



OHIO AUDITOR OF STATE  
**KEITH FABER**





**MOUNT HEALTHY CITY SCHOOL DISTRICT  
HAMILTON COUNTY  
JUNE 30, 2020**

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**MOUNT HEALTHY 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

Mount Healthy City School District  
Hamilton County  
7615 Harrison Ave.  
Cincinnati, Ohio 45231

To the Board of Education:

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

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Mt. Healthy 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, the major fund, and the aggregate remaining fund information of the Mt. Healthy City School District, Hamilton County, Ohio, 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.

*Supplementary and Other Information*

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

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 25, 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  
February 25, 2021

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

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The discussion and analysis of Mt. Healthy 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 basic financial statements and the notes to the basic 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 \$9,201,118 which represents a 25% decrease from 2019.
- General revenues accounted for \$39,518,872 in revenue or 76% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$12,621,549 or 24% of total revenues of \$52,140,421.
- The District had \$61,341,539 in expenses related to governmental activities; \$12,621,549 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$39,518,872 were also used to provide for these programs.

**Overview of the Financial Statements**

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

The *Statement of Net Position* and the *Statement of Activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. The General Fund is the major fund 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 of resources, and liabilities and deferred inflows of resources* using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**Mt. Healthy City School District  
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. The District's programs and services include instruction, support services, operation of non-instructional services, extracurricular activities, and interest and fiscal charges.

**Fund Financial Statements**

The analysis of the District's major fund is presented in the Fund Financial Statements. Fund financial reports provide detailed information about the District's major fund. 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 fund.

**Governmental Funds** Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using 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 benefit of parties outside the District. 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 accounting used for fiduciary funds is similar to proprietary funds.

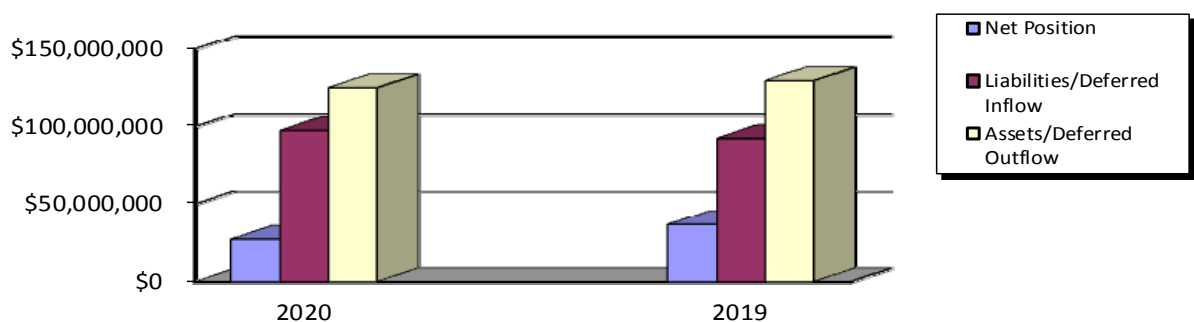
**The District as a Whole**

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

	Governmental Activities	
	2020	2019
<b>Assets:</b>		
Current and Other Assets	\$42,972,941	\$43,238,087
Net OPEB Asset	2,413,970	2,260,534
Capital Assets	67,365,888	70,536,092
<b>Total Assets</b>	<b>112,752,799</b>	<b>116,034,713</b>
<b>Deferred Outflows of Resources:</b>		
Deferred Charge on Refunding	1,411,182	1,502,226
OPEB	1,389,053	648,846
Pension	9,575,969	11,313,959
<b>Total Deferred Outflows of Resources</b>	<b>12,376,204</b>	<b>13,465,031</b>
<b>Liabilities:</b>		
Other Liabilities	4,882,611	4,963,011
Long-Term Liabilities	73,676,110	71,865,431
<b>Total Liabilities</b>	<b>78,558,721</b>	<b>76,828,442</b>
<b>Deferred Inflows of Resources:</b>		
Property Taxes	11,836,227	7,942,114
OPEB	4,409,905	4,233,925
Pension	2,574,757	3,544,752
<b>Total Deferred Inflows of Resources</b>	<b>18,820,889</b>	<b>15,720,791</b>
<b>Net Position:</b>		
Net Investment in Capital Assets	42,769,493	44,910,736
Restricted	3,726,718	4,277,247
Unrestricted	(18,746,818)	(12,237,472)
<b>Total Net Position</b>	<b>\$27,749,393</b>	<b>\$36,950,511</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 exceeded liabilities and deferred inflows of resources by \$27,749,393.

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

At year-end, capital assets represented 60% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, equipment, and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2020, was \$42,769,493. 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, \$3,726,718 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.

Capital Assets decreased mainly due to current year depreciation expense exceeding current year additions. Long-Term Liabilities increased mainly due to the increase in Net Pension Liability.

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

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

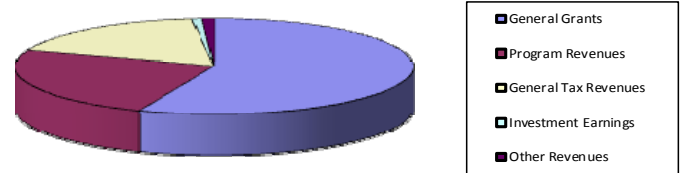
	Governmental Activities	
	2020	2019
Revenues:		
Program Revenues		
Charges for Services and Sales	\$993,101	\$1,219,804
Operating Grants, Contributions	11,628,448	10,333,851
General Revenues:		
Property Taxes	9,257,590	13,358,184
Grants and Entitlements	29,275,319	29,677,732
Other	985,963	1,012,817
Total Revenues	<u>52,140,421</u>	<u>55,602,388</u>
Program Expenses:		
Instruction	35,171,924	28,662,616
Support Services:		
Pupil and Instructional Staff	7,860,198	6,764,904
School Administration, General		
Administration, Fiscal and Business	5,262,540	4,147,041
Operations and Maintenance	3,784,399	3,992,745
Pupil Transportation	4,048,663	4,192,140
Central	410,022	250,044
Operation of Non-Instructional Services	2,875,966	2,572,555
Extracurricular Activities	855,545	791,537
Interest and Fiscal Charges	1,072,282	1,118,694
Total Program Expenses	<u>61,341,539</u>	<u>52,492,276</u>
Change in Net Position	(9,201,118)	3,110,112
Net Position Beginning of Year	<u>36,950,511</u>	<u>33,840,399</u>
Net Position End of Year	<u>\$27,749,393</u>	<u>\$36,950,511</u>

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

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The District revenues are mainly from three sources. Property taxes levied for general, special revenue and debt service purposes, program revenues, and grants and entitlements comprised 74% of the District’s revenues for governmental activities. The District’s reliance upon tax revenues is demonstrated in the following graph:

Revenue Sources	2020	Percent of Total
General Grants	\$29,275,319	56%
Program Revenues	12,621,549	24%
General Tax Revenues	9,257,590	18%
Investment Earnings	461,020	1%
Other Revenues	524,943	1%
<b>Total Revenues</b>	<b>\$52,140,421</b>	<b>100%</b>



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 could be hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 18% of revenue for governmental activities for the District in fiscal year 2020.

Property tax revenues decreased mainly due to advances available from the county auditor decreasing due to a postponed payment deadline because of the COVID-19 pandemic. Total expenses increased mainly due to changes related to net pension liability and other post employment benefits liability.

Instruction comprises 57% of governmental program expenses. Support services expenses were 35% of governmental program expenses. All other expenses including interest and fiscal charges were 8%. Interest expense was attributable to the outstanding bond and borrowing for capital projects.

