exercised by any participating school district is limited to its representation on the Board.

**GREAT OAKS CAREER CAMPUSES**

The Great Oaks Career Campuses (Great Oaks), a jointly governed organization, is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each of the participating school district's elected board. The Board possesses its own budgeting and taxing authority as a separate body politic and corporate, established by the Ohio Revised Code. Great Oaks was formed for the purpose of providing vocational education opportunities to the students of the member school districts, which includes the students of the District. The District has no ongoing financial interest in nor responsibility for Great Oaks. To obtain financial information, write to Great Oaks, at 3254 East Kemper Road, Cincinnati, Ohio 45241.

**GREATER CINCINNATI INSURANCE CONSORTIUM**

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



**Mariemont City School District**  
**Notes to the Basic Financial Statements**  
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**Note 14 - Risk Management**

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The District maintains comprehensive insurance coverage with private carriers for real property, building contents, vehicles and general liability insurance. Vehicle policies include liability coverage for bodily injury and property damage. Payments have not exceeded this coverage in any of the past three years. There has been no significant decline in coverage from the prior year.

**Note 15 – Fund Balances**

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Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

| <b>Fund Balances</b>           | <b>General</b> | <b>Building Fund</b> | <b>Other Governmental Funds</b> | <b>Total</b> |
|--------------------------------|----------------|----------------------|---------------------------------|--------------|
| Nonspendable on:               |                |                      |                                 |              |
| Prepays                        | \$19,166       | \$0                  | \$0                             | \$19,166     |
| Total Nonspendable             | 19,166         | 0                    | 0                               | 19,166       |
| Restricted for:                |                |                      |                                 |              |
| Art Connection Grant           | 0              | 0                    | 6,506                           | 6,506        |
| Instructional Music            | 0              | 0                    | 103,763                         | 103,763      |
| School Reading Incentive Award | 0              | 0                    | 30,128                          | 30,128       |
| Title III                      | 0              | 0                    | 1,808                           | 1,808        |
| Vending Machine                | 0              | 0                    | 111,387                         | 111,387      |
| Student Wellness and Success   | 0              | 0                    | 48,330                          | 48,330       |
| Bond Retirement                | 0              | 0                    | 1,509,601                       | 1,509,601    |
| Permanent Improvement          | 0              | 0                    | 814,968                         | 814,968      |
| Building                       | 0              | 16,107,529           | 0                               | 16,107,529   |
| Total Restricted               | 0              | 16,107,529           | 2,626,491                       | 18,734,020   |
| Assigned to:                   |                |                      |                                 |              |
| Budgetary Resources            | 808,240        | 0                    | 0                               | 808,240      |
| Encumbrances                   | 191,089        | 0                    | 0                               | 191,089      |
| Total Assigned                 | 999,329        | 0                    | 0                               | 999,329      |
| Unassigned (Deficit)           | 15,122,593     | 0                    | (6,201)                         | 15,116,392   |
| Total Fund Balance             | \$16,141,088   | \$16,107,529         | \$2,620,290                     | \$34,868,907 |

**Note 16 - Interfund Transactions**

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Interfund transactions at June 30, 2020, consisted of the following transfers in and out:

**Mariemont City School District**  
**Notes to the Basic Financial Statements**  
**For the Fiscal Year Ended June 30, 2020**

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|                          | Transfers       |                 |
|--------------------------|-----------------|-----------------|
|                          | In              | Out             |
| General Fund             | \$0             | \$12,000        |
| Other Governmental Funds | 12,000          | 0               |
| Total All Funds          | <u>\$12,000</u> | <u>\$12,000</u> |

Interfund balance/transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budget authorizations; to segregate and to return money to the fund from which it was originally provided once a project is completed.

