

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY**

**SINGLE AUDIT
FOR THE YEAR ENDED JUNE 30, 2021**

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY**

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UNION COUNTY

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Marysville Exempted Village School District
Union County
1000 Edgewood Drive
Marysville, Ohio 43040

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Marysville Exempted Village School District, Union County, Ohio (the District), as of and for the year ended June 30, 2021, 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 business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund 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 18 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* 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 July 13, 2022, 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

July 13, 2022

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**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

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

Financial Highlights

Key financial highlights for 2021 are as follows:

- In total, net position decreased \$575,831. Net position of governmental activities decreased \$397,317, which represents a 2.76% decrease from the 2020 net position. Net position of business-type activities decreased \$178,514 or 48.81% from the 2020 net position.
- General revenues accounted for \$64,505,591 in revenue or 86.27% of all governmental activities revenues. Program specific revenues in the form of charges for services and sales, and grants and contributions accounted for \$10,263,973 or 13.73% of total governmental activities revenues of \$74,769,564.
- The District had \$75,166,881 in expenses related to governmental activities; only \$10,263,973 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily property taxes and unrestricted grants and entitlements) of \$64,505,591 were adequate to provide for these programs.
- The District's major governmental funds are the general fund, bond retirement fund, and the permanent improvement fund. The general fund had \$55,756,775 in revenues and \$55,881,025 in expenditures. The fund balance of the general fund decreased from a total of \$27,629,654 to \$27,505,404.
- The bond retirement fund had \$7,528,191 in revenues and \$7,990,880 in expenditures. The fund balance of the bond retirement fund decreased from \$5,194,449 to \$4,731,760.
- The permanent improvement fund had \$6,125,557 in revenues and \$4,267,535 in expenditures. The fund balance of the permanent improvement fund increased from \$1,249,146 to \$3,107,168.

Using this Financial Report

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

The *statement of net position* and *statement of activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. The District has three major governmental funds: the general fund, bond retirement fund, and the permanent improvement fund.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2021?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* except for fiduciary funds using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

The District's statement of net position and statement of activities can be found on pages 16 - 17 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 13. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages 18 - 22 of this report.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

Proprietary Funds

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 26 - 68 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB liability/asset. The required supplementary information can be found on pages 69 - 84 of this report.

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**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

The District as a Whole

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

Net Position

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
<u>Assets</u>						
Current and other assets	\$ 84,554,963	\$ 78,268,320	\$ 398,828	\$ 582,984	\$ 84,953,791	\$ 78,851,304
Net OPEB asset	4,044,325	3,737,574	-	-	4,044,325	3,737,574
Capital assets, net	81,047,095	84,982,589	-	-	81,047,095	84,982,589
Total assets	<u>169,646,383</u>	<u>166,988,483</u>	<u>398,828</u>	<u>582,984</u>	<u>170,045,211</u>	<u>167,571,467</u>
<u>Deferred outflows</u>						
Unamortized deferred charges	1,126,997	1,288,184	-	-	1,126,997	1,288,184
Pension	13,366,250	13,044,277	85,087	74,656	13,451,337	13,118,933
OPEB	2,001,875	1,584,873	50,898	38,214	2,052,773	1,623,087
Total deferred outflows	<u>16,495,122</u>	<u>15,917,334</u>	<u>135,985</u>	<u>112,870</u>	<u>16,631,107</u>	<u>16,030,204</u>
<u>Liabilities</u>						
Current liabilities	8,881,326	7,742,462	39,754	18,377	8,921,080	7,760,839
Long-term liabilities						
Due within one year	5,425,451	5,233,169	21,680	12,798	5,447,131	5,245,967
Due in more than one year						
Net pension liability	71,106,102	64,014,261	595,777	630,810	71,701,879	64,645,071
Net OPEB liability	5,103,786	6,073,583	197,120	271,538	5,300,906	6,345,121
Other amounts	63,593,968	69,603,771	-	8,774	63,593,968	69,612,545
Total liabilities	<u>154,110,633</u>	<u>152,667,246</u>	<u>854,331</u>	<u>942,297</u>	<u>154,964,964</u>	<u>153,609,543</u>
<u>Deferred inflows</u>						
Property taxes and PILOT	38,511,401	34,812,679	-	-	38,511,401	34,812,679
Pension	556,022	3,352,731	55,299	20,205	611,321	3,372,936
OPEB	7,769,961	6,482,356	169,437	99,092	7,939,398	6,581,448
Total deferred inflows	<u>46,837,384</u>	<u>44,647,766</u>	<u>224,736</u>	<u>119,297</u>	<u>47,062,120</u>	<u>44,767,063</u>
<u>Net position</u>						
Net investment in capital assets	19,997,876	19,178,751	-	-	19,997,876	19,178,751
Restricted	7,413,574	4,937,224	-	-	7,413,574	4,937,224
Unrestricted (deficit)	<u>(42,217,962)</u>	<u>(38,525,170)</u>	<u>(544,254)</u>	<u>(365,740)</u>	<u>(42,762,216)</u>	<u>(38,890,910)</u>
Total net position (deficit)	<u>\$ (14,806,512)</u>	<u>\$ (14,409,195)</u>	<u>\$ (544,254)</u>	<u>\$ (365,740)</u>	<u>\$ (15,350,766)</u>	<u>\$ (14,774,935)</u>

The net pension liability is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

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

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2021, the District's total liabilities and deferred inflows of resources exceeded total assets and deferred outflows of resources by \$15,350,766. The net investment in capital assets at June 30, 2021 was \$19,997,876. A portion of the District's net position, \$7,413,574, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of \$42,762,216.

At fiscal year-end, capital assets represented 47.77% of total assets. Capital assets include land, land improvements, buildings and improvements, and furniture, equipment and vehicles. Capital assets are used to provide services to the students and are not available for future spending.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

Change in Net Position

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

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for services and sales	\$ 1,542,064	\$ 2,556,291	\$ 248,074	\$ 476,637	\$ 1,790,138	\$ 3,032,928
Operating grants and contributions	8,545,439	7,019,790	-	-	8,545,439	7,019,790
Capital grants and contributions	176,470	170,103	-	-	176,470	170,103
General revenues:						
Property taxes	34,870,842	34,730,837	-	-	34,870,842	34,730,837
Payments in lieu of taxes	3,092,035	2,483,637	-	-	3,092,035	2,483,637
Grants and entitlements	25,379,440	25,202,851	-	-	25,379,440	25,202,851
Investment earnings	298,362	737,392	-	-	298,362	737,392
Change in fair value of investments	(210,961)	332,178	-	-	(210,961)	332,178
Other	1,075,873	166,995	-	-	1,075,873	166,995
Total revenues	74,769,564	73,400,074	248,074	476,637	75,017,638	73,876,711
Instruction:						
Regular	31,590,159	29,121,493	-	-	31,590,159	29,121,493
Special	11,229,885	10,495,860	-	-	11,229,885	10,495,860
Vocational	525,677	541,501	-	-	525,677	541,501
Other	440,207	238,355	-	-	440,207	238,355
Support services:						
Pupil	4,129,453	4,016,928	-	-	4,129,453	4,016,928
Instructional staff	4,005,024	4,514,112	-	-	4,005,024	4,514,112
Board of education	249,201	172,202	-	-	249,201	172,202
Administration	4,924,438	5,063,697	-	-	4,924,438	5,063,697
Fiscal	1,497,559	1,410,408	-	-	1,497,559	1,410,408
Business	402,293	436,327	-	-	402,293	436,327
Operations and maintenance	5,796,568	5,371,186	-	-	5,796,568	5,371,186
Pupil transportation	2,787,489	2,785,202	-	-	2,787,489	2,785,202
Central	824,138	866,259	-	-	824,138	866,259
Operation of non-instructional services:						
Food service operations	1,467,397	1,891,008	-	-	1,467,397	1,891,008
Other non-instructional services	500,993	404,614	-	-	500,993	404,614
Extracurricular activities	2,106,640	1,983,469	-	-	2,106,640	1,983,469
Interest and fiscal charges	2,689,760	2,975,281	-	-	2,689,760	2,975,281
Special enterprise	-	-	426,588	524,684	426,588	524,684
Total expenses	75,166,881	72,287,902	426,588	524,684	75,593,469	72,812,586
Changes in net assets	(397,317)	1,112,172	(178,514)	(48,047)	(575,831)	1,064,125
Net position at beginning of year	(14,409,195)	(15,521,367)	(365,740)	(317,693)	(14,774,935)	(15,839,060)
Net position at end of year	\$ (14,806,512)	\$ (14,409,195)	\$ (544,254)	\$ (365,740)	\$ (15,350,766)	\$ (14,774,935)

Governmental Activities

Net position of the District's governmental activities decreased \$397,317. Total governmental expenses of \$75,166,881 were offset by program revenues of \$10,263,973, and general revenues of \$64,505,591. Program revenues supported 13.65% of the total governmental expenses.

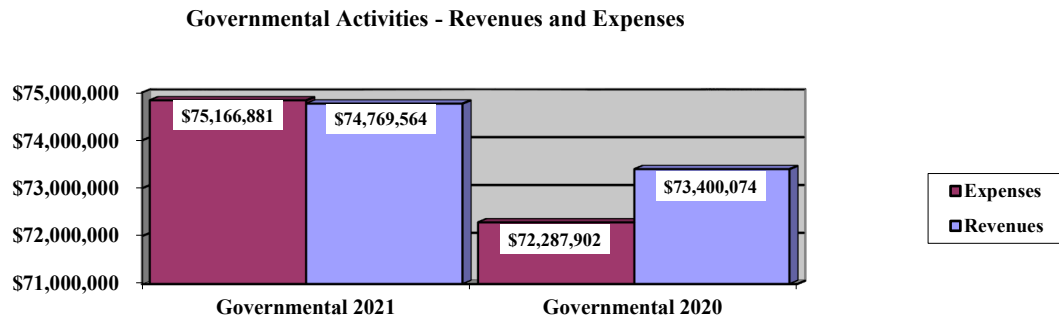
**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These revenue sources represent 80.58% of total governmental revenue. Real estate property is reappraised every six years. Unrestricted grants and entitlements revenue primarily include state foundation, homestead and rollback, and casino revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$43,785,928 or 58.25% of total governmental expenses for fiscal year 2021.