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

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**Mt. Healthy City School District  
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	\$35,171,924	\$28,662,616	(\$28,248,048)	(\$21,466,015)
Support Services:				
Pupil and Instructional Staff	7,860,198	6,764,904	(5,967,321)	(5,648,036)
School Administration, General				
Administration, Fiscal and Business	5,262,540	4,147,041	(4,827,593)	(3,773,508)
Operations and Maintenance	3,784,399	3,992,745	(3,730,492)	(3,830,226)
Pupil Transportation	4,048,663	4,192,140	(3,290,497)	(3,914,811)
Central	410,022	250,044	(409,915)	(249,380)
Operation of Non-Instructional Services	2,875,966	2,572,555	(394,045)	(251,356)
Extracurricular Activities	855,545	791,537	(779,797)	(686,595)
Interest and Fiscal Charges	1,072,282	1,118,694	(1,072,282)	(1,118,694)
Total Expenses	\$61,341,539	\$52,492,276	(\$48,719,990)	(\$40,938,621)

**The District’s Funds**

The District has one major governmental fund: the General Fund. Assets of this fund comprised \$37,523,713 (84%) of the total \$44,604,796 governmental funds’ assets.

**General Fund:** Fund balance at June 30, 2020 was \$22,143,373, a decrease in fund balance of \$2,624,592 from 2019. The primary reason for the decrease in fund balance was due to a decrease in property tax revenues.

**General Fund Budgeting Highlights**

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

During the course of fiscal year 2020, the District amended its general fund budget. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, the original budget basis revenue was \$46,910,846 compared to final budget estimates of \$46,505,007. The difference between the original budget basis and final budget was \$405,839 was mostly due to overestimating taxes and intergovernmental revenue.

The District’s ending unobligated cash balance was \$23,412,571.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2020, the District had \$67,365,888 invested in land, construction in progress, land improvements, buildings and improvements, equipment, and vehicles. Table 4 shows fiscal year 2020 balances compared to fiscal year 2019:

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

**Table 4  
Capital Assets, Net of Depreciation**

	Governmental Activities	
	2020	2019
Land	\$1,624,962	\$1,624,962
Construction in Progress	239,616	0
Land Improvements	1,887,571	2,154,131
Buildings and Improvements	61,800,564	64,826,977
Equipment	1,595,267	1,730,441
Vehicles	217,908	199,581
Total Net Capital Assets	<u>\$67,365,888</u>	<u>\$70,536,092</u>

The decrease in capital assets is due to current year depreciation expense exceeding current year additions.

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 \$26,007,577 in debt outstanding and \$990,000 due within one year. Table 5 summarizes outstanding debt at year end.

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

	Governmental Activities	
	2020	2019
2015 Refunding Bonds	\$23,295,000	\$24,240,000
2015 Refunding Bonds - Premium	<u>2,712,577</u>	<u>2,887,582</u>
Total Debt Outstanding	<u>\$26,007,577</u>	<u>\$27,127,582</u>

See Note 8 to the basic financial statements for further details on the District's outstanding debt.

**For the Future**

The 133<sup>rd</sup> General Assembly enacted HB 59 which introduced new spending mandates and increased deductions from public school districts to fund charter and non-public options. These funding limits, spending mandates and deduction increases all have to be taken into account in monitoring the operation of the District and future decisions on pursuing additional revenue or expenditure reductions. This scenario requires management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

All of the District's financial abilities will be needed to meet the challenges of the future. With careful planning and monitoring of the District's finances, the District's management is confident that the District can continue to provide a quality education for our students and provide a secure financial future.

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

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**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer at Mt. Healthy City School District, 7615 Harrison Avenue, Cincinnati, Ohio 45231, Phone Number 513-728-4442.

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Mt. Healthy City School District  
Statement of Net Position  
June 30, 2020

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$26,359,746
Restricted Cash and Investments	168,887
Receivables (Net):	
Taxes	14,429,025
Accounts	103,585
Interest	75,696
Intergovernmental	1,663,978
Prepays	68,472
Inventory	103,552
Nondepreciable Capital Assets	1,864,578
Depreciable Capital Assets, Net	65,501,310
Net OPEB Asset	2,413,970
<b>Total Assets</b>	<b>112,752,799</b>
Deferred Outflows of Resources:	
Deferred Charge on Refunding	1,411,182
Pension	9,575,969
OPEB	1,389,053
<b>Total Deferred Outflows of Resources</b>	<b>12,376,204</b>
Liabilities:	
Accounts Payable	593,835
Accrued Wages and Benefits	4,102,695
Contracts Payable	94,536
Accrued Interest Payable	91,545
Long-Term Liabilities:	
Due Within One Year	1,301,380
Due In More Than One Year	
Net Pension Liability	42,221,901
Net OPEB Liability	4,282,667
Other Amounts	25,870,162
<b>Total Liabilities</b>	<b>78,558,721</b>
Deferred Inflows of Resources:	
Property Taxes	11,836,227
Pension	2,574,757
OPEB	4,409,905
<b>Total Deferred Inflows of Resources</b>	<b>18,820,889</b>
Net Position:	
Net Investment in Capital Assets	42,769,493
Restricted for:	
Debt Service	1,523,650
Capital Projects	3,552
Classroom Facilities Maintenance	21,323
Federal Grants	736,609
Food Service	1,397,244
District Managed Student Activity	9,927
Other Purposes	34,413
Unrestricted	(18,746,818)
<b>Total Net Position</b>	<b>\$27,749,393</b>

See accompanying notes to the basic financial statements.

Mt. Healthy City School District  
Statement of Activities  
For the Fiscal Year Ended June 30, 2020

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities:</b>				
<b>Instruction:</b>				
Regular	\$16,382,057	\$698,287	\$1,763	(\$15,682,007)
Special	11,084,819	138,837	5,762,640	(5,183,342)
Vocational	39,266	294	32,964	(6,008)
Other	7,665,782	0	289,091	(7,376,691)
<b>Support Services:</b>				
Pupil	4,636,468	1,766	893,738	(3,740,964)
Instructional Staff	3,223,730	307	997,066	(2,226,357)
General Administration	163,839	0	0	(163,839)
School Administration	3,876,257	0	434,947	(3,441,310)
Fiscal	967,981	0	0	(967,981)
Business	254,463	0	0	(254,463)
Operations and Maintenance	3,784,399	10,587	43,320	(3,730,492)
Pupil Transportation	4,048,663	0	758,166	(3,290,497)
Central	410,022	83	24	(409,915)
Operation of Non-Instructional Services	2,875,966	67,714	2,414,207	(394,045)
Extracurricular Activities	855,545	75,226	522	(779,797)
Interest and Fiscal Charges	1,072,282	0	0	(1,072,282)
<b>Total Governmental Activities</b>	<b>\$61,341,539</b>	<b>\$993,101</b>	<b>\$11,628,448</b>	<b>(48,719,990)</b>

<b>General Revenues:</b>	
Property Taxes Levied for:	
General Purposes	7,813,960
Special Revenue Purposes	86,469
Debt Service Purposes	1,357,161
Grants and Entitlements, Not Restricted	29,275,319
Revenue in Lieu of Taxes	202,093
Unrestricted Contributions	6,931
Investment Earnings	461,020
Other Revenues	315,919
<b>Total General Revenues</b>	<b>39,518,872</b>
<b>Change in Net Position</b>	<b>(9,201,118)</b>
<b>Net Position - Beginning of Year</b>	<b>36,950,511</b>
<b>Net Position - End of Year</b>	<b>\$27,749,393</b>

See accompanying notes to the basic financial statements.