**Note 17 – Tax Abatements entered Into By Other Governments**

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Other governments entered into property tax abatement agreements with property owners under the Ohio Community Reinvestment Area (“CRA”) program with the taxing districts of the District. The CRA program is a directive incentive tax exemption program benefiting property owners who renovate or construct new buildings. Under this program, the other governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. Within the taxing districts of the District, other municipalities have entered into such agreements. Under these agreements the District’s property taxes were reduced by approximately \$1,471,336. The District is not receiving any amounts from this other government in association with the forgone property tax revenue.

**Note 18 – Implementation of New Accounting Principles**

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For fiscal year 2020, the District has postponed implementation of Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, GASB No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, and GASB No. 90, Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61. The District did not implement these statements due to the GASB postponing the implementation by 12 months because of the COVID-19 pandemic.

**Note 19 – COVID-19**

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The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures could impact subsequent periods of the District. The District’s investment portfolio could incur a significant decline in fair value. However, because the values of individual investments fluctuate with market conditions, and due to market volatility, the amount of losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on the District’s future operating costs, revenues, the impact of the investments of the pension and other employee benefit plan in which the District participates and any recovery from emergency funding, either federal or state, cannot be estimated.

# **REQUIRED SUPPLEMENTARY INFORMATION**

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Mariemont City School District  
 Required Supplementary Information  
 Schedule of the District's Proportionate Share of the Net Pension Liability  
 School Employees Retirement System of Ohio  
 Last Seven Fiscal Years (1) (2)

| Year | District's Proportion of the Net Pension Liability | District's Proportionate Share of the Net Pension Liability | District's Covered Payroll | District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | Plan Fiduciary Net Position Percentage as a of the Total Pension Liability |
|------|--|---|----------------------------|--|--|
| 2020 | 0.08912670%  | \$5,332,607   | \$3,050,481                | 174.81%  | 70.85%   |
| 2019 | 0.09079720%  | 5,200,124   | 2,948,385                  | 176.37%  | 71.36%   |
| 2018 | 0.08599810%  | 5,138,197   | 2,846,900                  | 180.48%  | 69.50%   |
| 2017 | 0.09112490%  | 6,669,502   | 2,830,000                  | 235.67%  | 62.98%   |
| 2016 | 0.09186140%  | 5,241,701   | 3,534,090                  | 148.32%  | 69.16%   |
| 2015 | 0.09213600%  | 4,662,951   | 2,704,329                  | 172.43%  | 71.70%   |
| 2014 | 0.09213600%  | 5,480,674   | 3,118,439                  | 175.75%  | 65.52%   |

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Mariemont City School District  
 Required Supplementary Information  
 Schedule of District's Contributions for Net Pension Liability  
 School Employees Retirement System of Ohio  
 Last Ten Fiscal Years

| Year | District's Contractually Required Contribution | District's Contributions in Relation to the Contractually Required Contributions | District's Contribution Deficiency (Excess) | District's Covered Payroll | District's Contributions as a Percentage of Covered Payroll |
|------|--|--|---|----------------------------|---|
| 2020 | \$433,088                                      | (\$433,088)  | \$0   | \$3,093,486                | 14.00%  |
| 2019 | 411,815  | (411,815)  | 0   | 3,050,481                  | 13.50%  |
| 2018 | 398,032  | (398,032)  | 0   | 2,948,385                  | 13.50%  |
| 2017 | 398,566  | (398,566)  | 0   | 2,846,900                  | 14.00%  |
| 2016 | 396,200  | (396,200)  | 0   | 2,830,000                  | 14.00%  |
| 2015 | 465,793  | (465,793)  | 0   | 3,534,090                  | 13.18%  |
| 2014 | 374,820  | (374,820)  | 0   | 2,704,329                  | 13.86%  |
| 2013 | 431,592  | (431,592)  | 0   | 3,118,439                  | 13.84%  |
| 2012 | 413,160  | (413,160)  | 0   | 3,071,822                  | 13.45%  |
| 2011 | 406,248  | (406,248)  | 0   | 3,231,885                  | 12.57%  |

See accompanying notes to the required supplementary information.