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



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

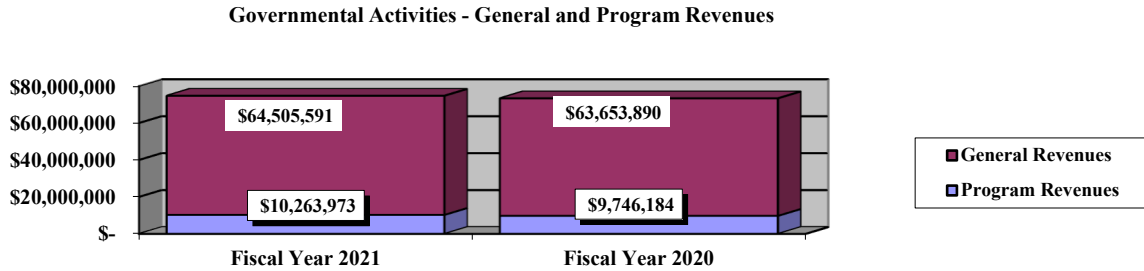
	Governmental Activities			
	Total Cost of Services 2021	Net Cost of Services 2021	Total Cost of Services 2020	Net Cost of Services 2020
Instruction:	\$ 43,785,928	\$ 36,764,443	\$ 40,397,209	\$ 34,753,665
Support services:				
Pupil	4,129,453	3,936,587	4,016,928	3,766,682
Instructional staff	4,005,024	3,971,224	4,514,112	4,441,492
Board of education	249,201	249,201	172,202	172,202
Administration	4,924,438	4,763,189	5,063,697	4,781,539
Fiscal	1,497,559	1,497,559	1,410,408	1,410,408
Business	402,293	402,293	436,327	436,327
Operations and maintenance	5,796,568	5,708,900	5,371,186	5,320,259
Pupil transportation	2,787,489	2,654,331	2,785,202	2,650,874
Central	824,138	823,794	866,259	866,160
Operation of non-instructional services:				
Other non-instructional services	500,993	1,107	404,614	(144,059)
Food service operations	1,467,397	37,733	1,891,008	23,970
Extracurricular activities	2,106,640	1,402,787	1,983,469	1,086,918
Interest and fiscal charges	2,689,760	2,689,760	2,975,281	2,975,281
Total expenses	\$ 75,166,881	\$ 64,902,908	\$ 72,287,902	\$ 62,541,718

The dependence upon tax revenues during fiscal year 2021 for governmental activities is apparent, as 86.35% of 2021 expenses are supported through taxes and other general revenues. The District’s taxpayers and unrestricted grants and entitlements from the State are the primary support for the District’s students.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

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



Business-Type Activities

Business-type activities include the special enterprise-day care operations. This program had revenues of \$248,074 and expenses of \$426,588 for fiscal year 2021. Tuition and fees from the day care operations were less than expenses by \$178,514 during fiscal year 2021. The deficit net position is a result of reporting the net pension liability, net OPEB liability/asset, deferred outflows of resources and deferred inflows of resources associated with GASB Statement No. 68 and 75. The District's business-type activities do not receive support from tax revenues.

The District's Funds

The District's governmental funds (as presented on the balance sheet on page 18) reported a combined fund balance of \$36,700,305, which is \$1,235,877 higher than last year's total of \$35,464,428. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2021 and 2020.

	Fund Balance June 30, 2021	Fund Balance June 30, 2020	Change
General	\$ 27,505,404	\$ 27,629,654	\$ (124,250)
Bond retirement	4,731,760	5,194,449	(462,689)
Permanent improvement	3,107,168	1,249,146	1,858,022
Other governmental	1,355,973	1,391,179	(35,206)
Total	\$ 36,700,305	\$ 35,464,428	\$ 1,235,877

General Fund

The District's general fund balance decreased \$124,250 during fiscal year 2021. The table that follows assists in illustrating the revenues and expenditures of the general fund.

	2021 Amount	2020 Amount	Percentage Change
Revenues			
Taxes	\$ 25,099,137	\$ 27,145,268	(7.54) %
Intergovernmental	26,619,571	26,475,959	0.54 %
Other revenues	4,038,067	2,296,819	75.81 %
Total	\$ 55,756,775	\$ 55,918,046	(0.29) %

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

	<u>2021</u> <u>Amount</u>	<u>2020</u> <u>Amount</u>	<u>Percentage</u> <u>Change</u>
<u>Expenditures</u>			
Instruction	\$ 35,010,180	\$ 32,967,104	6.20 %
Support services	19,846,775	19,731,789	0.58 %
Operation of non-instructional services	44,799	100,969	(55.63) %
Extracurricular activities	970,046	919,955	5.44 %
Debt service	<u>9,225</u>	<u>6,667</u>	38.37 %
Total	<u>\$ 55,881,025</u>	<u>\$ 53,726,484</u>	4.01 %

General fund revenues decreased \$161,271 or 0.29% in the current fiscal year. Property taxes decreased as a result of fluctuations in the amount available for advance at June 30, 2021 from Union County. The amount available for advance at June 30, 2021, and June 30, 2020 was \$1,799,916 and \$4,421,903. Other revenues increased from refunds and a dividend from the Bureau of Workers' Compensation. General fund expenditures increased \$2,154,541 or 4.01% in the current fiscal year. Instruction expenditures increased 6.20% as a result of increased student enrollment and teaching staff. Operation of non-instructional services decreased from prior year, due to less costs associated with community services and programs. All other revenues and expenditures remained comparable to the prior fiscal year.

Bond Retirement Fund

Another major governmental fund is the bond retirement fund. The bond retirement fund received \$7,528,191 in property tax and intergovernmental revenues and made \$7,990,880 in fiscal and debt service expenditures.

Permanent Improvement Fund

The District's other major governmental fund is the permanent improvement fund. The permanent improvement fund had \$6,125,557 in revenues and \$4,267,535 in expenditures. Revenues increased \$355,193 from an increase in payment in lieu of taxes. Expenditures decreased \$5,624,096 during fiscal year 2021, as the District performed fewer maintenance, repair and capital projects. During fiscal year 2020, the District completed the Marysville High School Stadium and Bunsold Stadium construction projects, as well as converting space for mezzanine and autotech lab at the Early College High School, which were paid from the permanent improvement fund.

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 2021, the District amended its general fund budget. For the general fund, original and final budgeted revenues and other financing sources were \$56,108,969. Actual revenues and other financing sources of \$57,741,443 were \$1,632,474 higher than the final budget.

General fund final appropriations of \$56,972,754 increased \$36,295 from the original budgeted appropriations of \$56,936,459. The actual budget basis expenditures for fiscal year 2021 totaled \$56,169,764, which was \$802,990 less than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2021, the District had \$81,047,095 invested in land, land improvements, buildings and improvements, furniture, fixtures and equipment, vehicles, and construction in progress.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

The following table shows fiscal year 2021 balances compared to 2020:

Capital Assets at June 30 (Net of Depreciation)		
<u>Governmental Activities</u>		
	<u>2021</u>	<u>2020</u>
Land	\$ 6,355,496	\$ 6,355,496
Land and other improvements	14,393,939	15,012,801
Buildings and improvements	56,697,249	60,490,345
Furniture, fixtures and equipment	1,621,908	1,748,012
Vehicles	1,506,412	1,375,935
Construction in progress	<u>472,901</u>	<u>-</u>
Total	<u>\$ 81,047,905</u>	<u>\$ 84,982,589</u>

See Note 10 to the basic financial statements for detail on the District's capital assets. Capital assets decreased due to the depreciation expense \$5,240,047 exceeding capital asset additions of \$1,306,363.

Debt Administration

At June 30, 2021 the District had \$60,404,498 in general obligation bonds, lease-purchase agreement and tax anticipation notes. The general obligation bond issues are comprised of current issue bonds and capital appreciation bonds. Of this total debt outstanding, \$4,677,495 is due within one year and \$55,727,003 is due in more than one year. The table that follows summarizes the bonds, leases, notes and loans outstanding:

Outstanding Debt, at June 30		
<u>Governmental Activities</u>		
	<u>2021</u>	<u>2020</u>
General obligation bonds	\$ 55,099,863	\$ 59,025,715
Capital appreciation bonds - accreted interest	2,076,635	3,117,787
Lease-purchase agreement	295,000	433,000
Tax anticipation note payable	2,933,000	3,292,000
Loan payable	<u>-</u>	<u>9,225</u>
Total	<u>\$ 60,404,498</u>	<u>\$ 65,877,727</u>

See Note 12 to the basic financial statements for detail on the District's debt administration.

Current Financial Related Activities

The District relies on its property taxes and state foundation funds to provide the funds necessary to maintain its educational programs. The District's enrollment has remained stable, with slight growth. This year's total school population was over 5,200 students. Our graduating class in 2002 was the last class under 300.

Union County is one of the fastest growing counties in Ohio and Marysville is one of the fastest growing cities in Ohio. We have had commercial growth and new housing developments take place in the past six years. Marysville's industrial and commercial tax base is increasing with new restaurants, hotels, and stores being built in the area.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

House Bill 66, passed in 2005, phases out the tax on tangible personal property of general business, telephone, and railroads. The tax on general business and railroad property was eliminated in 2009 and the tax on telephone in 2011. The tax is phased out by reducing the assessment rate on the property each year. The loss and replacement of the tangible personal property tax revenues has been calculated by the Ohio Department of Taxation using 2004 as the base year. The base year amount is the amount of property tax revenue lost when the tax has been fully phased out. School districts heavily impacted by loss of tangible personal property tax revenue are receiving reimbursements from the state to help offset the loss, but these reimbursements are being phased out.

In November 2018, District residents passed a renewal of an existing 6.56 mill levy into a continuing levy as well as a new millage permanent improvement levy.

In conclusion, the District has committed itself to financial excellence for many years.