Mt. Healthy City School District  
Balance Sheet  
Governmental Funds  
June 30, 2020

	General	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>			
Equity in Pooled Cash and Investments	\$23,433,556	\$2,926,190	\$26,359,746
Restricted Cash and Investments	168,887	0	168,887
<b>Receivables (Net):</b>			
Taxes	12,051,258	2,377,767	14,429,025
Accounts	103,585	0	103,585
Interest	75,696	0	75,696
Intergovernmental	0	1,663,978	1,663,978
Interfund	1,631,855	0	1,631,855
Prepays	58,876	9,596	68,472
Inventory	0	103,552	103,552
<b>Total Assets</b>	<b><u>37,523,713</u></b>	<b><u>7,081,083</u></b>	<b><u>44,604,796</u></b>
<b>Liabilities:</b>			
Accounts Payable	549,969	43,866	593,835
Accrued Wages and Benefits	3,493,439	609,256	4,102,695
Compensated Absences	14,885	12,600	27,485
Contracts Payable	94,536	0	94,536
Interfund Payable	0	1,631,855	1,631,855
<b>Total Liabilities</b>	<b><u>4,152,829</u></b>	<b><u>2,297,577</u></b>	<b><u>6,450,406</u></b>
<b>Deferred Inflows of Resources:</b>			
Property Taxes	11,111,258	2,192,767	13,304,025
Unavailable	78,560	0	78,560
Grants and Other Taxes	0	789,097	789,097
Investment Earnings	37,693	0	37,693
<b>Total Deferred Inflows of Resources</b>	<b><u>11,227,511</u></b>	<b><u>2,981,864</u></b>	<b><u>14,209,375</u></b>
<b>Fund Balances:</b>			
Nonspendable	58,876	9,596	68,472
Restricted	0	2,978,571	2,978,571
Assigned	3,753,797	0	3,753,797
Unassigned	18,330,700	(1,186,525)	17,144,175
<b>Total Fund Balances</b>	<b><u>22,143,373</u></b>	<b><u>1,801,642</u></b>	<b><u>23,945,015</u></b>
<b>Total Liabilities, Deferred Inflows and Fund Balances</b>	<b><u>\$37,523,713</u></b>	<b><u>\$7,081,083</u></b>	<b><u>\$44,604,796</u></b>

See accompanying notes to the basic financial statements.

Mt. Healthy City School District  
 Reconciliation of Total Governmental Fund Balance to  
 Net Position of Governmental Activities  
 June 30, 2020

Total Governmental Fund Balance		\$23,945,015
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		67,365,888
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		
Delinquent Property Taxes	\$1,467,798	
Interest	37,693	
Intergovernmental	789,097	
Other Receivables	78,560	
	<u>2,373,148</u>	2,373,148
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.		
		(91,545)
Some liabilities reported in the statement of net position do not require the use of current financial resources and, therefore, are not reported as liabilities in governmental funds.		
Compensated Absences		(1,136,480)
Deferred charge on refunding associated with long-term liabilities that are not reported in the funds.		
		1,411,182
Deferred outflows and inflows or resources related to pensions and OPEBs are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions	9,575,969	
Deferred inflows of resources related to pensions	(2,574,757)	
Deferred outflows of resources related to OPEB	1,389,053	
Deferred inflows of resources related to OPEB	(4,409,905)	
	<u>3,980,360</u>	3,980,360
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	2,413,970	
Net Pension Liability	(42,221,901)	
Net OPEB Liability	(4,282,667)	
Other Amounts	(26,007,577)	
	<u>(70,098,175)</u>	(70,098,175)
Net Position of Governmental Activities		<u>\$27,749,393</u>

See accompanying notes to the basic financial statements.

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

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Property and Other Taxes	\$7,869,013	\$1,468,839	\$9,337,852
Tuition and Fees	769,753	0	769,753
Investment Earnings	447,376	0	447,376
Intergovernmental	33,609,848	7,329,932	40,939,780
Extracurricular Activities	9,428	70,854	80,282
Charges for Services	0	68,566	68,566
Revenue in Lieu of Taxes	79,136	3,957	83,093
Other Revenues	318,910	14,600	333,510
<b>Total Revenues</b>	<b>43,103,464</b>	<b>8,956,748</b>	<b>52,060,212</b>
Expenditures:			
Current:			
Instruction:			
Regular	13,653,008	315,843	13,968,851
Special	8,320,171	1,911,641	10,231,812
Vocational	38,400	866	39,266
Other	7,593,329	0	7,593,329
Support Services:			
Pupil	3,272,784	1,163,014	4,435,798
Instructional Staff	2,058,279	965,742	3,024,021
General Administration	161,420	0	161,420
School Administration	2,779,403	419,934	3,199,337
Fiscal	875,312	40,832	916,144
Business	236,662	0	236,662
Operations and Maintenance	2,775,929	289,394	3,065,323
Pupil Transportation	2,458,204	915,741	3,373,945
Central	236,065	12,517	248,582
Operation of Non-Instructional Services	161,140	2,463,943	2,625,083
Extracurricular Activities	656,186	110,088	766,274
Capital Outlay	244,057	10,920	254,977
Debt Service:			
Principal Retirement	0	945,000	945,000
Interest and Fiscal Charges	0	1,160,050	1,160,050
<b>Total Expenditures</b>	<b>45,520,349</b>	<b>10,725,525</b>	<b>56,245,874</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(2,416,885)</b>	<b>(1,768,777)</b>	<b>(4,185,662)</b>
Other Financing Sources (Uses):			
Proceeds from Sale of Capital Assets	2,293	0	2,293
Transfers In	0	210,000	210,000
Transfers (Out)	(210,000)	0	(210,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(207,707)</b>	<b>210,000</b>	<b>2,293</b>
<b>Net Change in Fund Balance</b>	<b>(2,624,592)</b>	<b>(1,558,777)</b>	<b>(4,183,369)</b>
<b>Fund Balance - Beginning of Year</b>	<b>24,767,965</b>	<b>3,360,419</b>	<b>28,128,384</b>
<b>Fund Balance - End of Year</b>	<b>\$22,143,373</b>	<b>\$1,801,642</b>	<b>\$23,945,015</b>

See accompanying notes to the basic financial statements.

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

Net Change in Fund Balance - Total Governmental Funds (\$4,183,369)

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	\$539,748	
Depreciation Expense	<u>(3,709,952)</u>	(3,170,204)

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

District pension contributions for pension	\$3,368,874	
Pension Expense	(6,915,884)	
District pension contributions for OPEB	107,545	
OPEB Expense	<u>510,163</u>	(2,929,302)

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

Delinquent Property Taxes	(\$80,262)	
Interest	13,644	
Intergovernmental	82,988	
Other	<u>63,839</u>	80,209

Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 945,000

In the statement of activities interest expense is accrued when incurred; whereas, in governmental funds an interest expenditure is reported when due. 3,807

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	(\$31,220)	
Amortization of Bond Premium	175,005	
Amortization of Deferred Charge on Refunding	<u>(91,044)</u>	52,741

Change in Net Position of Governmental Activities (\$9,201,118)

See accompanying notes to the basic financial statements.

Mt. Healthy City School District  
Statement of Assets and Liabilities  
Fiduciary Fund  
June 30, 2020

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	<u>Agency</u>
Assets:	
Equity in Pooled Cash and Investments	<u>\$42,335</u>
Total Assets	<u>42,335</u>
Liabilities:	
Accounts Payable	2,867
Other Liabilities	<u>39,468</u>
Total Liabilities	<u>\$42,335</u>

See accompanying notes to the basic financial statements.

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**Mt. Healthy 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 Mt. Healthy City School District (the District) was chartered by the Ohio State Legislature in 1832 when state laws were enacted to create local Boards of Education. Today, the District operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code.

The District operates under a locally elected five-member Board form of government and provides educational services as authorized by its charter or further mandated by state and/or federal agencies. This Board controls the District's instructional and support facilities staffed by approximately 123 support staff personnel and approximately 272 certificated full time teaching and administrative personnel to provide services to students and other community members.

The District is the 10th largest in Hamilton County in terms of enrollment. It currently operates 2 elementary schools, 1 junior high (grades 7-8) and 1 high school (grades 9-12). The Junior High and High School are located on the same complex.