Mariemont City School District  
 Required Supplementary Information  
 Schedule of the District's Proportionate Share of the Net Pension Liability  
 State Teachers Retirement System of Ohio  
 Last Seven Fiscal Years (1) (2)

| Year | District's Proportion of the Net Pension Liability | District's Proportionate Share of the Net Pension Liability | District's Covered Payroll | District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll | Plan Fiduciary Net Position Percentage as a of the Total Pension Liability |
|------|--|---|----------------------------|--|--|
| 2020 | 0.09593071%  | \$21,214,500  | \$11,335,286               | 187.15%  | 77.40%   |
| 2019 | 0.09438653%  | 20,753,479  | 10,749,686                 | 193.06%  | 77.30%   |
| 2018 | 0.09258323%  | 21,993,344  | 10,124,400                 | 217.23%  | 75.30%   |
| 2017 | 0.09306456%  | 31,151,513  | 9,717,857                  | 320.56%  | 66.80%   |
| 2016 | 0.09091043%  | 25,124,984  | 9,409,714                  | 267.01%  | 72.10%   |
| 2015 | 0.09174238%  | 22,314,922  | 10,094,577                 | 221.06%  | 74.70%   |
| 2014 | 0.09174238%  | 26,509,803  | 10,380,831                 | 255.37%  | 69.30%   |

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2014 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Mariemont City School District  
 Required Supplementary Information  
 Schedule of District's Contributions for Net Pension Liability  
 State Teachers Retirement System of Ohio  
 Last Ten Fiscal Years

| Year | District's Contractually Required Contribution | District's Contributions in Relation to the Contractually Required Contributions | District's Contribution Deficiency (Excess) | District's Covered Payroll | District's Contributions as a Percentage of Covered Payroll |
|------|--|--|---|----------------------------|---|
| 2020 | \$1,672,512                                    | (\$1,672,512)  | \$0   | \$11,946,514               | 14.00%  |
| 2019 | 1,586,940                                      | (1,586,940)  | 0   | 11,335,286                 | 14.00%  |
| 2018 | 1,504,956                                      | (1,504,956)  | 0   | 10,749,686                 | 14.00%  |
| 2017 | 1,417,416                                      | (1,417,416)  | 0   | 10,124,400                 | 14.00%  |
| 2016 | 1,360,500                                      | (1,360,500)  | 0   | 9,717,857                  | 14.00%  |
| 2015 | 1,317,360                                      | (1,317,360)  | 0   | 9,409,714                  | 14.00%  |
| 2014 | 1,312,295                                      | (1,312,295)  | 0   | 10,094,577                 | 13.00%  |
| 2013 | 1,349,508                                      | (1,349,508)  | 0   | 10,380,831                 | 13.00%  |
| 2012 | 1,383,048                                      | (1,383,048)  | 0   | 10,638,831                 | 13.00%  |
| 2011 | 1,430,364                                      | (1,430,364)  | 0   | 11,002,800                 | 13.00%  |

See accompanying notes to the required supplementary information.



Mariemont City School District  
 Required Supplementary Information  
 Schedule of the District's Proportionate Share of the Net OPEB Liability  
 School Employees Retirement System of Ohio  
 Last Four Fiscal Years (1) (2)

| Year | District's Proportion of the Net OPEB Liability | District's Proportionate Share of the Net OPEB Liability | District's Covered Payroll | District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll | Plan Fiduciary Net Position Percentage as a of the Total OPEB Liability |
|------|---|--|----------------------------|---|---|
| 2020 | 0.09076500%                                     | \$2,282,549  | \$3,050,481                | 74.83%  | 15.57%  |
| 2019 | 0.09128700%                                     | 2,532,548  | 2,948,385                  | 85.90%  | 13.57%  |
| 2018 | 0.08698680%                                     | 2,334,497  | 2,846,900                  | 82.00%  | 12.46%  |
| 2017 | 0.09200178%                                     | 2,622,391  | 2,830,000                  | 92.66%  | 11.49%  |