The economic downturn resulting from the COVID-19 pandemic has resulted in funding reductions from the House Bill 166 state budget. The District's funding was cut approximately \$1,030,000 during fiscal year 2021. The ultimate impact of the COVID-19 pandemic on state and local revenues is yet to be fully determined.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Todd Johnson, Treasurer/CFO, Marysville Exempted Village School District, 1000 Edgewood Drive, Marysville, Ohio 43040.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 42,445,032	\$ 398,828	\$ 42,843,860
Receivables:			
Property taxes	37,971,530	-	37,971,530
Payment in lieu of taxes	3,100,000	-	3,100,000
Accrued interest	35,295	-	35,295
Intergovernmental	894,618	-	894,618
Prepayments	75,882	-	75,882
Materials and supplies inventory	13,558	-	13,558
Inventory held for resale	19,048	-	19,048
Net OPEB asset	4,044,325	-	4,044,325
Capital assets:			
Nondepreciable capital assets	6,827,587	-	6,827,587
Depreciable capital assets, net	74,219,508	-	74,219,508
Capital assets, net	<u>81,047,095</u>	<u>-</u>	<u>81,047,095</u>
Total assets	<u>169,646,383</u>	<u>398,828</u>	<u>170,045,211</u>
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	1,126,997	-	1,126,997
Pension	13,366,250	85,087	13,451,337
OPEB	2,001,875	50,898	2,052,773
Total deferred outflows of resources	<u>16,495,122</u>	<u>135,985</u>	<u>16,631,107</u>
Liabilities:			
Accounts payable	510,936	6,889	517,825
Contracts payable	313,605	-	313,605
Accrued wages and benefits payable	5,314,396	24,820	5,339,216
Intergovernmental payable	1,243,206	8,045	1,251,251
Accrued interest payable	205,994	-	205,994
Claims payable	1,293,189	-	1,293,189
Long-term liabilities:			
Due within one year	5,425,451	21,680	5,447,131
Due in more than one year:			
Net pension liability	71,106,102	595,777	71,701,879
Net OPEB liability	5,103,786	197,120	5,300,906
Other amounts due in more than one year	63,593,968	-	63,593,968
Total liabilities	<u>154,110,633</u>	<u>854,331</u>	<u>154,964,964</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	35,411,401	-	35,411,401
Payment in lieu of taxes levied for the next fiscal year	3,100,000	-	3,100,000
Pension	556,022	55,299	611,321
OPEB	7,769,961	169,437	7,939,398
Total deferred inflows of resources	<u>46,837,384</u>	<u>224,736</u>	<u>47,062,120</u>
Net position:			
Net investment in capital assets	19,997,876	-	19,997,876
Restricted for:			
Capital projects	3,269,737	-	3,269,737
Unclaimed monies	11,816	-	11,816
Debt service	2,561,643	-	2,561,643
Locally funded programs	197,446	-	197,446
State funded programs	294,182	-	294,182
Federally funded programs	7,396	-	7,396
Food service operations	536,498	-	536,498
Student activities	534,856	-	534,856
Unrestricted (deficit)	<u>(42,217,962)</u>	<u>(544,254)</u>	<u>(42,762,216)</u>
Total net position	<u>\$ (14,806,512)</u>	<u>\$ (544,254)</u>	<u>\$ (15,350,766)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ 31,590,159	\$ 675,091	\$ 1,585,437	\$ -	\$ (29,329,631)	\$ -	\$ (29,329,631)
Special	11,229,885	93,145	4,509,607	-	(6,627,133)	-	(6,627,133)
Vocational	525,677	-	115,655	-	(410,022)	-	(410,022)
Other	440,207	-	42,550	-	(397,657)	-	(397,657)
Support services:							
Pupil	4,129,453	53,110	139,756	-	(3,936,587)	-	(3,936,587)
Instructional staff	4,005,024	9,173	24,627	-	(3,971,224)	-	(3,971,224)
Board of education	249,201	-	-	-	(249,201)	-	(249,201)
Administration	4,924,438	629	160,620	-	(4,763,189)	-	(4,763,189)
Fiscal	1,497,559	-	-	-	(1,497,559)	-	(1,497,559)
Business	402,293	-	-	-	(402,293)	-	(402,293)
Operations and maintenance	6,110,173	38,851	30,347	18,470	(6,022,505)	-	(6,022,505)
Pupil transportation	2,787,489	397	132,761	-	(2,654,331)	-	(2,654,331)
Central	824,138	344	-	-	(823,794)	-	(823,794)
Operation of non-instructional services:							
Food service operations	1,467,397	76,830	1,352,834	-	(37,733)	-	(37,733)
Other non-instructional services	187,388	48,641	451,245	-	312,498	-	312,498
Extracurricular activities	2,106,640	545,853	-	158,000	(1,402,787)	-	(1,402,787)
Interest and fiscal charges	2,689,760	-	-	-	(2,689,760)	-	(2,689,760)
Total governmental activities	<u>75,166,881</u>	<u>1,542,064</u>	<u>8,545,439</u>	<u>176,470</u>	<u>(64,902,908)</u>	<u>-</u>	<u>(64,902,908)</u>
Business-type activities:							
Special enterprise - day care	<u>426,588</u>	<u>248,074</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(178,514)</u>	<u>(178,514)</u>
Totals	<u>\$ 75,593,469</u>	<u>\$ 1,790,138</u>	<u>\$ 8,545,439</u>	<u>\$ 176,470</u>	<u>(64,902,908)</u>	<u>(178,514)</u>	<u>(65,081,422)</u>
General revenues:							
Property taxes levied for:							
General purposes					25,129,409	-	25,129,409
Debt service					5,419,359	-	5,419,359
Capital outlay					4,322,074	-	4,322,074
Payments in lieu of taxes					3,092,035	-	3,092,035
Grants and entitlements not restricted to specific programs							
Investment earnings					25,379,440	-	25,379,440
Change in fair value of investments					298,362	-	298,362
Miscellaneous					(210,961)	-	(210,961)
Total general revenues					<u>1,075,873</u>	<u>-</u>	<u>1,075,873</u>
					<u>64,505,591</u>	<u>-</u>	<u>64,505,591</u>
Change in net position					(397,317)	(178,514)	(575,831)
Net position (deficit) at beginning of year					<u>(14,409,195)</u>	<u>(365,740)</u>	<u>(14,774,935)</u>
Net position (deficit) at end of year					<u>\$ (14,806,512)</u>	<u>\$ (544,254)</u>	<u>\$ (15,350,766)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and cash equivalents	\$ 28,594,299	\$ 4,437,765	\$ 6,332,735	\$ 1,775,277	\$ 41,140,076
Receivables:					
Property taxes	26,818,960	6,212,512	4,940,058	-	37,971,530
Payment in lieu of taxes	1,700,000	-	1,400,000	-	3,100,000
Accrued interest	35,295	-	-	-	35,295
Interfund loans	3,150,000	-	-	-	3,150,000
Intergovernmental	21,097	-	-	873,521	894,618
Prepayments	75,882	-	-	-	75,882
Materials and supplies inventory	-	-	-	13,558	13,558
Inventory held for resale	-	-	-	19,048	19,048
Due from other funds	493,645	-	-	-	493,645
Total assets	<u>\$ 60,889,178</u>	<u>\$ 10,650,277</u>	<u>\$ 12,672,793</u>	<u>\$ 2,681,404</u>	<u>\$ 86,893,652</u>
Liabilities:					
Accounts payable	\$ 62,001	\$ -	\$ 432,576	\$ 16,359	\$ 510,936
Contracts payable	-	-	313,605	-	313,605
Accrued wages and benefits payable	4,876,109	-	-	438,287	5,314,396
Compensated absences payable	10,980	-	-	2,125	13,105
Intergovernmental payable	1,171,612	-	-	71,594	1,243,206
Interfund loans payable	-	-	2,700,000	-	2,700,000
Due to other funds	-	-	-	493,645	493,645
Total liabilities	<u>6,120,702</u>	<u>-</u>	<u>3,446,181</u>	<u>1,022,010</u>	<u>10,588,893</u>
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	24,976,010	5,806,005	4,629,386	-	35,411,401
Payment in lieu of taxes levied for the next fiscal year	1,700,000	-	1,400,000	-	3,100,000
Delinquent property tax revenue not available	557,643	112,512	90,058	-	760,213
Intergovernmental revenue not available	6,219	-	-	303,421	309,640
Accrued interest not available	23,200	-	-	-	23,200
Total deferred inflows of resources	<u>27,263,072</u>	<u>5,918,517</u>	<u>6,119,444</u>	<u>303,421</u>	<u>39,604,454</u>
Fund balances:					
Nonspendable:					
Materials and supplies inventory	-	-	-	13,558	13,558
Prepays	75,882	-	-	-	75,882
Long-term loans	450,000	-	-	-	450,000
Unclaimed monies	11,816	-	-	-	11,816
Restricted:					
Debt service	-	4,731,760	-	-	4,731,760
Capital improvements	-	-	3,107,168	72,511	3,179,679
Food service operations	-	-	-	585,831	585,831
Non-public schools	-	-	-	24,045	24,045
State funded programs	-	-	-	270,505	270,505
Federally funded programs	-	-	-	587	587
Extracurricular	-	-	-	534,856	534,856
Locally funded programs	-	-	-	197,446	197,446
Assigned:					
Student instruction	98,487	-	-	-	98,487
Student and staff support	388,768	-	-	-	388,768
Employee benefits	77,132	-	-	-	77,132
Unassigned (deficit)	26,403,319	-	-	(343,366)	26,059,953
Total fund balances	<u>27,505,404</u>	<u>4,731,760</u>	<u>3,107,168</u>	<u>1,355,973</u>	<u>36,700,305</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 60,889,178</u>	<u>\$ 10,650,277</u>	<u>\$ 12,672,793</u>	<u>\$ 2,681,404</u>	<u>\$ 86,893,652</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

Total governmental fund balances		\$ 36,700,305
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		81,047,095
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$ 760,213	
Accrued interest receivable	23,200	
Intergovernmental receivable	309,640	
Total	1,093,053	1,093,053
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.		(438,233)
Unamortized amounts on refundings are not recognized in the funds		1,126,997
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(205,994)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows - pension	13,366,250	
Deferred inflows - pension	(556,022)	
Net pension liability	(71,106,102)	
Deferred outflows - OPEB	2,001,875	
Deferred inflows - OPEB	(7,769,961)	
Net OPEB asset	4,044,325	
Net OPEB liability	(5,103,786)	
Total	(65,123,421)	(65,123,421)
Long-term liabilities, including bonds payable, are not due and and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(55,099,863)	
Accreted interest - general obligations bonds	(2,076,635)	
Unamortized premium on general obligation bonds	(3,848,353)	
Tax anticipation note	(2,933,000)	
Lease-purchase agreement	(295,000)	
Compensated absences payable	(4,753,463)	
Total	(69,006,314)	(69,006,314)
Net position of governmental activities		\$ (14,806,512)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

	<u>General</u>	<u>Bond Retirement</u>	<u>Permanent Improvement</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
Property taxes	\$ 25,099,137	\$ 5,420,285	\$ 4,316,949	\$ -	\$ 34,836,371
Intergovernmental	26,619,571	2,107,906	240,103	4,966,570	33,934,150
Investment earnings	311,587	-	-	297	311,884
Tuition and fees	737,268	-	-	16,362	753,630
Extracurricular	385,449	-	-	287,304	672,753
Rental income	38,851	-	-	-	38,851
Charges for services	-	-	-	76,830	76,830
Contributions and donations	-	-	158,000	5,750	163,750
Payment in lieu of taxes	1,700,000	-	1,392,035	-	3,092,035
Miscellaneous	1,075,873	-	18,470	-	1,094,343
Change in fair value of investments	(210,961)	-	-	-	(210,961)
Total revenues	<u>55,756,775</u>	<u>7,528,191</u>	<u>6,125,557</u>	<u>5,353,113</u>	<u>74,763,636</u>
Expenditures:					
Current:					
Instruction:					
Regular	25,531,601	-	639,674	1,591,922	27,763,197
Special	8,620,547	-	-	1,235,586	9,856,133
Vocational	461,020	-	-	-	461,020
Other	397,012	-	-	42,550	439,562
Support services:					
Pupil	3,415,711	-	-	137,528	3,553,239
Instructional staff	3,084,310	-	490,035	27,037	3,601,382
Board of education	247,942	-	-	-	247,942
Administration	4,173,780	-	-	162,604	4,336,384
Fiscal	1,201,112	108,854	83,154	-	1,393,120
Business	339,839	-	18,448	-	358,287
Operations and maintenance	4,245,091	-	1,470,183	29,170	5,744,444
Pupil transportation	2,321,312	-	389,540	-	2,710,852
Central	817,678	-	-	-	817,678
Operation of non-instructional services					
Food service operations	-	-	-	1,420,910	1,420,910
Other non-instructional services	44,799	-	-	453,215	498,014
Extracurricular activities	970,046	-	-	287,797	1,257,843
Facilities acquisition and construction	-	-	562,737	-	562,737
Debt service:					
Principal retirement	9,225	3,925,852	497,000	-	4,432,077
Interest and fiscal charges	-	2,542,026	116,764	-	2,658,790
Accretion on capital appreciation bonds	-	1,414,148	-	-	1,414,148
Total expenditures	<u>55,881,025</u>	<u>7,990,880</u>	<u>4,267,535</u>	<u>5,388,319</u>	<u>73,527,759</u>
Net change in fund balances	(124,250)	(462,689)	1,858,022	(35,206)	1,235,877
Fund balances at beginning of year	<u>27,629,654</u>	<u>5,194,449</u>	<u>1,249,146</u>	<u>1,391,179</u>	<u>35,464,428</u>
Fund balances at end of year	<u>\$ 27,505,404</u>	<u>\$ 4,731,760</u>	<u>\$ 3,107,168</u>	<u>\$ 1,355,973</u>	<u>\$ 36,700,305</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