**Reporting Entity**

In accordance with Governmental Accounting Standards Board [GASB] Statement 14, the financial reporting entity consists of a primary government. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments.

There are no component units combined with the District for financial statement presentation purposes, and it is not included in any other governmental reporting entity. Consequently, the District's financial statements include only the funds of those organizational entities for which its elected governing body is financially accountable. The District's major operations include education, pupil transportation, food service, and maintenance of District facilities.

The District is associated with four organizations, three of which are defined as jointly governed organizations, and one as an insurance purchasing pool. These organizations are:

Jointly Governed Organizations:

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

Insurance Purchasing Pool:

Ohio School Boards Association Workers' Compensation Group Rating Plan

These organizations are presented in Notes 12 and 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.

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

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**Measurement Focus**

**Government-wide Financial Statements**

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

The government-wide statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net position. Fiduciary funds are not included in entity-wide statements.

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

**Fund Financial Statements**

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

**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 of governmental and fiduciary.

**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 of resources, and liabilities and deferred inflows of resources is reported as fund balance. The following is the District's major governmental fund:

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

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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.

**Fiduciary Funds**

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Private purpose trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's only fiduciary funds are Agency Funds. The District's Agency Fund account for assets and liabilities generated by student managed activities and activities related to the state athletic tournament.

**Note 3 - Basis of Accounting**

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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 use the accrual basis of accounting. Differences in the actual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-exchange Transactions

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, included property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: property taxes available for advance, grants and interest.

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

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Deferred Outflows/Inflows of Resources

In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, deferred outflows of resources includes a deferred charge on refunding, pension, and other post employment benefits. These amounts are reported on the 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 9 and 10.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, unavailable revenue, grants and other taxes, pension, OPEB, 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 other taxes, unavailable revenue, and investment earnings have been recorded as deferred inflows on the governmental fund financial statements. Deferred inflows related to pension and OPEB plans are reported on the governmental-wide statement of net position. For more pension and OPEB related information, see Notes 9 and 10.

Expenses/Expenditures

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

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

**Equity In Pooled Cash And Investments**

Cash received by the District is pooled for investment purposes. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the financial statements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposits are reported at cost.

Following Ohio statutes, the Board has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue in the General Fund during fiscal year 2020 amounted to \$447,376 and \$0 in Other Governmental Funds.

**Mt. Healthy 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.

**Inventory**

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventory consists of food held for resale and consumable supplies.

**Capital Assets**

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of one thousand dollars (\$1,000). The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets are depreciated, except land. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is allocated using the straight-line method over the following useful lives:

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>
Buildings and Improvements	5-30 years
Equipment	5-20 years

**Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limit specified in the District's termination policy. 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 have matured, for example, as a result of employee resignations and retirements.

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

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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	15-25 days service accumulated monthly	10-25 days for each year depending on length of service
Maximum Accumulation	Not Applicable	20 days at end of their contract year	20 days at end of their contract year
Vested	Not Applicable	As Earned	As Earned
Termination Entitlement	Not Applicable	Paid upon Termination	Paid upon Termination
<u>Sick Leave</u>	<u>Certified</u>	<u>Administrators</u>	<u>Non-Certificated</u>
How Earned	1-1/2 days per month of employment (18 days per year)	1-1/4 days per month of employment (15 days per year)	1-1/2 days per month of employment (18 days per year)
Maximum Accumulation	265 days	265 days	265 days
Vested	As Earned	As Earned	As Earned
Termination Entitlement	Per Contract	Per Contract	Per Contract

**Pensions/Other Postemployment Benefits (OPEB)**

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

**Net Position**

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

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

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The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available. Of the \$3,726,718 in restricted net position, none was restricted by enabling legislation.

**Interfund Activity**

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

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/payables”. These amounts are eliminated in the governmental activities column on the Statement of Net position.

As a general rule the effect of interfund (internal) activity has been eliminated from the government-wide statement of activities. The interfund services provided and used are not eliminated in the process of consolidation.

**Fund Balance**

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

Nonspendable – resources that are not in spendable form (inventory) or have legal or contractual requirements to maintain the balance intact.

Restricted – resources that have external purpose restraints imposed on them by providers, such as creditors, grantors, or other regulators.

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

Assigned – resources that are intended to be used for specific purposes as approved through the District’s formal purchasing procedure by the Treasurer.

Unassigned – residual fund balance within the General Fund that is not restricted, committed, or assigned. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from incurred expenses for specific purposes exceeding amounts which had been restricted, committed or assigned for said purposes.

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

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

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**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.

**Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments or imposed by enabling legislation. Restricted assets include the amount required by state statute to be set aside to create a reserve for budget stabilization and amounts held in retainage for contractors.

**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's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments."

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

Active Monies - Those monies required to be kept in a "cash" or "near cash" status for immediate use by the District. Such monies must by law be maintained either as cash in the District treasury, in depository accounts payable or withdrawable on demand.

Inactive Monies – Those monies not required for use within the current two year period of designated depositories. Ohio law permits inactive monies to be deposited or invested as certificates of deposit maturing not later than the end of the current period of designated depositories, or as savings or deposit accounts, including, but not limited to passbook accounts.

Interim Monies – Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. 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.



**Mt. Healthy City School District**  
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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.

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

### **Deposits**

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. As of June 30, 2020, \$9,104,294 of the District's bank balance of \$9,354,294 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.

**Mt. Healthy City School District**  
**Notes to the Basic Financial Statements**  
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**Investments**

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Fair Value Hierarchy</u>	<u>Weighted Average Maturity (Years)</u>
Federal Home Loan Bank	\$100,004	Level 2	2.88
Federal Home Loan Mortgage Corporation	3,705,153	Level 2	3.41
Federal National Mortgage Association	250,328	Level 2	2.58
Federal Farm Credit Bank	2,166,238	Level 2	3.04
Commercial Paper	1,617,920	Level 2	0.42
Negotiable CDs	8,967,705	Level 2	1.33
U.S Treasury Notes	254,120	Level 1	1.25
Money Market Funds	326,787	N/A	0.00
Total Fair Value	<u>\$17,388,255</u>		

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. All investments of the District are valued using quoted market prices.

**Interest Rate Risk** - In accordance with the investment policy, the District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to three years.

**Credit Risk** – It is the District's policy to limit its investments that are not obligations of the U.S. Government or obligations explicitly guaranteed by the U.S. Government to investments which have the highest credit quality rating issued by nationally recognized statistical rating organizations. The District's investments in Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, Federal Farm Credit Bank, and Federal National Mortgage Association, were rated AAA by Standard & Poor's and Aaa by Moody's Investors Service. Commercial Paper is rated A-1 by Standard & Poor's and P-1 by Moody's. Negotiable CDs, U.S Treasury Notes, and Money Market Funds were not rated.

**Concentration of Credit Risk** – The District's investment policy allows investments in Federal Agencies or Instrumentalities. The District has invested 1% in Federal Home Loan Bank, 21% in Federal Home Loan Mortgage Corporation, 1% in Federal National Mortgage Association, 12% in Federal Farm Credit Bank, 9% in Commercial Paper, 2% in U.S Treasury Notes, 2% in Money Market Funds, and 52% in Negotiable CD's.

**Custodial Credit Risk** is the risk that in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the District's securities are either insured and registered in the name of the District or at least registered in the name of the District.

**Mt. Healthy City School District**  
**Notes to the Basic Financial Statements**  
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**Note 5 - Property Taxes**

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Real property taxes collected in 2020 were levied in April on the assessed values as of January 1, 2019, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. A re-evaluation of real property is required to be completed no less than every six years, with a statistical update every third year.