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Mariemont City School District  
 Required Supplementary Information  
 Schedule of District's Contributions for Net OPEB Liability  
 School Employees Retirement System of Ohio  
 Last Five Fiscal Years (1) (2)

| Year | District's Contractually Required Contribution (2) | District's Contributions in Relation to the Contractually Required Contributions | District's Contribution Deficiency (Excess) | District's Covered Payroll | District's Contributions as a Percentage of Covered Payroll |
|------|--|--|---|----------------------------|---|
| 2020 | \$46,902   | (\$46,902)   | \$0   | \$3,093,486                | 1.52%   |
| 2019 | 67,970   | (67,970)   | 0   | 3,050,481                  | 2.23%   |
| 2018 | 60,387   | (60,387)   | 0   | 2,948,385                  | 2.05%   |
| 2017 | 46,108   | (46,108)   | 0   | 2,846,900                  | 1.62%   |
| 2016 | 45,079   | (45,079)   | 0   | 2,830,000                  | 1.59%   |

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

(2) Includes surcharge.

See accompanying notes to the required supplementary information.

Mariemont City School District  
 Required Supplementary Information  
 Schedule of the District's Proportionate Share of the Net OPEB (Asset)/Liability  
 State Teachers Retirement System of Ohio  
 Last Four Fiscal Years (1) (2)

| Year | District's Proportion of the Net OPEB (Asset)/Liability | District's Proportionate Share of the Net OPEB (Asset)/Liability | District's Covered Payroll | District's Proportionate Share of the Net OPEB (Asset)/Liability as a Percentage of its Covered Payroll | Plan Fiduciary Net Position Percentage as a of the Total OPEB (Asset)/Liability |
|------|---|--|----------------------------|---|---|
| 2020 | 0.09593071%   | (\$1,588,842)  | \$11,335,286               | (14.02%)  | 174.74%   |
| 2019 | 0.09438653%   | (1,516,695)  | 10,749,686                 | (14.11%)  | 176.00%   |
| 2018 | 0.09258323%   | 3,612,246  | 10,124,400                 | 35.68%  | 47.10%  |
| 2017 | 0.09306456%   | 4,977,117  | 9,717,857                  | 51.22%  | 37.30%  |

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2017 is not available.

(2) Amounts presented as of the District's measurement date which is the prior fiscal year end.

See accompanying notes to the required supplementary information.

Mariemont City School District  
 Required Supplementary Information  
 Schedule of District's Contributions for Net OPEB (Asset)/Liability  
 State Teachers Retirement System of Ohio  
 Last Five Fiscal Years (1)

| Year | District's Contractually Required Contribution | District's Contributions in Relation to the Contractually Required Contributions | District's Contribution Deficiency (Excess) | District's Covered Payroll | District's Contributions as a Percentage of Covered Payroll |
|------|--|--|---|----------------------------|---|
| 2020 | \$0  | \$0  | \$0   | \$11,946,514               | 0.00%   |
| 2019 | 0  | 0  | 0   | 11,335,286                 | 0.00%   |
| 2018 | 0  | 0  | 0   | 10,749,686                 | 0.00%   |
| 2017 | 0  | 0  | 0   | 10,124,400                 | 0.00%   |
| 2016 | 0  | 0  | 0   | 9,717,857                  | 0.00%   |

(1) The schedule is intended to show information for the past 10 years and the additional years' information will be displayed as it becomes available. Information prior to 2016 is not available.

See accompanying notes to the required supplementary information.