Net change in fund balances - total governmental funds		\$ 1,235,877
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	\$ 1,306,363	
Current year depreciation	<u>(5,240,047)</u>	
Total		(3,933,684)
The net effect of various miscellaneous transactions involving capital assets (i.e. sales, disposals, trade-ins, and donations) is to decrease net position		
		(1,810)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	34,471	
Earnings on investments	(13,225)	
Intergovernmental	<u>(15,318)</u>	
Total		5,928
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
General obligation bonds	3,925,852	
Accreted interest on capital appreciation bonds	1,414,148	
Tax anticipation note	359,000	
Lease-purchase agreement	138,000	
Loan	<u>9,225</u>	
		5,846,225
In the statement of activities, interest is accrued on outstanding debt; whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
(Increase) decrease in accrued interest payable	10,259	
Accreted interest on capital appreciation bonds	(372,996)	
Amortization of bond premiums	492,954	
Amortization of deferred charges	<u>(161,187)</u>	
Total		(30,970)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	5,198,106	
OPEB	<u>142,407</u>	
Total		5,340,513
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(9,171,265)	
OPEB	<u>263,538</u>	
Total		(8,907,727)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		(135,557)
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund (expense) of the internal service fund is allocated among the governmental funds.		
		<u>183,888</u>
Change in net position of governmental activities		<u><u>\$ (397,317)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 25,854,582	\$ 25,854,582	\$ 27,050,492	\$ 1,195,910
Intergovernmental	24,829,887	24,829,887	26,614,902	1,785,015
Investment earnings	400,000	400,000	304,687	(95,313)
Tuition and fees	441,000	441,000	737,269	296,269
Extracurricular	276,000	276,000	254,752	(21,248)
Rental income	66,000	66,000	38,851	(27,149)
Payment in lieu of taxes	1,700,000	1,700,000	1,700,000	-
Miscellaneous	531,500	531,500	241,928	(289,572)
Total revenues	<u>54,098,969</u>	<u>54,098,969</u>	<u>56,942,881</u>	<u>2,843,912</u>
Expenditures:				
Current:				
Instruction:				
Regular	23,894,022	28,212,416	25,513,558	2,698,858
Special	7,503,475	7,474,905	8,632,504	(1,157,599)
Vocational	571,417	474,713	478,140	(3,427)
Other	425,261	350,418	397,706	(47,288)
Support services:				
Pupil	3,591,667	2,960,217	3,372,169	(411,952)
Instructional staff	3,857,064	3,185,935	3,256,038	(70,103)
Board of education	262,340	216,170	253,181	(37,011)
Administration	4,622,544	4,041,846	4,216,357	(174,511)
Fiscal	891,529	728,928	1,202,402	(473,474)
Business	511,335	423,043	347,936	75,107
Operations and maintenance	5,796,598	4,775,336	4,365,739	409,597
Pupil transportation	2,916,491	2,404,415	2,351,808	52,607
Central	998,482	822,756	777,400	45,356
Extracurricular activities	1,094,234	901,656	1,004,826	(103,170)
Total expenditures	<u>56,936,459</u>	<u>56,972,754</u>	<u>56,169,764</u>	<u>802,990</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(2,837,490)</u>	<u>(2,873,785)</u>	<u>773,117</u>	<u>3,646,902</u>
Other financing sources:				
Refund of prior year expenditures	10,000	10,000	798,562	788,562
Advances in	2,000,000	2,000,000	-	(2,000,000)
Total other financing sources	<u>2,010,000</u>	<u>2,010,000</u>	<u>798,562</u>	<u>(1,211,438)</u>
Net change in fund balance	(827,490)	(863,785)	1,571,679	2,435,464
Fund balance at beginning of year	26,054,076	26,054,076	26,054,076	-
Prior year encumbrances appropriated	436,459	436,459	436,459	-
Fund balance at end of year	<u>\$ 25,663,045</u>	<u>\$ 25,626,750</u>	<u>\$ 28,062,214</u>	<u>\$ 2,435,464</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	Business-Type Activities - Nonmajor Enterprise Fund	Governmental Activities - Internal Service Fund
	<u>Enterprise Fund</u>	<u>Service Fund</u>
Assets:		
Current assets:		
Equity in pooled cash and cash equivalents	\$ 398,828	\$ 1,304,956
Deferred outflows of resources:		
Pension	85,087	-
OPEB	50,898	-
Total deferred outflows of resources	<u>135,985</u>	<u>-</u>
Liabilities:		
Current liabilities:		
Accounts payable	6,889	-
Accrued wages and benefits	24,820	-
Interfund loan payable	-	450,000
Intergovernmental payable	8,045	-
Claims payable	-	1,293,189
Total current liabilities	<u>39,754</u>	<u>1,743,189</u>
Long-term liabilities:		
Due within one year	21,680	-
Due in more than one year:		
Net pension liability	595,777	-
Net OPEB liability	197,120	-
Total long-term liabilities	<u>814,577</u>	<u>-</u>
Total liabilities	<u>854,331</u>	<u>1,743,189</u>
Deferred inflows of resources:		
Pension	55,299	-
OPEB	169,437	-
Total deferred inflows of resources	<u>224,736</u>	<u>-</u>
Net position:		
Unrestricted (deficit)	<u>(544,254)</u>	<u>(438,233)</u>
Total net position (deficit)	<u>\$ (544,254)</u>	<u>\$ (438,233)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

	Business-Type Activities - Nonmajor Enterprise Fund	Governmental Activities - Internal Service Fund
Operating revenues:		
Tuition and fees	\$ 248,074	\$ -
Charges for services	-	7,482,188
Total operating revenues	248,074	7,482,188
Operating expenses:		
Personal services	374,045	-
Purchased services	8,364	522,938
Materials and supplies	41,701	-
Other	1,951	-
Claims	-	6,775,889
Total operating expenses	426,061	7,298,827
Operating income (loss)/change in net position	(177,987)	183,361
Net position (deficit) at beginning of year	(366,267)	(621,594)
Net position (deficit) at end of year	\$ (544,254)	\$ (438,233)
Change in net position of enterprise fund	\$ (177,987)	
Adjustment to reflect the consolidation of the internal service fund activities related to the enterprise fund	(527)	
Change in net position of business-type activities	\$ (178,514)	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

	Business-Type Activities - Nonmajor Enterprise Fund	Governmental Activities - Internal Service Fund
Cash flows from operating activities:		
Cash received from tuition and fees	\$ 248,074	\$ -
Cash received from charges for services	-	7,482,188
Cash payments for personal services	(384,344)	-
Cash payments for contractual services	(5,352)	(522,938)
Cash payments for materials and supplies	(39,112)	-
Cash payments for claims	-	(6,407,345)
Cash payments for other expenses	(1,951)	-
	(182,685)	551,905
Net cash provided by (used in) operating activities		
	(182,685)	551,905
Net increase (decrease) in cash and cash equivalents		
	581,513	753,051
Cash and cash equivalents at beginning of year	\$ 398,828	\$ 1,304,956
Cash and cash equivalents at end of year		
	(177,987)	183,361
Operating income (loss)		
	944	-
Changes in assets and liabilities:		
Prepayments	(10,431)	-
Deferred outflows of resources - pension	(12,684)	-
Deferred outflows of resources - OPEB	5,601	-
Accounts payable	14,943	-
Accrued wages and benefits	7,906	-
Intergovernmental payable	108	-
Compensated absences payable	(7,073)	-
Pension obligation payable	(35,033)	-
Net pension liability	(74,418)	-
Net OPEB liability	35,094	-
Deferred inflows of resources - pension	70,345	-
Deferred inflows of resources - OPEB	-	368,544
Claims payable	-	368,544
Net cash provided by (used in) operating activities	\$ (182,685)	\$ 551,905

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

Marysville Exempted Village School District, Ohio (the “District”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District is governed by a locally elected five-member Board of Education (the “Board”) which provides educational services. The Board controls the District’s instructional support facilities staffed by approximately 230 non-certified and approximately 393 certified teaching personnel and administrative employees providing education to 5,403 students.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

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

JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Technology Association (META) Solutions

The District is a participant in META Solutions which is a computer consortium. META Solutions develops, implements and supports the technology and instructional needs of schools in a cost-effective manner. META Solutions provides instructional, core, technology and purchasing services for its member districts. The Board of Directors consists of the Superintendents from eleven of the member districts. During fiscal year 2021, the District paid META Solutions \$109,985 for services. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

Ohio Hi-Point Joint Vocational School

The Ohio Hi-Point Joint Vocational School District is a political subdivision of the State of Ohio, which possesses its own budgeting and taxing authority. The Vocational School is governed by a Board of Education that consists of a representative from each participating school district and its degree of control is limited to its representation on the board. To obtain financial information write to the Ohio Hi-Point Vocational School, Eric Adelsberger, who serves as Treasurer, at 2280 State Route 540, Bellefontaine, Ohio 43311.

JOINT VENTURES

Union County Council of Governments (COG)

The District, Union County, and the City of Marysville (the "Members") formed the COG on January 26, 2012 to collaborate, share resources, reduce costs, centralize supervision and enhance the provision of technology services to its Members. The COG was established pursuant to Ohio Revised Code, Chapter 167. The COG is governed by a Governing Board consisting of the Superintendent of Marysville Exempted Village School District, the Mayor of the City of Marysville, and the President of the Board of Union County Commissioners. The degree of control exercised by each participating Member is limited to its representation on the Governing Board. Financial information is available from Union County, who serves as fiscal agent, at 233 West Sixth Street, Marysville, Ohio 43040.

INSURANCE PURCHASING POOL

Workers' Compensation Group Rating Program

The District participates in a Workers' Compensation Group Rating Program (GRP) administered by CompManagement, Inc. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The District pays a fee to the GRP to cover the costs of administering the program. The District paid \$5,190 in fees during fiscal year 2021.

B. Fund Accounting

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

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

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

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 are the District's major governmental funds:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Bond retirement fund - The bond retirement fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest from governmental resources when the government is obligated in some manner for payment.

Permanent improvement fund - This fund is used to account for financial resources to be used for the acquisition of major capital assets (other than that financed by proprietary funds).

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

PROPRIETARY FUNDS

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

Enterprise Fund - This fund is used to account for operations that are financed and operated in a manner similar to private business enterprises in which the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The enterprise fund is used to account for school day care.

Internal Service Fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The District's internal service fund accounts for a medical self-insurance program.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District does not have any trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District's custodial fund accounts for funds collected and distributed on behalf of OHSAA. This fund had no activity during fiscal year 2021.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

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

C. Basis of Presentation and Measurement Focus

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

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

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

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

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

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

The proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the proprietary funds’ principal ongoing operation. For the District, these revenues are tuition and fees for the school day care program and expenses incurred in operating the school day care program and charges for services revenue and claims and purchased services expenses for the internal service fund. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

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

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

D. Basis of Accounting

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

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

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

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, see Notes 14 and 15 for deferred outflows of resources related the District's net pension liability and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

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

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

For the District, see Notes 14 and 15 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

E. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Budgetary statements are presented beyond that legal level of control for informational purposes only. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget

By January 15, the Superintendent and Treasurer submit an annual operating budget for the following tax year to the Board of Education for consideration and passage. Adoption of a tax budget has been waived by the County Budget Commission.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

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

Estimated Resources

Prior to April 1, unless a later date is approved by the Tax Commissioner, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final amended certificate of estimated resources issued for fiscal year 2021.