Real property taxes are payable annually or semi-annually. In 2020, if paid annually, payment was due by January 31st. If paid semi-annually, the first payment (at least 1/2 amount billed) was due January 20th with the remainder due on 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.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable at June 30, 2020. Delinquent property taxes collected within 60 days of the fiscal year end are included as a receivable and tax revenue on the fund financial statements. All delinquent property taxes outstanding at June 30, 2020 are recognized as a revenue and receivable on the government-wide financial statements. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is available to finance current year operations. The receivable is offset by a credit to deferred inflows of resources for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2020, was \$940,000 for General Fund and \$185,000 in Other Governmental Funds, and is recognized as revenue, with a corresponding reserve to fund balance since the Board did not appropriate these receivables for fiscal year 2020 operations.

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

The assessed values upon which the fiscal year 2020 taxes were collected are:

	<u>Amount</u>
Agricultural/Residential and Other Real Estate	\$277,972,580
Public Utility	<u>17,190,190</u>
Total	<u><u>\$295,162,770</u></u>

**Note 6 – Receivables**

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Receivables at June 30, 2020, consisted of taxes, accounts, interest, intergovernmental grants, and interfund. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

**Note 7 - Capital Assets**

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

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	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental Activities</b>				
<b>Capital Assets, not being depreciated:</b>				
Land	\$1,624,962	\$0	\$0	\$1,624,962
Construction in Progress	0	239,616	0	239,616
<b>Capital Assets, being depreciated:</b>				
Land Improvements	6,136,816	0	0	6,136,816
Buildings and Improvements	90,839,230	0	0	90,839,230
Equipment	11,638,618	244,150	0	11,882,768
Vehicles	2,099,763	55,982	56,360	2,099,385
Totals at Historical Cost	<u>112,339,389</u>	<u>539,748</u>	<u>56,360</u>	<u>112,822,777</u>
Less Accumulated Depreciation:				
Land Improvements	3,982,685	266,560	0	4,249,245
Buildings and Improvements	26,012,253	3,026,413	0	29,038,666
Equipment	9,908,177	379,324	0	10,287,501
Vehicles	1,900,182	37,655	56,360	1,881,477
Total Accumulated Depreciation	<u>41,803,297</u>	<u>3,709,952</u>	<u>56,360</u>	<u>45,456,889</u>
Governmental Activities Capital Assets, Net	<u>\$70,536,092</u>	<u>(\$3,170,204)</u>	<u>\$0</u>	<u>\$67,365,888</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$1,215,008
Special	149,511
Support Services:	
Pupils	1,485
Instructional Staff	58,246
School Administration	406,611
Operations and Maintenance	961,619
Pupil Transportation	659,630
Central	134,671
Operation of Non-Instructional Services	100,539
Extracurricular Activities	22,632
Total Depreciation Expense	<u>\$3,709,952</u>

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**Mt. Healthy City School District**  
**Notes to the Basic Financial Statements**  
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**Note 8 - Long-Term Liabilities**

	Interest Rate	Beginning Principal Outstanding	Additions	Deductions	Ending Principal Outstanding	Due In One Year
<b>Governmental Activities:</b>						
Loan and Bonds Payable:						
2015 Refunding Bonds	3.625%-5.00%	\$24,240,000	\$0	\$945,000	\$23,295,000	\$990,000
2015 Refunding Bonds - Premium		2,887,582	0	175,005	2,712,577	0
Subtotal Bonds		27,127,582	0	1,120,005	26,007,577	990,000
Compensated Absences		1,112,251	310,005	258,291	1,163,965	311,380
Subtotal Bonds and Other Amounts		28,239,833	310,005	1,378,296	27,171,542	1,301,380
Net Pension Liability:						
STRS		30,931,687	1,300,058	0	32,231,745	0
SERS		8,511,199	1,478,957	0	9,990,156	0
Subtotal Net Pension Liability		39,442,886	2,779,015	0	42,221,901	0
Net OPEB Liability:						
STRS		0	0	0	0 (a)	0
SERS		4,182,712	99,955	0	4,282,667	0
Subtotal Net OPEB Liability		4,182,712	99,955	0	4,282,667	0
Total Long-Term Obligations		\$71,865,431	\$3,188,975	\$1,378,296	\$73,676,110	\$1,301,380

(a) OPEB for STRS has a Net OPEB asset in the amount of \$2,413,970 as of June 30, 2020.

General obligation bonds and capital leases will be paid from the debt service fund and the general fund. Compensated absences will be paid from the fund from which the person is paid.

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

A summary of the District's future long-term debt funding requirements, including principal and interest payments as of June 30, 2020 follows:

Fiscal Year Ending June 30	General Obligation Bonds		
	Principal	Interest	Total
2021	\$990,000	\$1,111,676	\$2,101,676
2022	1,035,000	1,061,051	2,096,051
2023	1,085,000	1,008,051	2,093,051
2024	1,135,000	952,551	2,087,551
2025	1,190,000	894,426	2,084,426
2026-2030	6,930,000	3,492,130	10,422,130
2031-2035	8,870,000	1,524,880	10,394,880
2036	2,060,000	37,338	2,097,338
Total	\$23,295,000	\$10,082,103	\$33,377,103

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**Note 9 - Defined Benefit Pension Plans**

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

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

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

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The remainder of this note includes the required pension disclosures. See Note 10 for the required OPEB disclosures.

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

**Plan Description**

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.

**Mt. Healthy City School District**  
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Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. 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.

**Funding Policy**

Plan members are required to contribute 10 percent of their annual covered salary and the employer 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, 2020, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2020, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The contractually required contribution to SERS was \$849,042 for fiscal year 2020. Of this amount \$78,657 is reported as accrued wages and benefits.

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

**Plan Description**

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).

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of-living increases are not affected by this change. Effective Aug. 1, 2017 through July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective Aug. 1, 2019–July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

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

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



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**Funding Policy**

Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2020 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2020, the full employer contribution was allocated to pension.

The contractually required contribution to STRS was \$2,519,832 for fiscal year 2020. Of this amount \$429,244 is reported as accrued wages and benefits.

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

The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The employer's proportion of the net pension liability was based on the employer'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	\$9,990,156	\$32,231,745	\$42,221,901
Proportion of the Net Pension Liability:			
Current Measurement Date	0.16697080%	0.14575004%	
Prior Measurement Date	<u>0.14861050%</u>	<u>0.14067688%</u>	
Change in Proportionate Share	0.01836030%	0.00507316%	
Pension Expense	\$1,929,606	\$4,986,278	\$6,915,884

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b><u>Deferred Outflows of Resources</u></b>			
Differences between expected and actual experience	\$253,328	\$262,420	\$515,748
Changes of assumptions	0	3,786,241	3,786,241
Changes in employer proportionate share of net pension liability	711,213	1,193,893	1,905,106
Contributions subsequent to the measurement date	<u>849,042</u>	<u>2,519,832</u>	<u>3,368,874</u>
Total Deferred Outflows of Resources	<u>\$1,813,583</u>	<u>\$7,762,386</u>	<u>\$9,575,969</u>
<b><u>Deferred Inflows of Resources</u></b>			
Differences between expected and actual experience	\$0	\$139,525	\$139,525
Net difference between projected and actual earnings on pension plan investments	128,236	1,575,313	1,703,549
Changes in employer proportionate share of net pension liability	<u>80,578</u>	<u>651,105</u>	<u>731,683</u>
Total Deferred Inflows of Resources	<u>\$208,814</u>	<u>\$2,365,943</u>	<u>\$2,574,757</u>

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\$3,368,874 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, 2021. 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
2021	\$716,144	\$2,155,420	\$2,871,564
2022	(24,609)	308,024	283,415
2023	(8,533)	28,727	20,194
2024	72,725	384,440	457,165
<b>Total</b>	<b>\$755,727</b>	<b>\$2,876,611</b>	<b>\$3,632,338</b>

**Actuarial Assumptions - SERS**

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

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

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

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

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	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	10.00%	3.00%
Total	<u>100.00%</u>	

**Discount Rate**

The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment 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.