Mariemont City School District, Ohio  
Schedule of Revenues, Expenditures and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
For the Fiscal Year Ended June 30, 2020

|  | General Fund        |                     |                     |                            |
|--|---------------------|---------------------|---------------------|----------------------------|
|  | Original Budget     | Final Budget        | Actual              | Variance from Final Budget |
| Revenues:  |                     |                     |                     |                            |
| Taxes  | \$19,049,473        | \$19,049,473        | \$19,128,813        | \$79,340                   |
| Tuition and Fees   | 95,338              | 95,338              | 95,735              | 397                        |
| Investment Earnings  | 251,234             | 251,234             | 252,280             | 1,046                      |
| Intergovernmental  | 4,789,237           | 4,789,237           | 4,809,184           | 19,947                     |
| Extracurricular Activities   | 35,627              | 35,627              | 35,775              | 148                        |
| Other Revenues   | 31,018              | 31,018              | 31,147              | 129                        |
| <b>Total Revenues</b>  | <b>24,251,927</b>   | <b>24,251,927</b>   | <b>24,352,934</b>   | <b>101,007</b>             |
| Expenditures:  |                     |                     |                     |                            |
| Current:   |                     |                     |                     |                            |
| Instruction:   |                     |                     |                     |                            |
| Regular  | 11,681,308          | 11,728,725          | 11,698,834          | 29,891                     |
| Special  | 2,464,216           | 2,474,219           | 2,467,913           | 6,306                      |
| Other  | 197,792             | 198,595             | 198,089             | 506                        |
| Support Services:  |                     |                     |                     |                            |
| Pupil  | 1,750,783           | 1,757,890           | 1,753,410           | 4,480                      |
| Instructional Staff  | 1,164,763           | 1,169,490           | 1,166,510           | 2,980                      |
| General Administration   | 11,923              | 11,972              | 11,941              | 31                         |
| School Administration  | 1,921,783           | 1,929,584           | 1,924,666           | 4,918                      |
| Fiscal   | 618,512             | 621,023             | 619,440             | 1,583                      |
| Business   | 13,729              | 13,785              | 13,750              | 35                         |
| Operations and Maintenance   | 2,581,875           | 2,592,356           | 2,585,749           | 6,607                      |
| Pupil Transportation   | 941,209             | 945,029             | 942,621             | 2,408                      |
| Central  | 175,342             | 176,054             | 175,605             | 449                        |
| Extracurricular Activities   | 662,333             | 665,022             | 663,327             | 1,695                      |
| Capital Outlay   | 87,132              | 87,486              | 87,263              | 223                        |
| Debt Service:  |                     |                     |                     |                            |
| Principal Retirement   | 237,617             | 238,581             | 237,973             | 608                        |
| Interest and Fiscal Charges  | 73,430              | 73,728              | 73,540              | 188                        |
| <b>Total Expenditures</b>  | <b>24,583,747</b>   | <b>24,683,539</b>   | <b>24,620,631</b>   | <b>62,908</b>              |
| Excess of Revenues Over (Under) Expenditures                                     | (331,820)           | (431,612)           | (267,697)           | 163,915                    |
| Other Financing Sources (Uses):  |                     |                     |                     |                            |
| Transfers In   | 39,834              | 39,834              | 40,000              | 166                        |
| Transfers (Out)  | (51,922)            | (52,133)            | (52,000)            | 133                        |
| <b>Total Other Financing Sources (Uses)</b>                                      | <b>(12,088)</b>     | <b>(12,299)</b>     | <b>(12,000)</b>     | <b>299</b>                 |
| Net Change in Fund Balance   | (343,908)           | (443,911)           | (279,697)           | 164,214                    |
| Fund Balance - Beginning of Year (includes prior year encumbrances appropriated) | 16,213,960          | 16,213,960          | 16,213,960          | 0                          |
| <b>Fund Balance - End of Year</b>  | <b>\$15,870,052</b> | <b>\$15,770,049</b> | <b>\$15,934,263</b> | <b>\$164,214</b>           |

See accompanying notes to the basic financial statements.

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**Mariemont City School District, Ohio**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2020**

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**Note 1 – Budgetary Process**

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the final amended certificate of estimated resources issued during the fiscal year 2020.

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as an assignment of fund balance for governmental fund types and expendable trust funds (GAAP basis).
4. Some funds are reported as part of the general fund (GAAP basis) as opposed to the general fund being reported alone (budget basis).