Appropriations

A temporary appropriation measure to control expenditures may be passed on or about July 1 of each year for the period July 1 through September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 through June 30. The appropriation resolution may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. During the year, several supplemental appropriations were necessary. Administrative control is maintained through the establishment of more detailed line-item budgets.

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not re-appropriated.

F. Cash and Investments

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

During fiscal year 2021, the District's investments included negotiable CDs, Federal Home Loan Mortgage Corporation securities (FHLMC), Federal Home Loan Bank Securities (FHLB), Federal Farm Bank Credit (FFCB), Fannie Mae (FNMA), municipal bonds, U.S. government money markets, commercial paper, U.S. treasury note and STAR Ohio. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

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

For fiscal year 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

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

Under existing Ohio statutes, interest earnings are allocated to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2021 amounted to \$311,587, which includes \$97,649 assigned from other District funds.

For purposes of the statement of cash flows and for presentation on the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the District's investment account at year end is provided in Note 4.

G. Inventory

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

H. Prepayments

Payments made to vendors for services that will benefit periods beyond June 30, 2021, are recorded as prepayments using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

I. Capital Assets

Governmental capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The District maintains a capitalization threshold of \$2,000. Contributed capital assets are recorded at their acquisition value as of the date received. 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. Interest incurred during the construction of capital assets is not capitalized.

Furniture, fixtures and equipment acquired by the proprietary fund is stated at cost (or estimated historical cost). Contributed capital assets are recorded at their acquisition values as of the date received.

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

<u>Description</u>	<u>Estimated Lives</u>
Land and other improvements	15 years
Buildings and improvements	15 - 30 years
Furniture, fixtures and equipment	5 - 20 years
Vehicles	8 years

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

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

J. Interfund Balances

On fund financial statements, receivables and payables resulting from cash deficits among the governmental activities are classified as “due to/from other funds” and receivables and payables resulting from interfund loans are classified as “interfund loans receivable/payable”. These amounts are eliminated in the governmental type activities columns of the statement of net position.

K. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future.

Employees may earn 15 days of sick leave per year up to a maximum of 280 days. Upon retirement, certified and classified employees will receive 25 percent, and administration will receive 30 percent of the accumulated sick leave up to a maximum of 70 days. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, employees any age with 10 years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

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

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

These amounts are recorded in the account “compensated absences payable” in the fund from which the employees are paid. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

L. Accrued Liabilities and Long-Term Obligations

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

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

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

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

M. Fund Balance

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

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

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

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

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

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

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

N. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

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

O. Estimates

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

P. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. During fiscal year 2021, there were no transfers between governmental and business-type activities.

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

Q. Pensions/Other Postemployment Benefits (OPEB)

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

R. Extraordinary and Special Items

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

S. Issuance Costs, Bond Premium/Discount and Accounting Gain/Loss on Debt Refunding

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

On the government-wide financial statements, issuance costs are recognized in the current period and are not amortized. Bond premiums and discounts are amortized over the term of the bonds using the straight-line method. Unamortized bond premiums are presented as an addition to the face amount of the bonds reported on the statement of net position. Unamortized bond discounts are presented as a reduction to the face amount of the bonds reported on the statement of net position. The reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 12.

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

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

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

T. Fair Value

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.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

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

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

B. Deficit Fund Balances

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

<u>Nonmajor Governmental Funds</u>	<u>Deficit</u>
<i>Nonmajor Special Revenue</i>	
Elementary and Secondary Education Emergency Relief	\$ 220,390
IDEA-B Special Education	41,327
Title I Disadvantaged Children	58,977
Title II-A Supporting Effective Instruction	17,111
Title IV-A Student Support and Academic Enrichment	5,561

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time 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 items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (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 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.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

A. Deposits with Financial Institutions

At June 30, 2021, the carrying amount of all District deposits was \$16,627,438 and the bank balance of all District deposits was \$17,099,827. Of the bank balance, \$286,624 was covered by the FDIC and \$16,813,203 was covered by the Ohio Pooled Collateral System (OPCS).

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2021, the District's financial institutions were approved for a collateral rate of 102 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

B. Investments

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

<u>Investment type</u>	<u>Measurement Value</u>	<u>Investment Maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
<i>Amortized cost:</i>						
STAR Ohio	\$ 35,952	\$ 35,952	\$ -	\$ -	\$ -	\$ -
<i>Fair value:</i>						
U.S. Government money market	699,563	699,563	-	-	-	-
Negotiable CDs	6,866,867	746,025	1,502,672	1,771,910	1,291,648	1,554,612
Commercial paper	8,928,576	4,513,466	4,415,110	-	-	-
U.S. Treasury note	1,203,192	1,203,192	-	-	-	-
Municipal bonds	1,330,347	501,074	-	-	-	829,273
FHLMC	2,677,419	-	-	-	-	2,677,419
FHLB	3,229,072	-	-	-	-	3,229,072
FFCB	745,487	-	745,487	-	-	-
FNMA	499,947	-	-	-	499,947	-
Total	\$ 26,216,422	\$ 7,699,272	\$ 6,663,269	\$ 1,771,910	\$ 1,791,595	\$ 8,290,376

The weighted average maturity of investments is 1.47 years.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

Interest Rate Risk: The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The District's policy attempts to match its investments with anticipated cash flow requirements. Unless matched to a specific obligation or debt of the District, investments of the District will be limited to those maturing in five years or less from the date of settlement.

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The investment in FHLMC, FHLB, FFCB and FNMA carry ratings of Aaa by Moody's and AAA and AA+ by Standard & Poor's. The investment in commercial paper carry ratings of P-1 by Moody's and A-1+ and A-1 by Standard & Poor's. The investment in municipal bonds carry a rating of A2, Aa2 and Aa3 by Moody's and AAA by Standard & Poor's. The investment in and U.S. Treasury note carry a rating of Aaa by Moody's and AA+ by Standard & Poor's. The U.S. government money market and negotiable CDs were not rated. The negotiable CDs were FDIC insured. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State Statute.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

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

<u>Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
<i>Amortized cost:</i>		
STAR Ohio	\$ 35,952	0.14
<i>Fair value:</i>		
U.S. Government money market	699,563	2.67
Negotiable CDs	6,866,867	26.19
Commercial paper	8,928,576	34.06
U.S. Treasury note	1,203,192	4.59
Municipal bonds	1,330,347	5.07
FHLMC	2,677,419	10.21
FHLB	3,229,072	12.32
FFCB	745,487	2.84
FNMA	499,947	1.91
Total	<u>\$ 26,216,422</u>	<u>100.00</u>

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

Cash and investments per note

Carrying amount of deposits	\$ 16,627,438
Investments	<u>26,216,422</u>
Total	<u>\$ 42,843,860</u>

Cash and investments per statement of net position

Governmental activities	\$ 42,445,032
Business-type activities	<u>398,828</u>
Total	<u>\$ 42,843,860</u>

NOTE 5 - INTERFUND TRANSACTIONS

- A. Interfund balances at June 30, 2021, as reported on the fund financial statements, consist of the following amounts due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Funds</u>	<u>Amount</u>
General	<i>Nonmajor Special Revenue</i>	
	Elementary and Secondary Education Emergency Relief	\$ 345,292
	21st Century Learning Centers	21,356
	IDEA-B Special Education	88,168
	Title I Disadvantaged Children	15,112
	IDEA Preschool Grant for the Handicapped	15,303
	Title II-A Supporting Effective Instruction	3,895
	Title IV-A Student Support and Academic Enrichment	<u>4,519</u>
	Total	<u>\$ 493,645</u>

The purpose of the due to/from other funds is to cover the negative cash balances at fiscal year-end in the nonmajor governmental funds. The interfund balances will be repaid once the anticipated revenues are received.

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

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

<u>Receivable fund</u>	<u>Payable funds</u>	<u>Amount</u>
General	Permanent Improvement	\$ 2,700,000
	Employee Benefits Self-Insurance	<u>450,000</u>
	Total	<u>\$ 3,150,000</u>

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

The District primary purpose of the interfund balances are to cover costs in specific funds where revenues were not received by June 30. The interfund balances will be repaid once the anticipated revenues are received and are expected to be repaid in one year, with the exception of \$450,000 in the internal service fund.

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

NOTE 6 - PROPERTY TAXES

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

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

The District receives property taxes from Union County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2021 operations. The amount available as an advance at June 30, 2021 was \$1,285,307 in the general fund, \$293,995 in the bond retirement fund and \$220,614 in the permanent improvement fund. This amount is recorded as revenue. The amount available for advance at June 30, 2020 was \$3,236,661 in the general fund, \$658,179 in the bond retirement fund and \$527,063 in the permanent improvement fund. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

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

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

NOTE 6 - PROPERTY TAXES - (Continued)

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

	2020 Second Half Collections		2021 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 795,342,220	87.78	\$ 813,508,330	87.82
Public utility personal	<u>110,756,000</u>	<u>12.22</u>	<u>112,806,980</u>	<u>12.18</u>
Total	<u>\$ 906,098,220</u>	<u>100.00</u>	<u>\$ 926,315,310</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 61.86		\$ 61.31	

NOTE 7 - PAYMENT IN LIEU OF TAXES

According to State law, Union County has entered into agreements with property owners under which Union County has granted property tax abatements to those property owners and agreed to construct certain infrastructure improvements. The property owners have agreed to make payments to Union County to help pay the costs of the infrastructure improvements. The amount of those payments generally reflects all or a portion of the property taxes which the property owners would have paid if their taxes had not been abated. The property owners' contractual promise to make these payments in lieu of taxes generally continues until the costs of the improvement have been paid or the agreement expires, whichever occurs first. Future development by those owners or others may result in subsequent agreements to make payments in lieu of taxes and may therefore spread the costs of the improvements to a larger number of property owners. The District received \$3,092,035 in payments in lieu of taxes during fiscal year 2021 as reported on the statement of activities and a receivable of \$3,100,000 has been reported on the fund financial statements and the statement of net position.

NOTE 8 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Enterprise Zones

Union County and the City of Marysville have entered into property tax abatement agreements with local businesses under Enterprise Zone tax abatement agreements. Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone Program provides tax exemptions for a portion of the value of new real property when the investment is made in conjunction with a project that includes job creation or job retention. These tax abatements reduce assessed value by a percentage agreed upon by all parties that authorize these types of agreements. The agreements affect the property tax receipts collected and distributed to the District.