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

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

	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Proportionate share of the net pension liability	\$13,999,780	\$9,990,156	\$6,627,584

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**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 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
Discount Rate of Return	7.45%
Payroll Increases	3.00%
Cost-of-Living Adjustments (COLA)	0%

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

Actuarial assumptions used in the July 1, 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.

**Discount Rate**

The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2019. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of

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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, 2019. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2019.

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

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

	1% Decrease 6.45%	Current Discount Rate 7.45%	1% Increase 8.45%
Proportionate share of the net pension liability	\$47,103,105	\$32,231,745	\$19,642,378

**Note 10 - Defined Benefit OPEB Plans**

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

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

**Health Care Plan Description**

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

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

**Funding Policy**

State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate

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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 \$107,545.

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 \$107,545 for fiscal year 2020. Of this amount \$78,657 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 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	\$4,282,667	\$0	\$4,282,667
Proportionate Share of the Net OPEB (Asset)	0	(2,413,970)	(2,413,970)
Proportion of the Net OPEB Liability/Asset:			
Current Measurement Date	0.17029920%	0.14575004%	
Prior Measurement Date	<u>0.15076800%</u>	<u>0.14067688%</u>	
Change in Proportionate Share	0.01953120%	0.00507316%	
OPEB Expense	\$259,904	(\$770,067)	(\$510,163)

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

	SERS	STRS	Total
<u>Deferred Outflows of Resources</u>			
Differences between expected and actual experience	\$62,866	\$218,845	\$281,711
Changes of assumptions	312,800	50,741	363,541
Net difference between projected and actual earnings on OPEB plan investments	10,280	0	10,280
Changes in employer proportionate share of net OPEB liability	548,867	77,109	625,976
Contributions subsequent to the measurement date	107,545	0	107,545
Total Deferred Outflows of Resources	<u>\$1,042,358</u>	<u>\$346,695</u>	<u>\$1,389,053</u>
<u>Deferred Inflows of Resources</u>			
Differences between expected and actual experience	\$940,873	\$122,815	\$1,063,688
Changes of assumptions	239,988	2,646,638	2,886,626
Net difference between projected and actual earnings on OPEB plan investments	0	151,613	151,613
Changes in employer proportionate share of net OPEB liability	138,440	169,538	307,978
Total Deferred Inflows of Resources	<u>\$1,319,301</u>	<u>\$3,090,604</u>	<u>\$4,409,905</u>

\$107,545 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 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	(\$131,177)	(\$607,240)	(\$738,417)
2022	(68,011)	(607,240)	(675,251)
2023	(64,994)	(546,475)	(611,469)
2024	(65,485)	(525,159)	(590,644)
2025	(42,955)	(469,606)	(512,561)
Thereafter	(11,866)	11,811	(55)
Total	<u>(\$384,488)</u>	<u>(\$2,743,909)</u>	<u>(\$3,128,397)</u>

**Actuarial Assumptions - SERS**

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

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

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

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

Inflation	3.00%
Future Salary Increases, including inflation	3.50% to 18.20%
Investment Rate of Return	7.50% net of investment expense, including inflation
Municipal Bond Index Rate:	
Measurement Date	3.13%
Prior Measurement Date	3.62%
Single Equivalent Interest Rate, net of plan 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.



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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	10.00%	3.00%
Total	100.00%	

**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% Decrease (2.22%)	Current Discount Rate (3.22%)	1% Increase (4.22%)
Proportionate share of the net OPEB liability	\$5,198,345	\$4,282,667	\$3,554,595
	1% Decrease (6.00% decreasing to 3.75%)	Current Trend Rate (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
Proportionate share of the net OPEB liability	\$3,431,284	\$4,282,667	\$5,412,246

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**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%

**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:

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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%	

\* 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.

**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% Decrease (6.45%)	Current Discount Rate (7.45%)	1% Increase (8.45%)
Proportionate share of the net OPEB (asset)	(\$2,059,843)	(\$2,413,970)	(\$2,711,709)
	1% Decrease	Current Trend Rate	1% Increase
Proportionate share of the net OPEB (asset)	(\$2,737,332)	(\$2,413,970)	(\$2,017,931)

**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

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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 11 - Contingent Liabilities**

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**School Foundation**

District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, the final ODE adjustments for fiscal year 2020 resulted in a liability to ODE in the amount of approximately \$2,330.

**Grants**

The District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2020, if applicable, cannot be determined at this time.

**Litigation**

The District's attorney estimates that all other potential claims against the District not covered by insurance resulting from all other litigation would not materially affect the financial statements of the District.

**Note 12 - Risk Management**

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The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets errors and omissions, injuries to employees and natural disasters. During the fiscal year, the Ohio School Plan through Hylant Insurance provided property insurance to the district. The Ohio School Plan provided liability insurance coverage with a 5 million Dollar aggregate limit to all employees and volunteers of the district.

All District owned fleet vehicles excluding buses (operated and insured by Durham/National Express) are insured by Ohio School Plan through Hylant and hold a \$1,000 deductible for comprehensive and collision automobile liability and has a 5 million dollar combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past 10 years.

The District carries a performance bond in the amount of \$50,000 for the Treasurer as required by Ohio Revised Code. All other employees including the Superintendent and the Board President are covered under the Employee Dishonesty portion of the Crime coverage on the Ohio School Plan policy.

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The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP is intended to reduce the District's premium by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund".

The District provides a minimum of \$45,000 life insurance and accidental death and dismemberment insurance policy to all employees except administrators through Anthem Life Insurance Co. The District provides administrators a maximum of 1.5 times their salary life insurance and accidental death with a maximum of \$150,000.

The District offers medical/surgical/hospitalization insurance benefits to all employees through Anthem Blue Cross/Blue Shield through the Greater Cincinnati Insurance Consortium.

The District offers dental insurance through Dental Care Plus.

Settled claims have not exceeded commercial coverage in any of the past five years. There has not been a significant reduction in insurance coverage from the previous year.

**Note 13 - Jointly Governed Organizations**

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*The Hamilton Clermont Cooperative Information Technology Center (HCC)* is a computer service organization whose primary function is to provide information technology services to its members. Currently, the District along with other member school districts in the Ohio counties of Hamilton and Clermont are participants. The Center 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. The governing board of HCC consists of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the board. Each of the schools support HCC based upon a per pupil charge dependent upon the software package utilized. Financial information can be obtained from their fiscal agent, the Hamilton County Education Service Center, at 11083 Hamilton Avenue, Cincinnati, Ohio 45231.

*Great Oaks Career Campuses* is a distinct political subdivision of the State of Ohio operated under the direction of a board consisting of thirty-five representatives from the various city and county boards within Hamilton County, which possesses its own budgeting and taxing authority. To obtain financial information write to the Treasurer at Great Oaks Career Campuses, 3254 East Kemper Road, Cincinnati, Ohio 45241.

*Greater Cincinnati Insurance Consortium* is a consortium formed by Hamilton County ESC in the early 1990's. The group is made up of 14 local school districts to enable larger buying power for medical, dental and life insurances for district employees. Financial information can be obtained from their fiscal agent, the Hamilton County Education Service Center Treasurer Megan Jackson at 11083 Hamilton Avenue, Cincinnati, Ohio 45231.

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

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**Note 14– Accountability**

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

Other Governmental Funds:	
Management Information Systems	\$160,038
Special Education	4,759
Title V Innovative Projects	2,851
Improving Teacher Quality	20,790
ESSER	995,816

Project Cash Requests have been submitted for the above deficit amounts, but were not received by fiscal year end June 30, 2020.