**Mariemont City School District, Ohio**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2020**

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

| Net Change in Fund Balance |               |
|----------------------------|---------------|
|                            | General       |
| GAAP Basis                 | (\$5,335,456) |
| Revenue Accruals           | 5,095,531     |
| Expenditure Accruals       | 654,743       |
| Proceeds of Capital Assets | (346,723)     |
| Transfer In                | 40,000        |
| Transfer (Out)             | (40,000)      |
| Encumbrances               | (347,792)     |
| Budget Basis               | (\$279,697)   |

**Note 2 - Net Pension Liability**

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**School Employees Retirement System (SERS)**

**Changes in Benefit Terms:**

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

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

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

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

**Changes in Assumptions:**

2018-2020: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

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

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates,
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability



**Mariemont City School District, Ohio**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2020**

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retirement, and

- (8) The discount rate was reduced from 7.75% to 7.50%.

2014-2016: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

**State Teachers Retirement System (STRS)**

**Changes in Benefit Terms:**

2019-2020: There were no changes in benefit terms from the amounts reported for these fiscal years.

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

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

**Changes in Assumptions:**

2019-2020: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for these fiscal years.

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

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

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

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

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**School Employees Retirement System (SERS)**

**Changes in Benefit Terms:**

2017-2020: There were no changes in benefit terms from the amounts reported for these fiscal years.

**Changes in Assumptions:**

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

- (1) Discount Rate:

|                        |       |
|------------------------|-------|
| Prior Measurement Date | 3.70% |
| Measurement Date       | 3.22% |
- (2) Municipal Bond Index Rate:

|                        |       |
|------------------------|-------|
| Prior Measurement Date | 3.62% |
| Measurement Date       | 3.13% |
- (3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

**Mariemont City School District, Ohio**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2020**

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|                        |       |
|------------------------|-------|
| Prior Measurement Date | 3.70% |
| Measurement Date       | 3.22% |

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

(4) Discount Rate:

|                        |       |
|------------------------|-------|
| Prior Measurement Date | 3.63% |
| Measurement Date       | 3.70% |

(5) Municipal Bond Index Rate:

|                        |       |
|------------------------|-------|
| Prior Measurement Date | 3.56% |
| Measurement Date       | 3.62% |

(6) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

|                        |       |
|------------------------|-------|
| Prior Measurement Date | 3.63% |
| Measurement Date       | 3.70% |

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

(1) Discount Rate:

|                  |       |
|------------------|-------|
| Fiscal Year 2018 | 3.63% |
| Fiscal Year 2017 | 2.98% |

(2) Municipal Bond Index Rate:

|                  |       |
|------------------|-------|
| Fiscal Year 2018 | 3.56% |
| Fiscal Year 2017 | 2.92% |

(3) Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

|                  |       |
|------------------|-------|
| Fiscal Year 2018 | 3.63% |
| Fiscal Year 2017 | 2.98% |

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

- (1) The assumed rate of inflation was reduced from 3.25% to 3.00%,
- (2) Payroll growth assumption was reduced from 4.00% to 3.50%,
- (3) Assumed real wage growth was reduced from 0.75% to 0.50%,
- (4) Rates of withdrawal, retirement and disability were updated to reflect recent experience,
- (5) Mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females,
- (6) Mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, and
- (7) Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

**State Teachers Retirement System (STRS)**

**Changes in Benefit Terms:**

2020: There was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was

**Mariemont City School District, Ohio**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2020**

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increased effective January 1, 2020 from 1.944% to 1.984% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.

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

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

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

**Changes in Assumptions:**

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

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

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

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

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# OHIO AUDITOR OF STATE KEITH FABER



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

Mariemont City School District  
Hamilton County  
2 Warrior Way  
Cincinnati, Ohio 45227

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mariemont City School District, Hamilton County, (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 3, 2021. We noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District.

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

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

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

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

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

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

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio  
May 3, 2021

# OHIO AUDITOR OF STATE KEITH FABER



**MARIEMONT CITY SCHOOL DISTRICT**

**HAMILTON COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 5/18/2021**

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

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