Under the 2003 Union County-Marysville Economic Development Action Plan agreements with Ohio & Heritage Cooperative, Inc. and Sumitomo Electric Wiring Systems & Sumary Investment, the District's property taxes were reduced by \$33,501 and \$172,332, respectively during fiscal year 2021.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

NOTE 9 - RECEIVABLES

Receivables at June 30, 2021 consisted of property taxes, payment in lieu of taxes, accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the items of receivables reported on the statement of net position follows:

Governmental activities:

Property taxes	\$ 37,971,530
Payment in lieu of taxes	3,100,000
Accrued interest	35,295
Intergovernmental	<u>894,618</u>
Total receivables	<u>\$ 42,001,443</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables, except property taxes and payment in lieu of taxes, are expected to be collected within one year. Property taxes and payments in lieu of taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

NOTE 10 - CAPITAL ASSETS

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

	Balance June 30, 2020	Additions	Deductions	Balance June 30, 2021
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 6,355,496	\$ -	\$ -	\$ 6,355,496
Construction in progress	-	<u>472,091</u>	-	<u>472,091</u>
Total capital assets, not being depreciated	<u>6,355,496</u>	<u>472,091</u>	-	<u>6,827,587</u>
Capital assets, being depreciated:				
Land and other improvements	15,537,751	33,980	-	15,571,731
Building and improvements	134,389,257	121,925	-	134,511,182
Furniture, fixtures and equipment	6,394,815	174,482	(46,711)	6,522,586
Vehicles	4,585,114	503,885	(561,312)	4,527,687
Total capital assets, being depreciated	<u>160,906,937</u>	<u>834,272</u>	<u>(608,023)</u>	<u>161,133,186</u>
Less: accumulated depreciation				
Land and other improvements	(524,950)	(652,842)	-	(1,177,792)
Building and improvements	(73,898,912)	(3,915,021)	-	(77,813,933)
Furniture, fixtures and equipment	(4,646,803)	(298,776)	44,901	(4,900,678)
Vehicles	(3,209,179)	(373,408)	561,312	(3,021,275)
Total accumulated depreciation	<u>(82,279,844)</u>	<u>(5,240,047)</u>	<u>606,213</u>	<u>(86,913,678)</u>
Governmental activities capital assets, net	<u>\$ 84,982,589</u>	<u>\$ (3,933,684)</u>	<u>\$ (1,810)</u>	<u>\$ 81,047,095</u>

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

NOTE 10 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 2,159,260
Special	768,098
Vocational	36,947
Support Services:	
Pupil	308,793
Instructional staff	254,700
Administration	326,486
Fiscal	52,083
Business	24,645
Operations and maintenance	129,981
Pupil transportation	379,835
Food service operations	40,991
Extracurricular	<u>758,228</u>
Total depreciation expense	<u>\$ 5,240,047</u>

NOTE 11 - LEASE-PURCHASE AGREEMENT

In previous fiscal years, the District entered into a lease-purchase agreement for buildings and improvements. The lease meets the criteria of a lease-purchase as defined by GASB, which defines a lease-purchase generally as one which transfers benefits and risks of ownership to the lessee.

The lease-purchase agreement is considered a direct borrowing. Direct borrowings have terms negotiated directly between the District and the lender and are not offered for public sale. The lease-purchase agreement has no significant finance-related terms related to events of default, termination events, or subjective acceleration clauses.

The cost of the capital assets obtained under the lease-purchase agreement for buildings and improvements is \$1,634,164 and has been included in the governmental activities' capital assets.

A corresponding liability for future principal payments on the lease-purchase agreement is reported on the statement of net position. Principal payments in the 2021 fiscal year totaled \$138,000. This amount is reflected as debt service principal retirement in the permanent improvement fund and as a reduction to the long-term liabilities reported on the statement of net position.

The following is a schedule of future minimum lease payments under the lease-purchase agreement together with the present value of the net minimum lease payments as of June 30, 2021:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2022	\$ 154,867
2023	<u>155,662</u>
Total minimum lease payments	310,529
Less: amount representing interest	<u>(15,529)</u>
Total	<u>\$ 295,000</u>

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

NOTE 12 - LONG-TERM OBLIGATIONS

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

	Balance			Balance	Amounts
	June 30, 2020	Additions	Disposals	June 30, 2021	Due Within
					One Year
Governmental Activities:					
<u>General obligation bonds</u>					
2001 Refunding new elementary 3.4-5.15%	\$ 2,490,000	\$ -	\$ (590,000)	\$ 1,900,000	\$ 625,000
2002 Refunding fifth/sixth elementary 3.60%	286,953	-	(112,090)	174,863	98,495
2006 School improvement/refunding 3.5-5%	673,762	-	(673,762)	-	-
2012 School improvement/refunding 2-5%	9,025,000	-	(120,000)	8,905,000	110,000
2013 School improvement/refunding 2-5%	7,980,000	-	(710,000)	7,270,000	685,000
2014 School improvement/refunding 1-4%	8,100,000	-	-	8,100,000	-
2015 School improvement/refunding 5%	30,470,000	-	(1,720,000)	28,750,000	2,645,000
Subtotal general obligation bonds	<u>59,025,715</u>	<u>-</u>	<u>(3,925,852)</u>	<u>55,099,863</u>	<u>4,163,495</u>
Unamortized premium on bond issuances	4,341,307	-	(492,954)	3,848,353	-
Capital appreciation bonds interest accretion	3,117,787	372,996	(1,414,148)	2,076,635	-
Total general obligation bonds	<u>66,484,809</u>	<u>372,996</u>	<u>(5,832,954)</u>	<u>61,024,851</u>	<u>4,163,495</u>
<u>Other long-term obligations:</u>					
Loan payable	9,225	-	(9,225)	-	-
Tax anticipation notes payable	3,292,000	-	(359,000)	2,933,000	370,000
Lease-purchase agreement from direct borrowing	433,000	-	(138,000)	295,000	144,000
Compensated absences	4,617,906	1,074,017	(925,355)	4,766,568	747,956
Net pension liability	64,014,261	7,091,841	-	71,106,102	-
Net OPEB liability	6,073,583	-	(969,797)	5,103,786	-
Total other long-term obligations	<u>78,439,975</u>	<u>8,165,858</u>	<u>(2,401,377)</u>	<u>84,204,456</u>	<u>1,261,956</u>
Total	<u>\$ 144,924,784</u>	<u>\$ 8,538,854</u>	<u>\$ (8,234,331)</u>	<u>\$ 145,229,307</u>	<u>\$ 5,425,451</u>
Business-type Activities:					
Compensated absences	\$ 21,572	\$ 12,906	\$ (12,798)	\$ 21,680	\$ 21,680
Net pension liability	630,810	-	(35,033)	595,777	-
Net OPEB liability	271,538	-	(74,418)	197,120	-
Total business-type activities	<u>\$ 923,920</u>	<u>\$ 12,906</u>	<u>\$ (122,249)</u>	<u>\$ 814,577</u>	<u>\$ 21,680</u>

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

General Obligation Bonds Payable

In March 2001, the District defeased \$7,669,538 of general obligation bonds for the new elementary additions, dated October 1, 1995, through the issuance of \$7,667,973 of general obligation bonds for the new elementary additions. The net proceeds of the 2001 bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$1,885,000 at June 30, 2021, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding. The refunding bonds are paid from the bond retirement fund.

In March 2002, the District defeased \$13,335,000 of general obligation bonds for the fifth/sixth elementary building, dated March 1, 2000, through the issuance of \$13,334,974 of general obligation bonds for the fifth/sixth elementary building. The net proceeds of the 2002 bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$10,315,000 at June 30, 2021, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding. The refunding bonds are paid from the bond retirement fund.

In September 2005, the District defeased \$41,425,000 of certificates of participation for school improvements, dated March 2, 2005, through the issuance of \$40,284,966 of general obligation bonds for school improvements. The net proceeds were invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, were used to pay the principal and interest on the refunded certificates. On September 3, 2015 the District advance refunded \$28,050,000 of the 2006 current interest serial and term bonds that were due December 1, 2016 through December 1, 2029. The refunding bonds are paid from the bond retirement fund. The portion of the 2005 refunding bonds that were not refunded were retired in fiscal year 2018.

In February 2006, the District defeased \$12,350,000 of general obligation bonds for a new elementary and Raymond elementary school improvements, dated December 1, 2000, through the issuance of \$12,349,984 of general obligation bonds for school improvements. The net proceeds of the 2006 Bonds have been invested in obligations guaranteed as to both principal and interest by the United States Government and placed in irrevocable escrow accounts which, including interest earned, will be used to pay the principal and interest on the refunded bonds. The refunded bonds, which have an outstanding balance of \$9,820,000 at June 30, 2021, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding. On September 3, 2015 the District advance refunded \$11,090,000 of the 2006 current interest serial and term bonds that were due December 1, 2016 through December 1, 2029. The refunding bonds were paid from the bond retirement fund. The final debt service payments were made on the 2006 Bonds during fiscal year 2021.

In November 2012, the District issued \$10,870,000 in school improvement general obligation refunding bonds to currently refund \$10,835,000 of the school improvement refunding bonds dated March 1, 2002 and to advance refund \$515,000 of the school improvement bonds dated March 2, 2006. The debt issue is comprised of current interest serial bonds (par value \$8,845,000) and current interest term bonds (par value \$2,025,000). The interest rate on the current interest serial bonds ranges from 2.00- 5.00 percent and the interest rate on the current interest term bonds is 3.00 percent. Interest payments on the bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2029. The refunding bonds are paid from the bond retirement fund. The refunded bonds have been fully retired and were not included in the District's outstanding debt since the District had in-substance satisfied its obligations through the advance refunding.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

In November 2013, the District issued \$8,655,000 in school improvement general obligation refunding bonds to advance refund \$8,830,000 of the school improvement bonds dated March 2, 2006. The debt issue is comprised of current interest serial bonds (par value \$6,705,000) and current interest term bonds (par value \$1,950,000). The interest rate on the current interest serial bonds ranges from 2.00- 5.00 percent and the interest rate on the current interest term bonds is 5.00 percent. Interest payments on the bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2026. The refunding bonds are paid from the bond retirement fund. The net present value savings of the refunding was \$420,434. The reacquisition price exceeded the net carrying amount of the old debt by \$1,007,863. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The refunded bonds have been fully retired and were not included in the District's outstanding debt since the District had in-substance satisfied its obligations through the advance refunding.

In June 2014, the District issued \$9,015,000 in school improvement general obligation refunding bonds to advance refund \$9,130,000 of the school improvement bonds dated March 2, 2006. The debt issue is comprised of current interest serial bonds (par value \$9,015,000). The interest rate on the current interest serial bonds ranges from 1.00- 4.00 percent. Interest payments on the bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2029. The refunding bonds are paid from the bond retirement fund. The net present value savings of the refunding was \$674,488. The reacquisition price exceeded the net carrying amount of the old debt by \$577,407. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The refunded bonds have been fully retired and were not included in the District's outstanding debt since the District had in-substance satisfied its obligations through the advance refunding.

In September 2015, the District issued \$36,335,000 in school improvement general obligation refunding bonds to refund \$28,050,000 of the school improvement bonds dated September 1, 2005 and \$11,090,000 of the school improvement bonds dated February 1, 2006. The debt issue is comprised of current interest serial bonds (par value \$36,335,000). The interest rate on the current interest serial bonds is 3.50 - 5.00 percent. Interest payments on the bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2029. The refunding bonds are paid from the bond retirement fund. The net present value savings of the refunding was \$4,168,200. The reacquisition price exceeded the net carrying amount of the old debt by \$369,366. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The refunded bonds have been fully retired and were not included in the District's outstanding debt since the District had in-substance satisfied its obligations through the advance refunding.