**Note 15 – Requirement for Set-Asides**

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

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

	Capital Acquisition	Budget Stabilization
Set Aside Reserve Balance as of June 30, 2019	\$0	\$168,887
Current Year Set Aside Requirements	568,238	0
Qualified Disbursements	(148,461)	0
Current Year Offsets	(419,777)	0
Set Aside Reserve Balance as of June 30, 2020	<u>\$0</u>	<u>\$168,887</u>
Restricted Cash as of June 30, 2020	<u>\$0</u>	<u>\$168,887</u>

Expenditures for capital activity during the year totaled \$148,461, which was less than the amount required for the set-aside.

Senate Bill 345 eliminated the Budget Stabilization Reserve, except the amounts related to unspent Bureau of Workers' Compensation refunds. The Bill stipulates that the Board of Education can retain the reserve account or use the reserve for specifically discretionary purposes.

**Note 16 - Interfund Transactions**

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

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

	Interfund Loan		Transfers	
	Receivable	Payable	In	Out
General Fund	\$1,631,855	\$0	\$0	\$210,000
Other Governmental Funds	0	1,631,855	210,000	0
<b>Total All Funds</b>	<b>\$1,631,855</b>	<b>\$1,631,855</b>	<b>\$210,000</b>	<b>\$210,000</b>

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 budgetary authorization; to segregate and to return money to the fund from which it was originally provided once a project is completed.

All interfund balances are expected to be paid within one year.

**Note 17 – Fund Balances**

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

Fund Balances	General	Other Governmental Funds	Total
<b>Nonspendable:</b>			
Prepays	\$58,876	\$9,596	\$68,472
<b>Total Nonspendable</b>	<b>58,876</b>	<b>9,596</b>	<b>68,472</b>
<b>Restricted for:</b>			
Local Grants	0	17,570	17,570
District Managed Activity	0	9,927	9,927
Miscellaneous State Grants	0	16,843	16,843
Miscellaneous Federal Grants	0	65,584	65,584
Title I	0	30,592	30,592
Food Service	0	1,433,943	1,433,943
Classroom Facilities Maintenance	0	6,871	6,871
Title III	0	0	0
Title I School Improvement	0	41	41
Debt Service	0	1,393,648	1,393,648
Permanent Improvement	0	3,552	3,552
<b>Total Restricted</b>	<b>0</b>	<b>2,978,571</b>	<b>2,978,571</b>
<b>Assigned to:</b>			
Public School Support	16,354	0	16,354
Budgetary Resource	3,737,443	0	3,737,443
<b>Total Assigned</b>	<b>3,753,797</b>	<b>0</b>	<b>3,753,797</b>
<b>Unassigned (Deficit)</b>	<b>18,330,700</b>	<b>(1,186,525)</b>	<b>17,144,175</b>
<b>Total Fund Balance</b>	<b>\$22,143,373</b>	<b>\$1,801,642</b>	<b>\$23,945,015</b>

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

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Fund balance classified as assigned for encumbrances in the general fund are assigned for all ordinary day-to-day operations of the District, for the purchase and sale of school supplies, and for specific local revenue sources.

**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 continuing emergency measures may 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.

**Note 20 – Subsequent Event**

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On September 14, 2020, the district broke ground for the new Early Learning Center that will be located at the site of the former Rex Ralph Elementary Building on Adams Road. It is set to open for the 2021-22 school year.

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# **REQUIRED SUPPLEMENTARY INFORMATION**

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Mount Healthy 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	0.16697080%	\$9,990,156	\$5,730,822	174.32%	70.85%
2019	0.14861050%	8,511,199	5,119,667	166.25%	71.36%
2018	0.15568500%	9,301,835	4,859,664	191.41%	69.50%
2017	0.14654040%	10,725,405	4,551,000	235.67%	62.98%
2016	0.14849890%	8,473,491	3,224,476	262.79%	69.16%
2015	0.14749300%	7,464,537	3,128,813	238.57%	71.70%
2014	0.14749300%	8,773,563	2,814,629	311.71%	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.

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

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2020	\$849,042	(\$849,042)	\$0	\$6,064,586	14.00%
2019	773,661	(773,661)	0	5,730,822	13.50%
2018	691,155	(691,155)	0	5,119,667	13.50%
2017	680,353	(680,353)	0	4,859,664	14.00%
2016	637,140	(637,140)	0	4,551,000	14.00%
2015	612,328	(612,328)	0	3,224,476	18.99%
2014	600,018	(600,018)	0	3,128,813	19.18%
2013	559,128	(559,128)	0	2,814,629	19.87%
2012	745,320	(745,320)	0	4,131,865	18.04%
2011	846,744	(846,744)	0	4,525,596	18.71%

See accompanying notes to the required supplementary information.

Mount Healthy 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	0.14575004%	\$32,231,745	\$17,523,514	183.93%	77.40%
2019	0.14067688%	30,931,687	16,613,829	186.18%	77.30%
2018	0.13906448%	33,035,065	15,747,350	209.78%	75.30%
2017	0.14461217%	48,406,053	14,402,400	336.10%	66.80%
2016	0.14037797%	38,796,365	14,810,767	261.95%	72.10%
2015	0.13604723%	33,091,395	14,104,897	234.61%	74.70%
2014	0.13604723%	39,312,096	13,720,242	286.53%	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.

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

Year	District's Contractually Required Contribution	District's Contributions in Relation to the Contractually Required Contributions	District's Contribution Deficiency (Excess)	District's Covered Payroll	District's Contributions as a Percentage of Covered Payroll
2020	\$2,519,832	(\$2,519,832)	\$0	\$17,998,800	14.00%
2019	2,453,292	(2,453,292)	0	17,523,514	14.00%
2018	2,325,936	(2,325,936)	0	16,613,829	14.00%
2017	2,204,629	(2,204,629)	0	15,747,350	14.00%
2016	2,016,336	(2,016,336)	0	14,402,400	14.00%
2015	2,085,541	(2,085,541)	0	14,810,767	14.08%
2014	1,946,038	(1,946,038)	0	14,104,897	13.80%
2013	1,816,008	(1,816,008)	0	13,720,242	13.24%
2012	2,175,852	(2,175,852)	0	15,053,799	14.45%
2011	2,340,672	(2,340,672)	0	15,900,743	14.72%

See accompanying notes to the required supplementary information.

Mount Healthy 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	0.17029920%	\$4,282,667	\$5,730,822	74.73%	15.57%
2019	0.15076800%	4,182,712	5,119,667	81.70%	13.57%
2018	0.15759960%	4,229,559	4,859,664	87.03%	12.46%
2017	0.14783451%	4,213,831	4,551,000	92.59%	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.

Mount Healthy City School District  
 Required Supplementary Information  
 Schedule of the 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	\$107,545	(\$107,545)	\$0	\$6,064,586	1.77%
2019	128,789	(128,789)	0	5,730,822	2.25%
2018	107,061	(107,061)	0	5,119,667	2.09%
2017	84,116	(84,116)	0	4,859,664	1.73%
2016	71,936	(71,936)	0	4,551,000	1.58%

(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



Mount Healthy 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	0.14575004%	(\$2,413,970)	\$17,523,514	(13.78%)	174.74%
2019	0.14067688%	(2,260,534)	16,613,829	(13.61%)	176.00%
2018	0.13906448%	5,425,783	15,747,350	34.46%	47.10%
2017	0.14461217%	7,733,896	14,402,400	53.70%	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.