Principal and interest requirements to retire the general obligation bonds are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds		
	Principal	Interest	Total
2022	\$ 4,163,495	\$ 3,623,914	\$ 7,787,409
2023	4,506,368	3,279,016	7,785,384
2024	5,855,000	1,913,488	7,768,488
2025	6,155,000	1,657,613	7,812,613
2026	6,395,000	1,404,063	7,799,063
2027 - 2030	28,025,000	2,536,925	30,561,925
Total	<u>\$ 55,099,863</u>	<u>\$ 14,415,019</u>	<u>\$ 69,514,882</u>

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

NOTE 12 - LONG-TERM OBLIGATIONS - (Continued)

Legal Debt Margin - The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2021, are a voted debt margin of \$33,000,275 (including available funds of \$4,731,760) and an unvoted debt margin of \$926,315.

Loan Payable - On June 26, 2012, the Board of Education approved a resolution to authorize the District Treasurer to enter into a loan agreement on behalf of the District for the Union County Council of Governments (COG). The District's share of the \$400,000 no-interest loan with the Ohio Department of Development is scheduled to be 10.64 percent of the loan. A liability for the District's share of was reported as a liability on the statement of net position. The loan was paid from the general fund.

Permanent Improvement Tax Anticipation Notes Payable - On May 11, 2018, the District issued tax anticipation notes, series 2018 for the purpose of general permanent improvements. The maximum authorized amount of the note (\$4,000,000) will be available to the District to draw upon at any time at an interest rate of 3.01%. During fiscal year 2018 an initial draw of \$50,001 was made and the remaining amount of \$3,949,999 was drawn during fiscal year 2019. Payments of principal and interest on the notes will be reported as expenditures in the permanent improvement fund.

Principal and interest requirements to retire the tax anticipation notes are as follows:

Fiscal Year Ending June 30,	Tax Anticipation Notes		
	Principal	Interest	Total
2022	\$ 370,000	\$ 89,509	\$ 459,509
2023	381,000	78,218	459,218
2024	393,000	66,773	459,773
2025	405,000	54,597	459,597
2026	417,000	42,237	459,237
2027 - 2028	967,000	45,975	1,012,975
Total	<u>\$ 2,933,000</u>	<u>\$ 377,309</u>	<u>\$ 3,310,309</u>

Lease-Purchase Agreement - Refer to Note 11 to the notes to the basic financial statements for detail on the lease-purchase agreement obligation.

Compensated Absences - Compensated absences will be paid from the fund from which the person is paid, which, for governmental activities, is primarily the general fund, the food service, IDEA Part-B, Title I, improving teacher quality and miscellaneous federal grant nonmajor special revenues funds, and, for business-type activities, the school day care fund.

Net OPEB Liability/Asset - The District pays obligations related to employee compensation from the fund benefitting their service. See Note 15 to the notes to the basic financial statements for details.

Net Pension Liability - The District pays obligations related to employee compensation from the fund benefitting their service. See Note 14 to the notes to the basic financial statements for details.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

NOTE 13 - RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2021, the District contracted with Huntington Insurance, Inc. for various coverages, as follows:

<u>Coverage/Deductible</u>	<u>Aggregate</u>
Buildings and Contents - \$10,000	\$237,184,779
Earthquake - \$50,000	1,000,000
Flood - \$25,000	1,000,000
Business Income and Extra Expense	2,000,000
Commercial Automobile - \$500/Comprehensive \$500/Collision	1,000,000
Computer Coverage - \$500	5,953,101
Crime:	
Theft/Forgery - \$1,000	250,000
Inside/Outside the Premises - \$500	50,000
General Liability:	
Each Occurrence	1,000,000
General Aggregate	3,000,000
Personal and Advertising Injury	1,000,000
Damage to Rented Premises (occurrence)	100,000
Employer's Liability	1,000,000
Educator's Legal Liability	
Each Wrongful Act - \$5,000	1,000,000
Aggregate Limit	3,000,000
Employment Practices Liability	
Each Wrongful Act - \$10,000	1,000,000
Aggregate Limit	3,000,000
Cyber Liability - \$10,000	1,000,000

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

B. Worker's Compensation

The District participates in a Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 2.A.). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The 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." This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 13 - RISK MANAGEMENT - (Continued)

C. Employee Medical, Dental, and Vision Insurance

The District has elected to provide a comprehensive benefits package to employees through a fully insured program for dental and vision. The District provides dental insurance through Trustmark and vision insurance through Eye Med.

Comprehensive medical insurance through Medical Mutual is provided to employees through a self-insurance internal service fund. The claims liability of \$1,293,189 reported in the internal service fund at June 30, 2021, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, “Accounting and Financial Reporting for Risk Financing and Related Insurance Issues”, as amended by GASB Statement No. 30, “Risk Financing Omnibus”, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims. Changes in claims activity for the past fiscal year follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2021	\$ 924,645	\$ 6,775,889	\$ (6,407,345)	\$ 1,293,189
2020	1,196,008	5,442,757	(5,714,120)	924,645

NOTE 14 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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

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

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

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

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The remainder of this note includes the required pension disclosures. See Note 15 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full benefits	Age 65 with 5 years of services credit; or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially reduced benefits	Age 60 with 5 years of service credit; or Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

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

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0%.

The District’s contractually required contribution to SERS was \$1,178,389 for fiscal year 2021. Of this amount, \$136,338 is reported as pension and postemployment benefits payable.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

New members have a choice of three retirement plans: a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined (CO) Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2% of final average salary for the five highest years of earnings multiplied by all years of service. Effective July 1, 2017, the cost-of-living adjustment was reduced to zero. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 28 years of service, or 33 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

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

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

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

The District's contractually required contribution to STRS was \$4,063,537 for fiscal year 2021. Of this amount, \$721,204 is reported as pension and postemployment benefits payable.

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

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.24636310%	0.22566625%	
Proportion of the net pension liability current measurement date	<u>0.24222810%</u>	<u>0.23011814%</u>	
Change in proportionate share	<u>-0.00413500%</u>	<u>0.00445189%</u>	
Proportionate share of the net pension liability	\$ 16,021,477	\$ 55,680,402	\$ 71,701,879
Pension expense	\$ 1,568,476	\$ 7,636,239	\$ 9,204,715

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 31,120	\$ 124,934	\$ 156,054
Net difference between projected and actual earnings on pension plan investments	1,017,041	2,707,745	3,724,786
Changes of assumptions	-	2,988,963	2,988,963
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	2,290	1,337,318	1,339,608
Contributions subsequent to the measurement date	<u>1,178,389</u>	<u>4,063,537</u>	<u>5,241,926</u>
Total deferred outflows of resources	<u>\$ 2,228,840</u>	<u>\$ 11,222,497</u>	<u>\$ 13,451,337</u>

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 356,038	\$ 356,038
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>255,283</u>	<u>-</u>	<u>255,283</u>
Total deferred inflows of resources	<u>\$ 255,283</u>	<u>\$ 356,038</u>	<u>\$ 611,321</u>

\$5,241,926 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	\$ (202,370)	\$ 2,384,310	\$ 2,181,940
2023	255,193	1,243,676	1,498,869
2024	423,924	1,776,852	2,200,776
2025	<u>318,421</u>	<u>1,398,084</u>	<u>1,716,505</u>
Total	<u>\$ 795,168</u>	<u>\$ 6,802,922</u>	<u>\$ 7,598,090</u>

Actuarial Assumptions - SERS

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

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

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.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

For 2020, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

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

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

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

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

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 21,947,467	\$ 16,021,477	\$ 11,049,458

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation are presented below:

	July 1, 2020
Inflation	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.45%, net of investment expenses, including inflation
Payroll increases	3.00%
Cost-of-living adjustments (COLA)	0.00%

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

Actuarial assumptions used in the July 1, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Discount Rate - The discount rate used to measure the total pension liability was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 79,279,199	\$ 55,680,402	\$ 35,682,387

NOTE 15 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 14 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the District's surcharge obligation was \$147,907.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$147,907 for fiscal year 2021, which is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

The net OPEB liability/asset was measured as of June 30, 2020, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.25231220%	0.22566625%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.24390740%</u>	<u>0.23011814%</u>	
Change in proportionate share	<u>-0.00840480%</u>	<u>0.00445189%</u>	
Proportionate share of the net OPEB liability	\$ 5,300,906	\$ -	\$ 5,300,906
Proportionate share of the net OPEB asset	\$ -	\$ (4,044,325)	\$ (4,044,325)
OPEB expense	\$ (83,874)	\$ (190,921)	\$ (274,795)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 69,621	\$ 259,144	\$ 328,765
Net difference between projected and actual earnings on OPEB plan investments	59,728	141,739	201,467
Changes of assumptions	903,620	66,761	970,381
Difference between employer contributions and proportionate share of contributions/change in proportionate share	228,078	176,175	404,253
Contributions subsequent to the measurement date	<u>147,907</u>	<u>-</u>	<u>147,907</u>
Total deferred outflows of resources	<u>\$ 1,408,954</u>	<u>\$ 643,819</u>	<u>\$ 2,052,773</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 2,695,881	\$ 805,573	\$ 3,501,454
Changes of assumptions	133,516	3,841,433	3,974,949
Difference between employer contributions and proportionate share of contributions/change in proportionate share	<u>462,995</u>	<u>-</u>	<u>462,995</u>
Total deferred inflows of resources	<u>\$ 3,292,392</u>	<u>\$ 4,647,006</u>	<u>\$ 7,939,398</u>

\$147,907 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2022.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	\$ (388,501)	\$ (994,808)	\$ (1,383,309)
2023	(384,182)	(898,869)	(1,283,051)
2024	(384,883)	(865,216)	(1,250,099)
2025	(414,231)	(869,129)	(1,283,360)
2026	(338,422)	(180,774)	(519,196)
Thereafter	(121,126)	(194,391)	(315,517)
Total	\$ (2,031,345)	\$ (4,003,187)	\$ (6,034,532)

Actuarial Assumptions - SERS

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

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

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

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Wage inflation	3.00%
Future salary increases, including inflation	3.50% to 18.20%
Investment rate of return	7.50% net of investment expense, including inflation
Municipal bond index rate:	
Measurement date	2.45%
Prior measurement date	3.13%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Measurement date	2.63%
Prior measurement date	3.22%
Medical trend assumption:	
Measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%
Prior measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%

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

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

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

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63%. The discount rate used to measure total OPEB liability prior to June 30, 2019 was 3.22%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00% of projected covered employee payroll each year, which includes a 1.50% payroll surcharge and 0.50% of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024 and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45%, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. A municipal bond rate of 3.13% was used as of June 30, 2019. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate (7.00% decreasing to 4.75%).

	1% Decrease	Current Discount Rate	1% Increase
	District's proportionate share of the net OPEB liability	\$ 6,488,177	\$ 5,300,906

	1% Decrease	Current Trend Rate	1% Increase
	District's proportionate share of the net OPEB liability	\$ 4,174,060	\$ 5,300,906

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the July 1, 2020, actuarial valuation, compared with July 1, 2019, are presented below:

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

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

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

Actuarial assumptions used in the June 30, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

Benefit Term Changes Since the Prior Measurement Date - There was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year end 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

Discount Rate - The discount rate used to measure the total OPEB asset was 7.45% as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45% was used to measure the total OPEB asset as of June 30, 2020.

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

	1% Decrease	Current Discount Rate	1% Increase
	District's proportionate share of the net OPEB asset	\$ 3,518,824	\$ 4,044,325

	1% Decrease	Current Trend Rate	1% Increase
	District's proportionate share of the net OPEB asset	\$ 4,462,513	\$ 4,044,325

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

While 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 and disbursements.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

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

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 1,571,679
Net adjustment for revenue accruals	(1,355,070)
Net adjustment for expenditure accruals	63,092
Net adjustment for other sources/uses	(798,562)
Funds budgeted elsewhere	15,972
Adjustment for encumbrances	378,639
GAAP basis	\$ (124,250)

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies, the public school support fund, employee benefits fund, unclaimed funds and Section 125 plan fund.

NOTE 17 - CONTINGENCIES

A. Grants

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

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

NOTE 17 - CONTINGENCIES - (Continued)

B. Litigation

The District is not involved in material litigation as either plaintiff or defendant.

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2021 Foundation funding for the District. As a result of fiscal year 2021 reviews, the District owes a net of \$11,163 to ODE. This amount has not been included in the financial statements.

NOTE 18 - COVID-19

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

NOTE 19 - SET ASIDES

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2020	\$ -
Current year set-aside requirement	927,404
Current year offsets	<u>(4,863,501)</u>
Total	<u>\$ (3,936,097)</u>
Balance carried forward to fiscal year 2022	<u>\$ -</u>
Set-aside balance June 30, 2021	<u><u>\$ -</u></u>

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

NOTE 20 - OTHER COMMITMENTS

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 411,481
Permanent improvement fund	2,182,492
Other governmental funds	<u>347,126</u>
Total	<u>\$ 2,941,099</u>

NOTE 21 - SUBSEQUENT EVENT

For fiscal year 2022, District foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school and scholarship funding will be directly funded by the State of Ohio to the respective schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the District were funded to the District who, in turn, made the payment to the respective school. For fiscal year 2021, the District reported \$1,013,839 in revenue and expenditures/expense related to these programs. This new funding system calculates a unique base cost and a unique "per-pupil local capacity amount" for each District. The District's state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

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**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net pension liability	0.24222810%	0.24636310%	0.25677830%	0.24044280%	0.25375800%
District's proportionate share of the net pension liability	\$ 16,021,477	\$ 14,740,336	\$ 14,706,169	\$ 14,365,926	\$ 18,572,744
District's covered payroll	\$ 8,628,593	\$ 8,401,230	\$ 8,795,119	\$ 8,022,614	\$ 7,683,636
District's proportionate share of the net pension liability as a percentage of its covered payroll	185.68%	175.45%	167.21%	179.07%	241.72%
Plan fiduciary net position as a percentage of the total pension liability	68.55%	70.85%	71.36%	69.50%	62.98%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.25012650%	0.24396900%	0.24396900%
\$ 14,272,461	\$ 12,347,132	\$ 14,508,053
\$ 7,530,114	\$ 7,089,250	\$ 7,244,964
189.54%	174.17%	200.25%
69.16%	71.70%	65.52%

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net pension liability	0.23011814%	0.22566625%	0.22289031%	0.21941649%	0.21618344%
District's proportionate share of the net pension liability	\$ 55,680,402	\$ 49,904,735	\$ 49,008,575	\$ 52,122,858	\$ 72,363,114
District's covered payroll	\$ 28,195,921	\$ 26,412,629	\$ 25,796,507	\$ 24,167,157	\$ 23,077,221
District's proportionate share of the net pension liability as a percentage of its covered payroll	197.48%	188.94%	189.98%	215.68%	313.57%
Plan fiduciary net position as a percentage of the total pension liability	75.48%	77.40%	77.31%	75.30%	66.80%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>
0.21541230%	0.21402964%	0.21402964%
\$ 59,533,659	\$ 52,059,416	\$ 62,012,835
\$ 22,257,821	\$ 21,867,915	\$ 22,127,546
267.47%	238.06%	280.25%
72.10%	74.70%	69.30%

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 1,178,389	\$ 1,208,003	\$ 1,134,166	\$ 1,187,341	\$ 1,123,166
Contributions in relation to the contractually required contribution	<u>(1,178,389)</u>	<u>(1,208,003)</u>	<u>(1,134,166)</u>	<u>(1,187,341)</u>	<u>(1,123,166)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 8,417,064	\$ 8,628,593	\$ 8,401,230	\$ 8,795,119	\$ 8,022,614
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 1,075,709	\$ 992,469	\$ 982,570	\$ 1,002,703	\$ 1,035,884
<u>(1,075,709)</u>	<u>(992,469)</u>	<u>(982,570)</u>	<u>(1,002,703)</u>	<u>(1,035,884)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,683,636	\$ 7,530,114	\$ 7,089,250	\$ 7,244,964	\$ 7,701,740
14.00%	13.18%	13.86%	13.84%	13.45%

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 4,063,537	\$ 3,947,429	\$ 3,697,768	\$ 3,611,511	\$ 3,383,402
Contributions in relation to the contractually required contribution	<u>(4,063,537)</u>	<u>(3,947,429)</u>	<u>(3,697,768)</u>	<u>(3,611,511)</u>	<u>(3,383,402)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 29,025,264	\$ 28,195,921	\$ 26,412,629	\$ 25,796,507	\$ 24,167,157
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 3,230,811	\$ 3,116,095	\$ 2,842,829	\$ 2,876,581	\$ 3,069,321
<u>(3,230,811)</u>	<u>(3,116,095)</u>	<u>(2,842,829)</u>	<u>(2,876,581)</u>	<u>(3,069,321)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 23,077,221	\$ 22,257,821	\$ 21,867,915	\$ 22,127,546	\$ 23,610,162
14.00%	14.00%	13.00%	13.00%	13.00%

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability	0.24390740%	0.25231220%	0.25979500%	0.24417770%	0.25694236%
District's proportionate share of the net OPEB liability	\$ 5,300,906	\$ 6,345,121	\$ 7,207,415	\$ 6,553,088	\$ 7,323,808
District's covered payroll	\$ 8,628,593	\$ 8,401,230	\$ 8,795,119	\$ 8,022,614	\$ 7,683,636
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	61.43%	75.53%	81.95%	81.68%	95.32%
Plan fiduciary net position as a percentage of the total OPEB liability	18.17%	15.57%	13.57%	12.46%	11.49%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of the net OPEB liability/asset	0.23011814%	0.22566625%	0.22289031%	0.21941649%	0.21618344%
District's proportionate share of the net OPEB liability/(asset)	\$ (4,044,325)	\$ (3,737,574)	\$ (3,581,619)	\$ 8,560,822	\$ 11,561,547
District's covered payroll	\$ 28,195,921	\$ 26,412,629	\$ 25,796,507	\$ 24,167,157	\$ 23,077,221
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	14.34%	14.15%	13.88%	35.42%	50.10%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	182.10%	174.74%	176.00%	47.10%	37.33%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 147,907	\$ 121,445	\$ 195,252	\$ 181,190	\$ 133,933
Contributions in relation to the contractually required contribution	<u>(147,907)</u>	<u>(121,445)</u>	<u>(195,252)</u>	<u>(181,190)</u>	<u>(133,933)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 8,417,064	\$ 8,628,593	\$ 8,401,230	\$ 8,795,119	\$ 8,022,614
Contributions as a percentage of covered payroll	1.76%	1.41%	2.32%	2.06%	1.67%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 129,098	\$ 184,422	\$ 133,967	\$ 124,227	\$ 153,117
<u>(129,098)</u>	<u>(184,422)</u>	<u>(133,967)</u>	<u>(124,227)</u>	<u>(153,117)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 7,683,636	\$ 7,530,114	\$ 7,089,250	\$ 7,244,964	\$ 7,701,740
1.68%	2.45%	1.89%	1.71%	1.99%

MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	-	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 29,025,264	\$ 28,195,921	\$ 26,412,629	\$ 25,796,507	\$ 24,167,157
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ -	\$ -	\$ 223,889	\$ 221,275	\$ 236,102
-	-	(223,889)	(221,275)	(236,102)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 23,077,221	\$ 22,257,821	\$ 21,867,915	\$ 22,127,546	\$ 23,610,162
0.00%	0.00%	1.00%	1.00%	1.00%

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

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

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2018-2021.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

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

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience. There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2019-2021.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

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

(Continued)

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY, OHIO**

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%. For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%. For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts previously reported for fiscal year 2017. For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020. For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021. For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017. For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs. For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate. For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (6.69%) initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% down to 6.50% - 4.00%; and prescription drug Medicare from (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate. For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to prescription drug pre-Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.

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**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education</i>		
Child Nutrition Cluster:		
Non-Cash Assistance (Food Distribution)		
School Breakfast Program	10.553	\$ 50
National School Lunch Program	10.555	975
Summer Food Service Program for Children	10.559	128,952
Cash Assistance:		
Summer Food Service Program for Children	10.559	1,109,589
COVID-19 Summer Food Service Program for Children	10.559	103,633
Total Child Nutrition Cluster		<u>1,343,199</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>1,343,199</u>
U.S. DEPARTMENT OF EDUCATION		
<i>Passed Through Ohio Department of Education</i>		
Title I Grants to Local Educational Agencies	84.010 A	550,222
Special Education Cluster:		
Special Education Grants to States	84.027A	973,314
Special Education Preschool Grants	84.173A	15,304
Total Special Education Cluster		<u>988,618</u>
Twenty-First Century Community Learning Centers	84.287C	172,214
Supporting Effective Instruction State Grants	84.367A	94,962
Comprehensive Literacy Development	84.371C	129,314
Student Support and Academic Enrichment Program	84.424A	30,603
COVID-19 Education Stabilization Fund I	84.425D	298,640
COVID-19 Education Stabilization Fund II	84.425D	238,479
COVID-19 Education Stabilization Fund III	84.425U	6,796
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>2,509,848</u>
U.S. DEPARTMENT OF THE TREASURY		
<i>Passed Through Ohio Department of Education</i>		
COVID-19 Coronavirus Relief Fund	21.019	<u>426,168</u>
TOTAL U.S. DEPARTMENT OF THE TREASURY		<u>426,168</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 4,279,215</u>

The accompanying notes are an integral part of this schedule.

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY**

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

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Marysville Exempted Village School District (the District) under programs of the federal government for the year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the 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 entitlement value. The District allocated donated food commodities to the respective program(s) that benefitted from the use of those donated food commodities.

OHIO AUDITOR OF STATE KEITH FABER



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

Marysville Exempted Village School District
Union County
1000 Edgewood Drive
Marysville, Ohio 43040

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 business-type activities, each major fund, and the aggregate remaining fund information of Marysville Exempted Village School District, Union County, (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated July 13, 2022, wherein we 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 opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

July 13, 2022

OHIO AUDITOR OF STATE KEITH FABER



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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

Marysville Exempted Village School District
Union County
1000 Edgewood Drive
Marysville, Ohio 43040

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Marysville Exempted Village School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Marysville Exempted Village School District's major federal programs for the year ended June 30, 2021. 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 program 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 each of 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 Marysville Exempted Village School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2021.

Efficient • Effective • Transparent

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 program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the 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

July 13, 2022

**MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT
UNION COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Child Nutrition Cluster Education Stabilization Fund (#84.425D & #84.425U)
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	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

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OHIO AUDITOR OF STATE KEITH FABER



MARYSVILLE EXEMPTED VILLAGE SCHOOL DISTRICT

UNION 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 7/28/2022

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

This report is a matter of public record and is available online at
www.ohioauditor.gov