Mount Healthy City School District  
 Required Supplementary Information  
 Schedule of the 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	\$17,998,800	0.00%
2019	0	0	0	17,523,514	0.00%
2018	0	0	0	16,613,829	0.00%
2017	0	0	0	15,747,350	0.00%
2016	0	0	0	14,402,400	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

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

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$11,349,138	\$11,250,954	\$11,229,013	(\$21,941)
Revenue in lieu of taxes	79,983	79,291	79,136	(155)
Tuition and Fees	843,295	835,999	834,369	(1,630)
Investment Earnings	356,613	353,527	352,838	(689)
Intergovernmental	33,969,397	33,675,519	33,609,848	(65,671)
Other Revenues	312,420	309,717	309,113	(604)
<b>Total Revenues</b>	<b>46,910,846</b>	<b>46,505,007</b>	<b>46,414,317</b>	<b>(90,690)</b>
Expenditures:				
Current:				
Instruction:				
Regular	15,038,420	14,987,985	14,261,086	726,899
Special	8,816,434	8,786,866	8,360,714	426,152
Vocational	40,493	40,357	38,400	1,957
Other	8,000,910	7,974,077	7,587,344	386,733
Support Services:				
Pupil	3,502,194	3,490,448	3,321,166	169,282
Instructional Staff	2,314,225	2,306,464	2,194,603	111,861
General Administration	182,804	182,191	173,355	8,836
School Administration	2,902,011	2,892,278	2,752,006	140,272
Fiscal	918,541	915,461	871,062	44,399
Business	269,297	268,394	255,377	13,017
Operations and Maintenance	2,872,048	2,862,416	2,723,592	138,824
Pupil Transportation	3,272,922	3,261,945	3,103,745	158,200
Central	232,199	231,421	220,197	11,224
Operation of Non-Instructional Services	170,885	170,312	162,052	8,260
Extracurricular Activities	670,534	668,285	635,874	32,411
Capital Outlay	183,708	183,092	174,212	8,880
<b>Total Expenditures</b>	<b>49,387,625</b>	<b>49,221,992</b>	<b>46,834,785</b>	<b>2,387,207</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(2,476,779)</b>	<b>(2,716,985)</b>	<b>(420,468)</b>	<b>2,296,517</b>
Other Financing Sources (Uses):				
Proceeds from Sale of Capital Assets	2,318	2,297	2,293	(4)
Transfers (Out)	(221,447)	(220,704)	(210,000)	10,704
<b>Total Other Financing Sources (Uses)</b>	<b>(219,129)</b>	<b>(218,407)</b>	<b>(207,707)</b>	<b>10,700</b>
<b>Net Change in Fund Balance</b>	<b>(2,695,908)</b>	<b>(2,935,392)</b>	<b>(628,175)</b>	<b>2,307,217</b>
Fund Balance Beginning of Year (includes prior year encumbrances appropriated)	24,040,746	24,040,746	24,040,746	0
<b>Fund Balance End of Year</b>	<b>\$21,344,838</b>	<b>\$21,105,354</b>	<b>\$23,412,571</b>	<b>\$2,307,217</b>

See accompanying notes to the required supplementary information.

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**Mt. Healthy City School District**  
**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 the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board.

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 the 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 Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual 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 a reservation of fund balance for governmental fund types (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.

**Mt. Healthy City School District**  
**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	(\$2,624,592)
Revenue Accruals	3,310,853
Expenditure Accruals	(899,032)
Encumbrances	(415,404)
Budget Basis	(\$628,175)

**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 change in the Consumer Price Index Index (CPI-W), with a cap of 2.5% and a floor of 0%.

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

**Changes in Assumptions:**

2018-2020: 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 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.

**Mt. Healthy City School District**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2020**

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**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:

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:

**Mt. Healthy City School District**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2020**

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- (1) Discount Rate:
 

Prior Measurement Date	3.63%
Measurement Date	3.70%
- (2) Municipal Bond Index Rate:
 

Prior Measurement Date	3.56%
Measurement Date	3.62%
- (3) 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 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.



**Mt. Healthy City School District**  
**Notes to the Required Supplementary Information**  
**For The Fiscal Year Ended June 30, 2020**

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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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**MT. HEALTHY CITY SCHOOL DISTRICT  
HAMILTON COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2020**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Pass Through Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
<i>Passed Through Ohio Department of Education:</i>			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	N/A	\$143,063
Cash Assistance:			
School Breakfast Program	10.553	3L70	627,952
COVID - 19 School Breakfast Program	10.553	3L70	45,193
Total School Breakfast Program			<u>673,145</u>
National School Lunch Program	10.555	3L60	1,012,381
COVID - 19 National School Lunch Program	10.555	3L60	72,186
Total National School Lunch Program			<u>1,084,567</u>
Summer Food Service Program for Children	10.559	3GE0	22,304
COVID - 19 Summer Food Service Program for Children	10.559	3GE0	72,164
Total Summer Food Service Program for Children			<u>94,468</u>
Total Child Nutrition Cluster			<u>1,995,243</u>
Child and Adult Care Food Program	10.558	3L80	30,466
COVID - 19 Child and Adult Care Food Program	10.558	3L80	2,851
TOTAL Child and Adult Care Food Program			<u>33,317</u>
Total U.S. Department of Agriculture			<u>2,028,560</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>			
<i>Passed Through Ohio Department of Education:</i>			
Special Education Cluster:			
Special Education-Grants to States	84.027	3M20	816,837
Special Education-Preschool Grants	84.173	3C50	9,565
Total Special Education Cluster			<u>826,402</u>
Title I Grants to Local Educational Agencies	84.010	3M00	2,514,663
Striving Readers	84.371	3FE0	418,070
English Language Acquisition Grants	84.365	3Y70	17,384
Improving Teacher Quality	84.367	3Y60	214,887
Student Support and Academic Enrichment Program	84.424	3HI0	96,125
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	3HS0	995,816
Disaster Recovery Assistance for Education	84.938	N/A	1,464
Total U.S. Department of Education			<u>5,084,811</u>
Total Federal Expenditures			<u><u>\$7,113,371</u></u>

See accompanying notes to the schedule of expenditures of federal awards.

**MT. HEALTHY CITY SCHOOL DISTRICT  
HAMILTON COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Mt. Healthy City School District (the District) under programs of the federal government for the year ended June 30, 2020. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

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

**NOTE D – CHILD NUTRITION CLUSTER**

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

**NOTE E – FOOD DONATION PROGRAM**

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

# OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash  
11117 Kenwood Road  
Blue Ash, Ohio 45242-1817  
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SouthwestRegion@ohioauditor.gov

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

Mount Healthy City School District  
Hamilton County  
7615 Harrison Ave.  
Cincinnati, Ohio 45231

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, the major fund, and the aggregate remaining fund information of the Mt. Healthy 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 and have issued our report thereon dated February 25, 2021. We also noted the financial impact of COVID-19 and the continuing emergency measures which 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) to determine the 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 determination of financial statement amounts. 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  
February 25, 2021

# OHIO AUDITOR OF STATE KEITH FABER



Corporate Centre of Blue Ash  
11117 Kenwood Road  
Blue Ash, Ohio 45242-1817  
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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Mount Healthy School District  
Hamilton County  
7615 Harrison Ave  
Cincinnati, Ohio 45231

To the Board of Education:

### ***Report on Compliance for Each Major Federal Program***

We have audited the Mt. Healthy City School District, Hamilton County, Ohio (the District's), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Mt. Healthy City School District's major federal programs for the year ended June 30, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

### ***Management's Responsibility***

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

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

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

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

### ***Opinion on Each Major Federal Program***

In our opinion, the District complied, in all material respects, with the compliance requirements referred to above that could directly and materially affect its major federal programs for the year ended June 30, 2020.

**Report on Internal Control Over Compliance**

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

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

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

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



Keith Faber  
Auditor of State  
Columbus, Ohio  
February 25, 2021



**MOUNT HEALTHY CITY SCHOOL DISTRICT  
HAMILTON COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
June 30, 2020**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	No
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	CFDA #84.010 Title 1 CFDA #84.027 & 84.173 Special Education Cluster CFDA #84.425(D) Elementary and Secondary School Emergency Relief Fund (ESSER)
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	Yes

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

None

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

None



# OHIO AUDITOR OF STATE KEITH FABER



**MT. HEALTHY 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 3/16/2021**

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)